

Chapter 27 Credit and the Law

Section 27.2 Solving Credit Problems

Section Summary with Key Terms and Academic Vocabulary

Solving Credit Problems The main credit problems consumers face are credit card and identity theft, and overuse of credit. Identity theft occurs when someone steals another person's financial information with the intention of committing fraud under that person's identity. It should be reported immediately to the proper authorities. When someone has overused credit and cannot repay it, the first step is to try to work out a new payment plan with the creditor. Credit counseling, debt consolidation, and bankruptcy are other possible solutions.

Key Terms _____

identity theft Theft of a person's financial information for the purpose of committing fraud under that person's identity

credit counselor Someone who helps consumers work out a plan for getting out of debt and managing their money

consolidation loan Loan that combines all your debts into one loan with lower payments

bankruptcy Legal process in which a borrower is relieved of debts after showing an inability to pay

Academic Vocabulary _____

pose To pretend to be someone else

restore To bring back to or put back into a former or original state

overall Including everything

instance A step, stage, or situation viewed as part of a process or series of events