

## COVID-19 FAQS ABOUT DEBT COLLECTION

**Q:** **Debt collectors keep calling me, how can I stop them?**

A: If you are having problems with debt collection harassment, you can stop the phone calls by sending them a letter asking them to cease contact. Copies of sample letters can be found on-line at the New Economy website at <https://www.neweconomynyc.org/>

The Financial Empowerment Center can also help people with these letters. (see their contact information in previous section). You can also contact Manhattan Legal Services at 646-442-3105 for assistance.

**Q:** **What if I have been sued on a credit card or other debt or sued someone who owes me money and I can't get to my court date?**

A: At this time, all non-emergency court dates in New York State or New York City courts are being adjourned without anyone having to go to court or ask. There will not be any negative consequence if you are unable to get to court. If you still have concerns, you can call the court at 833-503-0447.

**Q:** **Can I still sue someone if I need to, or can I still be sued by a creditor in New York courts?**

A: The governor has suspended the deadlines for filing new cases, as well as motions (requests to the court) for all cases in the New York State courts for the time being.

The court is encouraging people to stay home and not file new cases unless they have to because it is an emergency situation.

Because the court has reduced its staff because of the crisis, we assume that any existing or new cases will move forward much slower than normal.

For the latest information, call the court hotline at **833-503-0447** or go to <https://www.nycourts.gov/>

**Q: If I owe money to the federal government, can they take my Social Security to pay for it?**

**A:** Through September 21, 2020, the federal government will not take money from Social Security benefits (SSI, SSD or Social Security Retirement) to pay off federal non-tax debts (such as federal student loans or mortgages).

**Q: If someone already has a judgment against me, can they collect on it?**

**A:** At the present time, anyone who already has a judgment can continue to collect on it by asking banks to freeze the consumers' account or by asking an employer to take money out of an employee's wages (called garnishment). This could change.

The New York City Human Resources Administration (HRA) has said it will stop collections on judgments for the time being. HRA is the agency which provides public assistance benefits and loans to pay rent arrears.

The New York City Housing Authority (NYCHA) has also agreed to temporarily stop collections on judgments.

If your bank account is frozen or if your wages are being garnished, you can file court papers to ask the court to stop the collection. Before you go, call the court hotline at **833-503-0447** or go to <https://www.nycourts.gov/> to find out the current status of the court. Some courts are now allowing court papers to be filed by fax or e-mail. You can also contact our Legal Assistance Hotline at 917-661-4500.

**Q: Can a debt collector take my economic impact payment (a.k.a. stimulus payment)?**

**A:** The New York Attorney General has said that the economic impact payments (a.k.a. stimulus payments) made under the CARES Act are exempt from garnishment under New York law. This legal guidance means that banks and debt collectors cannot freeze or seize stimulus payments that are sent to New Yorkers. If your bank account is frozen, you can contact Manhattan Legal Services at 646-442-3105.

**Q: Can a debt collector freeze my bank account or take all the money in my account to pay a judgment?**

**A:** New York State and federal law protects certain types of income from debt collection, including most government benefits (Social Security, SSI, SSD, public assistance, unemployment insurance, worker's compensation, Veteran's benefits) as well as pensions/retirement funds (including 403B's and 401K's), child support, spousal maintenance (alimony), among others. Money from these sources is called "exempt income."

New York Law also protects some non-exempt money in bank accounts from debt collection. If your account has exempt income in it (even if some of the money in the account is not exempt), \$2850 is automatically protected—the bank must make at least that money available to you, even if the creditor has a legal right to freeze your bank account. If you have only earned income from employment, or non-exempt income in your account, the amount of income protected is \$3600.

If all the money in your account is exempt income, it is all protected from debt collection, even if you have more than \$2850 in the account, but you may have to show proof of where the money came from to stop any amount that is over \$2850 from being frozen.

Before your bank account is frozen you should receive a notice from the bank asking if you have any exempt income in your account. **DO NOT IGNORE THIS NOTICE!** If you respond to it and let the bank and the creditor's attorney know that all the income in your account is exempt, the bank should not freeze the account. If only some of the money in your account is exempt, the bank can freeze the account, but must still give you access to all the non-exempt money in the account, even if it is more than \$2850.

**Q: Can a debt collector take money out of my paycheck?**

A: Under current law, if a debt collector has a judgment, the debt collector can ask your employer to take money out of your paycheck to pay the judgment. Up to \$450 per week of your take home pay is protected from debt collection (exempt). Any week you receive more than \$450 in pay, the debt collector can ask the employer to take money out of your check. If you take home more than \$450 per week, 90% of your gross income or 75% of your disposable income, whichever is greater, is exempt from debt collection.

Please note that the protected amount of income (\$450) is based on the standard minimum wage. If you work in a job where you get tips, your minimum wage may be lower than the standard, which means the amount of income protected would also be lower.

If you have questions about how much of your work income is exempt, contact the NYC Financial Justice Hotline: 212-925-4929. The hotline provides free legal advice to low-income NYC residents.

**Q: Can a debt collector take my income tax refund?**

A: Currently, income tax refunds can be taken to pay off a judgment.

**Q: What should I do if someone freezes my bank account or sends a notice to employer asking them to take money out of my check to pay a judgment?**

If this is your situation, you should consult with a lawyer if possible. You can contact Manhattan Legal Services at 646-442-3105.

If you are not eligible for free legal services, you can go to court to ask them to stop the debt collection. We understand the court would consider this an emergency and allow you to file an order to show cause.