



## Learn How to Deal With Collection Agencies

### Description

Receiving a phone call from a debt collection agency can be a terrifying experience. When you're frightened or afraid of what they'll say, it might be tough to think straight or reply effectively.



Understanding how debt collectors work and your rights during the debt collection process will help you prepare for conversations with them. Here are six things to follow when dealing with collection agencies.

### 1. Be Open to Communicate

Communicating with debt collectors can help you resolve your debt more quickly. This includes

answering the phone when they call, phoning them first, and replying to mail. In addition, send them an updated mailing address if you relocate. Instead of ignoring your debt, being proactive will make debt collectors more willing to work with you. The Consumer Financial Protection Bureau has developed a set of sample letters for debtors to communicate with debt collectors.

## 2. Sort Through Your Data

Before you decide on a course of action, you should organize all of the debt-related information you have. For example, if debt collectors try to collect a debt that isn't yours, you'll need accurate information and correspondence to challenge it.

## 3. Understand Your Rights

The Fair Debt Collection Practices Act created a set of rules that govern what debt collectors can and cannot do. For example, debt collectors are not permitted to harass you, your family, or your employer. They may threaten to contact your supervisor, but all they can do is confirm your employment. In addition, they are not permitted to publicize your debt or repossess items unrelated to the debt. Knowing your rights should give you the confidence you need to navigate your encounters with these organizations efficiently.

## 4. Understand the Statute of Limitations

Paying a debt that has already passed its statute of limitations, which is usually 3–10 years after the last payment, depending on your state, is one of the most common blunders you may make. Once the statute of limitations has run out, you have no legal obligation to pay your debt.

## 5. Attend Court

If a debt collector sues you, you must answer the court summons as soon as possible. Many people lose debt collection lawsuits because they do not react or appear in court. If the case is taken to court, consumers may suffer wage garnishments, property liens, and other consequences. Consumer agencies and associations can assist borrowers throughout this time so that they do not have to go to court on their own.

## 6. Resolve the Debt

If you want to settle the debt, you can offer the debt collector a lower amount than the original debt. Debt collectors are frequently willing to bargain because they purchased the debt significantly lower than its initial value. They may also be prepared to work with you to set up a payment plan, so you don't have to pay the entire amount right once. Just make sure you understand whether or not there is interest on the loan before agreeing to a payment plan.

Once you've reached an arrangement with a debt collector, request in writing the settlement amount or payment schedule and make copies of any papers they send you. Debts sent to collections will be removed from a consumer's credit report after seven years. Still, individuals may have to contact credit

bureaus directly and request that the accounts be removed manually.

**Category**

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