

Statute of Limitations on Debt - Collections, Debt Settlement, Debt Collection

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The statute of limitations is a rule that sets a time limit within which a creditor may sue you for payment of a debt. The length of time that a creditor has to sue you on an unpaid debt varies from state to state. In some states, it's four years. In other states, it might be longer. The time limit may also depend on whether your agreement with the creditor is in writing or not, and whether the debt is a special type, like a revolving or open-ended account. To find out your state's SOL's, see our state by state listing below.

If the time limit to sue on the old debt has expired, that does not mean that a creditor or bill collector must stop contacting you about it. They can ask you to pay the debt, they just can't sue you for it.

Types of Legal Debt Agreements

Written Contract: You agree to pay on a loan under the terms written in a document that you and your debtor have signed.

Oral Contract: You agree to pay money loaned to you by someone, but this contract or agreement is verbal (i.e., no written contract or handshake agreement). Remember a verbal contract is legal but it is tougher to prove in court.

Open-ended Accounts: These are revolving lines of credit with varying balances. The best example is a credit card account. Note: A credit card is ALWAYS an open account.

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State by State Listing

This table for informational purposes only and should not be construed as legal advice. Although the material is deemed to be accurate and reliable, we do not make any representations as to its accuracy or completeness and as a result, there is no guarantee it is not without errors.

State	Written	Oral	Open-ended Accounts
Alabama	3	6	3
Alaska	3	6	3
Arizona	6	3	3
Arkansas	5	3	5
California	4	2	4
Colorado	6	6	6
Connecticut	6	3	6
Delaware	3	3	3
D.C.	3	3	3
Florida	5	4	4
Georgia	6	4	4 or 6
Hawaii	6	6	6
Idaho	5	4	5
Illinois	10	5	5 or 10

Indiana	10	6	6
Iowa	10	5	10
Kansas	3	3	3
Kentucky	15	5	5 or 15
Louisiana	3	10	3
Maine	6	6	6
Maryland	3	3	3
Massachusetts	6	6	6
Michigan	6	6	6
Minnesota	6	6	6
Mississippi	3	3	3
Missouri	5	5	5
Montana	8	5	8
Nebraska	4	4	4
Nevada	4	4	4
New Hampshire	3	3	3
New Jersey	6	6	6
New Mexico	4	4	4
New York	6	6	6

North Carolina	3	3	3
North Dakota	6	6	6
Ohio	6	6	6
Oklahoma	5	3	3 or 5
Oregon	6	6	6
Pennsylvania	4	4	4
Rhode Island	10	10	10
South Carolina	10	10	3
South Dakota	6	3	6
Tennessee	6	6	6
Texas	4	4	4
Utah	6	4	4
Vermont	5	3	3
Virginia	6	6	6
Washington	6	3	6
West Virginia	10	10	10
Wisconsin	6	6	6
Wyoming	10	8	8

Why Should You Care About the Statute of Limitations on Debt?

Every day, consumers pay off collection accounts and charge-offs they do not have to pay off because the statute has already expired for the open account. Consumers pay off these accounts because the accounts still appear on their credit reports.

This information can be a powerful weapon in unburdening yourself of old debts, as creditors have a limited time in which to sue you. Remember, the time statute begins to run from the day the debt, or payment on an open-ended account, was due. Also, this has nothing to do with how long an negative credit item can remain on your credit report. Here is an article on "How Long Negatives Stay on Your Credit Report."

Consumers also pay off these accounts when they are not on their credit reports. Even though an account was removed from their credit file, a collector watched their credit report for any activity (actually the computer was watching any credit activity). When the collector spotted the activity, he called the consumer for payment. All the consumer needed to say to the collector was, "I have an absolute defense since the statute of limitations has expired."

The expiration of the time statute does not cause your debt to go away after it expires. If the creditor files suit, the consumer has an absolute defense. The consumer must offer the new evidence to avoid a judgement. The evidence will consist of papers the consumer files to support his claim. If the creditor sues you, and you do not prove to the court that the statute of limitations expired, you will have a lost lawsuit and a judgment against you.

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When Does the Statute of Limitations Start?

You might be asking yourself, "It has been such a long time since my account had any activity. When does the clock start ticking?"

There are various opinions as to when the statute of limitations starts:

- The first time you fail to make a payment on your account.
- The credit card company sends you a demand letter for the full amount.

Any can be true, depending on the credit card agreement and here is why.

The length of the statute varies from state to state and depends on the type of agreement, i.e. oral, written, etc. The one aspect of a statute of limitations that is pretty constant throughout all of US states' laws is when it begins to run.

A statute of limitations, or limitations of action statute, begins to run when a cause of action accrues. That means, the statute begins to run when you have done something contrary to the terms of your agreement for which you can be sued.

Most of the time, that "something" is failure to pay your bill. When you don't make your payment on time, you have violated the terms of your agreement and you have given the creditor a cause of action.

Some credit agreements include an acceleration clause which must be invoked before a creditor has a cause of action.

The acceleration clause could be activated by the creditor sending you a demand for payment in full by a certain date. In these instances, you must fail to pay the creditor after it has invoked the acceleration clause before the creditor has a cause of action, and the SOL starts to run. You need to become familiar with the terms and conditions of your specific agreement to know for sure which event triggers a cause of action and thus, begins the running of the statute of limitations.

Calculating When the Statute of Limitations Has Expired

If you need to find out when the SOL on a debt has expired, do the following:

1. Take the date cause of action begins (date of last payment or demand letter):
2. Add the number of years of the statute of limitations in your state.

For Example:

You last stopped paying on a credit card on January 15, 2011. The company sent you a demand letter for the full amount on July 15, 2011. The statute of limitations for credit cards (usually regarded as open accounts) in your state is 6 years.

The date at which you are "safe" from having a creditor sue you over this debt is:

No Acceleration Clause: January 15, 2011 + 6 years = January 15, 2017

Acceleration Clause: July 15, 2011 + 6 years = July 15, 2017

Does a Partial Payment Restart the SOL?

Depending on what state you live in, if you make a partial payment, you could be postponing the statute taking effect on your collection account or charge-off. A collector might call you one day and say you waived your rights when you made a deal with the collection agency. Do not take anything a collector tells you for granted. Make them prove it to you, in or out of court. For about half the population, the statute of limitations started ticking the day they made the last payment for their account.

Some states have laws which specify that a partial payment does not restart the clock on the SOL, unless there is a new written promise to pay. What that means is that you actually write out a new agreement with the original creditor and/or collection agency.

Please review the exact state statutes and the fine print associated with them before relying on this website's info. Your situation may not apply.

Even though a debt is an absolute promise to pay, if the statute of limitations on the debt has expired and the creditor tries to force you to pay the debt, you have the right not to fulfill the promise (debt).