

Consumer Bankruptcy Filings Most Since October 2005

Aug. 4 (Bloomberg) -- Consumer bankruptcy filings in the U.S. rose to the highest level since October 2005, the American Bankruptcy Institute said in a [statement](#).

More than 126,000 new cases were filed by consumers last month, the nonpartisan research group said today, citing figures furnished to it by the National Bankruptcy Research Center. That was an 8.7 percent rise from June and a 34 percent increase from July 2008.

"Today's bankruptcy filing number reflects the sustained and growing financial stress on U.S. households," ABI Executive Director [Samuel Gerdano](#) said in the statement. The group, composed of lawyers, accountants, bankers and judges, is based in Alexandria, Virginia.

Congress, in October 2005, enacted the Bankruptcy Abuse Prevention and Consumer Protection Act, a legislative reform package intended to make it harder for consumers to get court orders wiping out their uncollateralized debt.

The act required debt counseling and a means test for would-be filers.

More than a quarter of the filings last month were by consumers seeking to reduce their debt under the U.S. Bankruptcy Code's Chapter 13 provisions. Filers also have the option to seek liquidation of debt under Chapter 7.

"The largest factor is the general economy," bankruptcy lawyer John Collen, a partner at [Quarles & Brady LLP](#) in Chicago, said of the rise in bankruptcy filings. "There have been no changes in the law that would account for the increase."

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Last Updated: August 4, 2009 13:51 EDT

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