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Comparing Bankruptcy vs. Debt Settlement by James Blee

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For people locked in debt, choosing between bankruptcy vs debt settlement is always a difficult decision to make. It is therefore important to understand the basics of these two modes of debt relief in order to make a correct decision depending on the economic and financial stability.

Debt Settlement is one of the most common debt reduction programs where the debtor negotiates with the creditor on the net dues and tries to settle the issue in return of a relatively lesser amount. Negotiation is helpful in the sense that it allows the debtors to get away with a comparatively lesser repayment compared to the original dues. Upon successful completion of the settlement, the creditor is going to report a â€œSettledâ€• review on a debtorâ€™s account before the Credit Bureau.

On the contrary, bankruptcy is purely a legal procedure which is initiated by the debtors. The consumers are legally entitled to file bankruptcy in cases of non-ability of clearing the dues and in such cases; it is up to the court to take a final call depending on the economic and financial condition of the debtor. It is a real long process and involves several researches, verifications and authentication of the claims made by both the debtor and the creditor parties.

Bankruptcy is considered to be the worse of the two in the sense that it is going to leave a severe negative impact on the credit scores which is going to hinder the business prospects in the near future. On the contrary, settlement is a much safer option given that it is not going to leave any negative effect on the credit scores and is a much faster way of reaching a common consensus.

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For more information on a bankruptcy vs debt settlement, check out the info available online; these will help you learn to find the a bankruptcy vs debt consolidation!

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