

DEBT REDUCTION

HOW TO STOP BOTHERSOME BILL COLLECTORS

The Federal Fair Debt Collection Practices Act protects consumers against the bullying tactics that were once stock-in-trade practices of collection agencies. If you feel you are being unduly pressured, or are actually being harassed by a bill collector, the FDCPA offers a simple way to put a stop to it.

All you have to do is send the bill collection agency a letter saying that you will not or cannot pay the debt and that you want the agency to leave you alone. Send the letter by certified mail, return receipt requested, so you can be sure the agency receives it.

Once you have done this, by law the collection agency may not contact you again, except to say that collection efforts have ended or that some legal action is being taken against you. (Your letter has not absolved you of your debt; you may still be taken to court for it.) If a collection agency continues to badger you after you have sent the letter, be sure to keep notes about the offending contacts. Then you should notify your state attorney general's office you may have a legal case against the collection agency.

COPING WITH THE BILL COLLECTOR

Creditors are quick to act when payments are late. If you miss more than a few payments, often creditors will ask for the full balance of the loan or debt to be paid immediately. The creditor has the right to do this if your loan agreement contains an "acceleration clause." If you immediately bring the payments up to date, the creditor may then decide not to insist that you pay the rest at once.

But when you do not respond with a payment, the creditor may threaten to turn the matter over to a collection agency, a business that collects debts for others. Often collection agencies work on commission, collecting between one-third and two-thirds of the amount they bring in. You can expect debt collectors to use high-pressure tactics to collect a debt, although the 1978 federal Fair Debt Collection Practices Act (FDCPA) protects consumers from unnecessary harassment and offensive strong-arm tactics. The act—which applies only to debt collectors, not creditors—makes very clear what a collection agency may not do in its efforts to get you to pay.

A bill collector may not contact any third parties about your debt except your lawyer, credit reporting agencies, and those who might help the agency locate you. If a collector does contact someone else to help locate you, he or she cannot indicate that debt collection, or your debt, is the reason for the call.

Contact can be made only during normal hours. You cannot be called before 8:00 A.M. and after 9:00 P.M. Nor can a collector call you repeatedly simply to annoy or intimidate you.

