

- Compensation for Injury, Death, or Detention of Employees of U.S. Contractors Outside the U.S.
- Federal Emergency Management Agency Federal Disaster Assistance.

However, there are some situations where these funds are not protected and may be garnished. For example, some of these federal benefits may be used to pay delinquent federal taxes or student loans. Others, such as Social Security benefits, may be deducted before you receive them to pay child support or alimony.

The law varies from state to state as to what types of state benefits are subject to and exempt from garnishment. For more information, you should contact an attorney who practices in your state, your state or local consumer protection agency, or a legal aid office in your area.

How does my bank account get garnished?

If a creditor or a collector obtains a judgment against you, it can ask a state court to issue an order garnishing your bank account. The creditor or collector will send this garnishment order to your bank and it usually requires the bank to hold the money until the court has made a final decision as to whether the money must be paid to the creditor. In some states, you have the right to receive a notice informing you that a judge has issued a garnishment order for the money in your bank account and telling you what to do if you think that some or all of the money in your account is exempt from garnishment. However, sometimes you will not receive a notice before the judge issues its order and the bank freezes your account.

What should I do if I receive a notice of garnishment?

If you receive a notice saying that your bank account may be garnished and your bank account contains exempt funds, you should seek the assistance of an attorney at once. You also should follow the instructions in any garnishment notice you receive. It is very important that you meet any deadline in the notice for telling the judge that money in your account is exempt from garnishment.

When do banks freeze bank accounts?

Banks freeze funds in bank accounts after they receive a garnishment order. A freeze prevents customers from accessing the funds in their accounts.

What should I do if my bank account is frozen?

If you haven't already done so, you should seek an attorney's help right away. If your bank freezes your account, this prohibits anyone, including you, from getting money out of the account. If you wrote checks or authorized electronic payments that have not cleared yet, they may be returned unpaid. What's more, your bank may charge you a fee for having insufficient funds (NSF) in your account.

As soon as you find out there's a freeze on your account, you should make arrangements to prevent outstanding checks from bouncing and prevent the imposition of NSF fees. You might want to contact the people you wrote checks to, for example, and explain that you are working with your bank to resolve the problem.