

Dated: August 19, 2025
The following is ORDERED:



Denise E. Barnett
UNITED STATES BANKRUPTCY JUDGE

**UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF TENNESSEE
WESTERN DIVISION**

In re:
JACQUELINE SCALES,
Debtor.

Chapter 7
Case No.: 25-20475

**ORDER GRANTING CREDITOR'S MOTION TO SET
ASIDE ORDER ON MOTION TO ADD POST-PETITION DEBT**

This case came before the court on August 13, 2025, at 9:30 a.m., on Prestige Financial Services' ("Creditor's") *Motion to Set Aside Order on Motion to Add Post-Petition Debt* ("Motion to Set Aside Order") and Jacqueline Scales' ("Debtor's") *Response to Motion to Set Aside Order on Motion to Add Post-Petition Debt* ("Response"). (ECF Nos. 31 and 38).

Procedural and Factual Summary

On January 29, 2025, Debtor filed a voluntary chapter 7 petition. (ECF No. 1). On June 6, 2025, Debtor filed a *Motion to Add Post-Petition Debt*. (ECF No. 23). On June 12, 2025, the Court entered an order granting the Motion to Add Post-Petition Debt. (ECF No. 25). On June 25, 2025, Debtor's case was discharged. (ECF No. 27). On June 29, 2025, Debtor's case was

closed. (ECF No. 29). On July 2, 2025, Creditor filed its *Motion to Reopen Bankruptcy Case* (“Creditor’s Motion”) (ECF No. 30). That same day, Creditor filed a Motion to Set Aside Order. (ECF No. 31). On August 7, 2025, Debtor filed a *Response to Motion to Set Aside Order on Motion to Add Post-Petition Debt* (“Response”). (ECF No. 38).

Debtor’s post-petition obligation resulted from a Retail Installment Sale contract dated March 25, 2025, financing the purchase of a 2020 Kia Sorrento (ECF No. 31). On April 23, 2025, Debtor tried to rescind the contract and return the Kia Sorrento due to mechanical issues. (ECF No. 23). Debtor contends that Creditor demanded the full payment from her pursuant to the terms of the contract. (ECF No. 23). Unable to rescind the contract and return the 2020 Kia Sorrento, Debtor moved to add Creditor and Global Auto Sales to her chapter 7 case. (ECF No. 23).

At the hearing, Debtor (through attorney) argued that she “detrimentally relied” on the Court’s order granting the Motion to Add Post-Petition Debt and Creditor acted in bad faith by still making collection efforts when it sent text messages to Debtor’s phone after the entry of the discharge.¹ Creditor (through counsel) argued that Debtor’s Motion to Add Post-Petition Debt was not properly served on Creditor and that the order granting the motion was entered without providing an opportunity for Creditor to be heard.² Creditor further argued that there is simply no legal support (in the Code, Bankruptcy Rules, and case law) to allow the Debtor to add this post-petition debt to her chapter 7 case and discharge the obligation.³

¹ Hearing on Creditor’s Mot. to Reopen Case, Creditor’s Mot. to Set Aside Order on Mot. to Add Post-Petition Debt, Debtor’s Resp. to Set Aside Order on Mot. to Add Post-Petition Debt on August 12, 2025 (“Hr’g on Aug. 12, 2025”), at 10:02-10:08 a.m.

² Hr’g on Aug. 12, 2025, at 10:02-10:08 a.m.

³ *Id.*

Discussion and Conclusion

Creditor cited to Rule 60(b) of the Federal Rules of Civil Procedure (made applicable in bankruptcy pursuant to Rule 9024 of the Federal Rules of Bankruptcy Procedure), which provides, in pertinent part:

On motion and upon such terms as are just, the court may relieve a party or a party's legal representative from a final judgment, order or proceeding for the following reasons: (1) mistake, inadvertence, surprise, or excusable neglect[;] or (6) any other reason justifying relief from the operation of the judgment.⁴

The underlying issue before the Court is whether the post-petition debt can be added to the chapter 7 case and be discharged. Subsection 727(b) of the Code states that: “a discharge under subsection (a) of this section discharges the debtor from all debts that arose *before* the date of the order for relief under this chapter, and any liability on a claim that is determined under section 502 of this title as if such claim had arisen before the commencement of the case[.]”⁵

Here, all the conduct giving rise to the claim occurred post-petition. After extensive legal research on the underlying issue, the Court finds no legal authority that would allow Debtor to add her post-petition debt in this chapter 7 case and have that debt discharged in this chapter 7 case. Debtor's counsel presented no legal authority to allow the post-petition debt to be added to this chapter 7 case and be discharged. The *Order on Motion to Add Post-Petition Debt* should not have been entered, and consequently should be vacated pursuant to Rule 60(b)(1) and (6), Federal Rule of Civil Procedure.

⁴ Fed. R. Civ. P. 60(b) (2025).

⁵ 11 U.S.C. § 727(b) (2025) (emphasis added).

Accordingly, it is **ORDERED**:

1. The *Motion to Set Aside Order on Motion to Add Post-Petition Debt* is **GRANTED**.

2. The *Order Granting Motion to Add Post-Petition Debt* is **SET ASIDE** and **VACATED**.

3. Debtor's post-petition obligation resulting from the Retail Installment Sale Contract dated March 25, 2025, (financing of the 2020 Kia Sorento) is not affected by the discharge entered in this case.

A copy of this Order shall be served on:

Debtor
Debtor's Attorney
Creditor
Creditor's Attorney
United States Trustee
Chapter 7 Trustee
The Matrix