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Making a Choice between Bankruptcy and Debt Settlement by [Julia Roger](#)

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Bankruptcy is the last option available when you are trapped by debts and have no ways to pay them off. This is actually a legal status of such a person or organization. Though the debtor initiates it, the court has the authority to impose it. In case of bankruptcy of an individual, the assets are liquefied by court and the person needs to start from the point zero again, which is quite tough. In debt settlement the responsibility of paying remains but it gets reduced and you can continue living the life that you were living before debt after some time. When it is about bankruptcy vs debt settlement, debt settlement is the most notable option.

Many people are going for bankruptcy these days in UK and USA. Some of them could have paid the amount due with debt negotiation too, which is rather an ethical way of reducing debt. In debt consolidation and settlement you can ask the creditor for forgiveness or reduction of debt, lower monthly payment, lower interest rate and some time you can get all these together. When considering Bankruptcy vs debt consolidation you must first check your credit score and the different interest rates that you pay.

In case of debt settlement credit score is very important. You need to check how much you owe and how much your due is. Determine how much you can pay with the current income and then ask an advisor if it is possible to settle the debt with the cash in hand or this monthly payment or not. If not then only go for bankruptcy.

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