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## Debtors' prison makes a return in some states

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I've long said to you as an article of faith that there is no debtors' prison in the United States. However, I now have to eat my words because of a dangerous new trend where people are being thrown in jail over unpaid credit card debt *that they may not even owe*.

When you are contacted by a collection agency about a debt that is either not yours; was yours but has been paid off; or is outside the statute of limitations in your state, you cannot ignore that letter or phone call.

### The states where you can be jailed

*The Wall Street Journal* reports that more than one-third of U.S. states allow borrowers who can't pay a debt to be jailed. "A debt-related arrest warrant is typically issued when a borrower who was sued for payments on an outstanding debt doesn't show up in court or fails to make payments ordered by a judge," according to a separate *Journal* article.

Again, the laws on this vary by state. Arizona, Florida, Illinois, Indiana, Oklahoma, Utah and Washington State are among the states named in the *Journal* article where debtors have been locked up. In fact, this is such an issue in Illinois that the state's attorney general is working to outlaw the practice in her state.

Now comes word from *The Baltimore Sun* that Maryland has issued the equivalent of warrants for 1,800+ people and counting. That's resulted in a backlash move in the state legislature to eliminate having people locked up. But of course the banks are not happy with that.

### What will and won't get you locked up

Let me draw a distinction here: If you write check that bounces and you don't make it good, in most jurisdictions you can be arrested and jailed for an act of fraud. That's completely acceptable.

On the other hand, what's way past the pale is when someone can't pay a medical bill or a credit card bill or whatever and instead they are locked up. Thankfully, this is still not a frequent occurrence despite the possibility of it in a third of the states in our nation.

No bill collector should be threatening you with jail time for nonpayment of a bill. It doesn't make the intimidation right just because you are unemployed or in debt up to your eyeballs.

The reality is if you receive a call from a collection agency, they are by law supposed to send a letter about the debt in five

business days. Many don't comply with this requirement. But if they do and you don't want to be harassed anymore, send them a **drop dead letter**.

A drop dead letter does not eliminate the possibility (if a debt is still within statute) of you being sued against that debt, but it will stop the phone calls.

This becomes especially important when you have scavenger collectors attempting to collect on a debt that's seven years or older. Send them a drop dead letter and they should never contact you again. Besides, if it's outside the statute of limitations, they couldn't sue you against the debt anyway in most states.

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