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When To Look For Bankruptcy Alternatives

Though bankruptcy can provide alleviation to debtors from the activity of creditors, remove some consumer debts or can lead to the formation of a repayment plan for those debts that must be resolved, ultimately leading to a discharge, some things [bankruptcy](#) cannot do.

Bankruptcy cannot protect the debtor from the claims of creditors not disclosed to the bankruptcy court when paperwork is filed. As a result, the debtor has to be certain to produce a complete disclosure of every creditor however time intensive this may be.

Chapter 7 cannot offer complete protection for debtors' assets, as it is an approach that causes the selling of assets to make good on secured debts. Nevertheless, exceptions can be made with the assistance of the court and creditors. Chapter 7 is not able to completely protect the debtor out of the claims of creditors. Even after discharge, objections might be filed within the court inside the deadline period by creditors or the trustee in the case if issues related to disclosure or some sort of irregularity can be proven.

If you have liens on a property, bankruptcy cannot prevent creditors from repossessing the property on secured debts. Foreclosures are stopped by Chapter 13, although the debtor a repayment plan must be prepared that permits payments to be made on the existing mortgage and catch ups on payments that were not made before. One of the stipulations is that the debtor will have to show regular income.

Bankruptcy cannot provide a quick and easy fix for struggling businesses. Depending on the size of the business, small businesses being the exception, a chapter 11 approach to bankruptcy can take up to eighteen months to file and make a repayment plan. An attorney is strongly recommended along with other professionals could be involved. Bills will need to be paid at intervals even when the plan is in the process of being filed.

In general, bankruptcy cannot reduce or eliminate certain classes of debt. For instance, debts of a personal nature related to child support, spousal support or alimony are not addressed when discharge occurs and the debtor remains liable for the repayment of these debts. Furthermore, under chapter 13 these payments must be part of the repayment plan, and this could result in the plan having to entail the lengthier period of five, as opposed to three years.

Various other debts, for instance fines owed to municipal or government bodies, or fines of a criminal nature are not dischargeable. Nor can debts linked to hurting or killing a person while intoxicated be discharged as a result of [filing bankruptcy](#). Furthermore, debts related to fraud persist even after other debts are discharged.

In most cases, tax debts cannot be eliminated. When this has been done, it is often a complicated, prolonged and expensive process normally related to old tax debts.

Under most circumstances student loans cannot be discharged from the [bankruptcy code](#), although you are able to plead hardship. However, this is not necessarily granted as it is required that the debtor proves inability to pay now and in the future.

Debtors should take into considerations these potential limitations on debt reduction when filing with the bankruptcy court.