



# Dealing With Collection Agencies

**Are You Constantly Receiving Harassing Calls From  
Collection Agencies? What Are Your Rights?**

## **What Is A Collection Agency?**

A collection agency is a third party hired by your original creditor to collect the debt that you owe.

A creditor may turn an account over to a collection agency after the account has been behind three to six months.

Any legitimate collection agency will send you a written notice with all of the terms included, upon your request.

## **Common Threats Made By Collection Agencies**

Most people are contacted by collection agencies over the phone. Some collection agencies will threaten you in order to receive a payment. They may say that they will tell your employer about the debt you owe. They may threaten to send you to jail or they may threaten to garnish your wages. These threats are illegal and violate Section 807(4) of the Federal Trade Commission Fair Debt Collection Practices Act. You may contact the FTC to make a complaint at 1-877-FTC-HELP.

## **Initial Steps To Take When An Account Has Been Turned Over**

Once you find out that your account has been turned over to a collection agency, you should contact the original creditor to make sure this is true and find out if there is anyway to have your account recalled. The original creditor may take the account back if a reduced payment can be negotiated.

If the original creditor will not recall the account, try to work out an agreement with the collection agency. If you are experiencing any financial hardship explain this to the collection agency. If you can afford to pay some or all of the debt at this time, you should.

## **When Negotiating With A Collection Agency You Should...**

If a payment has been negotiated with a collection agency make sure you ask them to send you the payment arrangement in writing to keep copies. You should also ask for the representative's name that you spoke with. This will serve as proof of the agreement if any problems occur in the future.

Most collection agencies will negotiate a settlement, which would be taking less than the total amount due. This normally requires a one time payment in full. Be careful! A settlement may report negatively on your credit report. The IRS also considers a settlement taxable and treats the amount forgiven as income for tax purposes.

## Some Helpful Tips

- ⇒ Do not make promises you can not afford. It will be worse if you agree to make payments that you can't.
- ⇒ Never give a credit card number or checking account information over the phone to a collection agency. They may take out more money than you have agreed to.
- ⇒ An unpaid collection account is damaging to your credit report. The sooner you can pay it off, the better!

## Your Rights With Collection Agencies

- ◆ Collection agencies may not contact you before 8 a.m. or after 9 p.m.
- ◆ Collection agencies may not contact you at work or if your employer prohibits it.
- ◆ Collection agencies can not use obscene language or threats of violence.
- ◆ Collection agencies may not contact other people to ask questions about you, nor can they reveal how much debt you owe.
- ◆ Collection agencies may not contact you at another residency than your own.
- ◆ Collection agencies can not make a call without disclosing the caller's identity.
- ◆ Collection agencies may not call repeatedly with the intent to annoy or harass you.
- ◆ Collection agencies may not make a list of consumers who refuse to pay debt for publication.

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An Educational Message from

**novadebt**

A Garden State Consumer Credit Counseling Organization

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