



**Better Business  
Bureau**  
*of Greater Kansas City*

# Blog

FRIDAY, APRIL 30, 2010

## Nothing New: Pesky Debt Settlement Companies Making Trouble

If you pay attention to the news or the BBB, you will have already heard about these "debt settlement" companies. They tell consumers that for a fee, the money a debtor's owes can be drastically reduced. Debt settlement firms often ask the debtor to sign over power of attorney to them, not to pay on their debts until the creditors are desperate to settle, and often, require consumers to pay up front fees. Any one of these things can cause financial problems for a consumer. Put them all together and the debtor is sure to be bankrupt or in financial ruin, owing more debt and now with worse credit.

The Better Business Bureau has received an ever-increasing amount of complaints on debt settlement companies. Since the start of the recession, the BBB has received more than 3,500 complaints from individuals, including many who paid hundreds of dollars in upfront fees to debt settlement companies but only fell deeper into debt.

The debt settlement industry has come under harsh scrutiny in Missouri. Attorney General Chris Koster [testified before congress](#) about Missouri's Zero Tolerance policy on financial fraud. His expertise and the testimony of several others on the subject prompted Senator Charles Schumer to introduce the *Debt Settlement Consumer Protection Act* on Wednesday, April 28, 2010. In his press release, Schumer states, "There has been an exponential growth in the number of debt settlement companies offering "quick and easy" solutions to consumer credit problems."

Some of the things in the bill that will benefit the consumer are as follows:

- Prohibits a debt settlement company from requesting or receiving any debt settlement fee from a consumer until the company has provided the consumer with documentation that has a debt has, in fact, been settled.

### Contributors

[Kyle Marie Boeglin](#)

[Aaron Reese](#)


[Dustin Johnson](#)

### Welcome to our Blog

Welcome to the KC Better Business Bureau blog. We hope that you will find what you need to help your business and shopping needs, and also have a good time.

### Search This Blog



powered by 

### Have Questions? Ask us.

 **Chat with Aaron Reese**  
Offline

### Translate Page

[Arabic](#) [German](#) [Portuguese](#)  
[Chinese](#) [Italian](#) [Russian](#)  
[Japanese](#) [Spanish](#) [French](#)  
[Korean \(About\)](#)

### BBB Press Releases

[Avoid Moving Scams this Summer - Monday, May 03, 2010](#)

[BBB recibe quejas contra el auge de empresas de consolidación de deudas -](#)

-The legislation mandates that debt settlement fees are reasonable and commensurate to the actual services provided, and that they cannot exceed specified amounts. The legislation also provides consumers with the right to cancel a debt settlement contract and receive a full refund of unearned fees, as well as the money accumulated and held for settlement.

Though there is a lot more to the law, these two will affect the industry more than anything. They will knock the less scrupulous companies out of consideration. Companies wishing to make a quick buck at the expense of others will not take the chance of issuing a full refund if they can't deliver on their promises.

*Anyone looking for financial advice, the BBB encourages consumers to contact non-profit organizations such as Consumer Credit Counseling.*

Posted by Aaron Reese at 4:15 PM



Labels: [BBB](#), [debt](#), [debt relief](#), [debt settlement](#)

**0 comments:**

### Post a Comment

Comment as:

**Post Comment**

Preview

Monday, May 03, 2010

[Complaints to BBB Against Debt Settlement Companies On the Rise](#) - Thursday, April 29, 2010

### Followers

**Follow**



with Google Friend Connect

**Followers (5)**



Already a member? [Sign in](#)

### Blog Archive

- ▼ 2010 (40)
  - ▶ May (1)
  - ▼ April (5)
    - [Nothing New: Pesky Debt Settlement Companies Makin...](#)
    - [BBB First Quarter Top Ten Complaints](#)
    - [New Phishing Scam Uses BBB as Lure](#)
    - [Shred Day Success](#)
    - [BBB Mardi Gras Casino Night Recap](#)
  - ▶ March (11)
  - ▶ February (11)
  - ▶ January (12)
- ▶ 2009 (6)

[Subscribe to: Post Comments \(Atom\)](#)

