



Credit Card Debt

This section addresses credit card debt.

How to dispute credit card charges

If an error appears on your credit card statement, you need to act fast to fix the mistake. Billing errors include:

1. Charges made by someone who did not have your permission to charge your card;
2. Charges for things or services that you never ordered;
3. Charges for things that you ordered, but that the seller did not deliver in a “timely manner”; and
4. Accounting errors.

If you see an error on your credit card statement, you should write a “dispute letter” to the credit card company. This “dispute letter” should be written on a separate sheet of paper- not the original bill. The letter should include:

1. Your name and address;
2. The account number;
3. The amount, date and creditor information for the charge(s) you are disputing; and
4. The reason why you are disputing the charge.

The letter should be addressed to the credit card company’s “billing error” address. This address is usually different from where you send your payments. You can usually find the “billing error” address on the back of your bill.

You should mail this letter by certified mail, return receipt requested. Keep a copy of the letter for your records. Your credit card company **must** receive your dispute letter within **60 days** from the date when the bill was sent to you.

If the problem is not taken care of within 30 days from when your credit card company receives your dispute letter, your credit card company will let you know if there will be an investigation. You need to keep paying your credit card bill during the dispute process and investigation, but you do not need to pay the amount that is being investigated. If the credit card company’s investigation finds that the charge is correct, you must pay that amount and you may have to pay extra fees.

What to do if you are being sued on your credit card debt

This Guide will give you an idea of what will happen if you are sued for your credit card debt. It provides a brief description of the steps a debtor will face in a typical debt collection case in a Maine court. It covers only debt collection actions for **unsecured** debt, such as credit card and medical debt.

Click [here](#) to get the "[Guide to Debt Collection Actions in Maine](#)," or find the Guide in the Quicklinks menu to the left.

If you are being sued on a debt or if you have any questions about a debt, call the Legal Services for Maine Elders Helpline at 1-800-750-5353 to talk to an attorney for free.

Money that is protected from being used for debt repayment

If you are sued on a debt, there are laws that say what can, or cannot be used to pay your debt. Certain income sources and certain equity in property are protected from collection. You need to talk to an attorney to find out if you are protected by these laws. Call the Legal Services for Maine Elders Helpline at 1-800-750-5353 to talk to an attorney for free.

Tax Issues: 1099-C Form

Form 1099-C is a tax document for the Cancellation of Debt.

If your creditor agrees to cancel or forgive some or all of your debt, the U.S. Internal Revenue Service considers this income. Creditors and debt collectors who agree to accept at least \$600 less than the original balance are required to file 1099-C forms with the IRS and to send you a notice of this filing. You must report that portion of forgiven debt as "income" on your federal income tax returns.

If you have received a 1099-C "Cancellation of Debt," do not ignore it. Take the notice to a tax advisor. Even if you don't have to pay the tax, you still need to file a form with the IRS.

Resources

Legal Services for Maine Elders

If you are a Maine resident who is 60 or older and you are having a hard time managing your credit card debt, call the Legal Services for Maine Elders Helpline at 1-800-750-5353 to talk to an attorney for free.

Federal Trade Commission

The FTC is a government agency that protects American consumers. For more information about your rights with regard to debt collection, [visit the FTC's website by clicking here.](https://www.ftc.gov/consumer)

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