

What the Bible Says About Bankruptcy

There are a wide variety of opinions about whether or not Christians should ever declare bankruptcy. On one side of the spectrum, bankruptcy is never perceived as an option for a Christian who can pay debts on an agreed-upon schedule. Support for this stance is found in Psalm 37:21:

“The wicked borrow and do not repay, but the righteous give generously.”

Borrowing constitutes an obligation to pay regardless of legal options. Ecclesiastes 5:4-5 says:

“When you make a vow to God, do not delay in fulfilling it. He takes no pleasure in fools; fulfill your vow. It is better not to vow than to make a vow and not fulfill it.”

A vow—whether made to God, a spouse, or creditor—is treated seriously by God and should not be made without consideration of the consequences. Proverbs 3:27 states:

“Do not withhold good from those who deserve it, when it is in your power to act.”

Declaring bankruptcy to protect personal property when assets are available to be applied to legally or morally binding debt obligations is perceived as abusing a creditor.

The ramification of debt is slavery, as warned in Scripture. Proverbs 22:7 says:

“The rich rule over the poor and the borrower is servant to the lender.”

This can be emotional as well as literal slavery. In bankruptcy, the creditor may be released from receiving full repayment, but is the debtor free from pangs of conscience by leaving a vow unfulfilled? The obligation to repay debts and fulfill promises is strongly affirmed in Scripture.

On the other end of the spectrum, some argue that legally accepted options offered in the bankruptcy laws are available to the believer despite the arguments above. The biblical evidence primarily centers around the Mosaic laws as described in Deuteronomy 15 and Leviticus 25. Deuteronomy 15:1-2 states:

“At the end of every seventh year you must cancel your debts. This is how it must be done. Creditors must cancel the loans they have made to their fellow Israelites. They must not demand payment from their neighbor or relatives, for the Lord’s time of release has arrived.”
(NLT)

Leviticus 25:10-17 speaks of the Year of Jubilee. This, too, released a debtor from a creditor in that land, and properties were returned to original owners every fifty years.

The argument for the validity of bankruptcy is not based on the theory that Old Testament laws are still in force today, but that the principle behind the law applies today. God does not want his people, or anyone else for that matter, to live in never-ending servitude to lenders based on an economic decision beyond their control, or even including a poor economic decision willfully made in the past (getting into too much debt).

Therefore, the argument goes, bankruptcy laws are in some ways a contemporary application of Old Testament statutes. This stance carries some credence that God is gracious, forgiving, and expects societies to imitate him.

One also hears stories of creditors whose over-aggressiveness in collecting obligations may tend to make bankruptcy options more justifiable. In fact, the original intent of bankruptcy laws was to protect individuals from creditors who made unreasonable demands despite the debtor’s best efforts to repay the debt.

Both perspectives carry elements of truth.

In reflecting upon God’s Word and the bankruptcy options, under certain conditions bankruptcy can be a plausible alternative for a Christian. This option should be viewed as a last resort and never taken without much thought and prayer. Perhaps the most important aspect to consider is the attitude of the debtor. Is the debtor willing to:

- Morally and ethically satisfy the creditor’s legal demands, if given the chance?
- Do what is necessary to keep any roadblocks from interfering with a creditor’s perspective of Christianity?
- Make significant cutbacks in lifestyle to cooperate with creditors?
- Allow God an opportunity to provide the funds at a later date to pay the

debts
completely?

- Receive grace from a creditor who could agree to a reduced payment?

When the answer to these questions is yes, bankruptcy may be appropriate for the believer.

Bankruptcy should not be viewed as a quick fix or a way to avoid moral obligations, assets or income in order to sustain a lifestyle above the basic needs of life and at the expense of creditors.

Options at Cherry Hills Community Church

The Good \$ense Ministry at Cherry Hills Community Church offers opportunities to learn sound money-management principles and to receive confidential financial counseling. For more information, please call 303-791-4500 ext 7650 or send an email to goodsense@chcc.org.

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