If you are in default on a debt, the creditor can sue you to collect the money owed. The important question though is whether it will sue you. Often, the answer is “no,” even in cases where the collector repeatedly threatens to sue. The following may indicate that a collector will not sue:

- If your home or car is collateral on a loan, the creditor is more likely to foreclose or repossess than sue. A lawsuit is slow, expensive, and may not even succeed in recovering money from the defendant. Home mortgage and auto lenders instead will seize their collateral and sell it.
- Many collectors rarely sue on debts under $1,000 and some don’t sue unless a debt is much higher than that.
- If you dispute the debt and threaten to raise a reasonable defense. The collector not only has to factor in the value of your claim, but also the time and expense to resolve the case.
- When you are making small payments, even if they are less than the collector demands.
- When that collector has no history of filing suit. Check with the local court records to see if the entity that is collecting on the debt or its law firm file lawsuits to collect money from consumers.

Source: National Consumer Law Center, Surviving Debt [50th NCLC Anniversary Edition], updated at www.nclc.org/library
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