

# What Does It Mean to Have Unpaid Debt Charged-Off?

## Understanding a Charge-Off



- After 120 days or more, you are considered significantly delinquent, your creditor will likely “charge-off” your debt.
- A charge-off means your creditor decided they are unlikely to collect your debt and they write off the debt as a loss.
- However, the accounting move by charging-off the debt in no way affects your obligation to pay what is owed.



## How a Charge-Off Impacts Credit



- A missed payment will impact your credit report and score after 30 days.
- Continued missed payments will be updated every 30 days until the debt is 120-180 days past due.
- If your debt was sent to a collection agency it will appear in the collections section, further impacting your score.



## Repaying Your Charged-off Debt



- The three main ways to repay a charged-off debt are to pay it off in full, come to a settlement agreement or declare bankruptcy.
- A charge-off remains on your credit report for seven years. Settling or repayment in full won't cause your credit score to rebound immediately, but it could make it easier to get new credit.



## Recovering From a Charge-Off



- If you pay a charged-off debt make sure the status of the debt changes on your credit report to paid.
- If you have an unpaid debt that was charged off, evaluate your finances and see if you can afford to pay some or all of the debt.
- Start by contacting your creditor or debt collector to discuss your options.

