



Creditor Battle Plan

Video Overview
<https://youtu.be/Vn3wscJookw>



NOTE: It's important to know that you, as a consumer, have the right to call up your creditors directly, state your current financial situation, or hardship, and request relief in the form of interest rate reduction, a reversal of late fees and/or penalties, or even negotiate a mutually agreed upon settlement for less. The key is to be honest, patient, respectful and firm about the reality of your current situation.

Before You Negotiate

- Make a list of all your creditors with your current balance (secured debt typically cannot be negotiated)
- It's best to have the most current statement from each creditor
- Know the statute of limitations of each debt (depending on the debt type, bad debt can fall off your creditor report and creditors may not be able to take collection action against the consumer. (Note: this can also be used for negotiating)
- Know how much you can afford to pay each creditor (having a budget will help you know how much you can afford)
- Decide what you want from each creditor: lower APR, remove late fees and penalties, settle for less?
- Have a pen and paper ready to take notes, creating a call log will be helpful for each creditor

Prepare For The Call

Negotiating with your creditors can be a challenging process, but with a little preparation and diligence, it could help you save a lot of money. Before you call, make sure you are prepared with the information above and remember to relax. You want to state your case clearly and calmly to a supervisor in a non-threatening, but firm way because you truly need assistance and they need to understand what you are stating is genuine and from the heart.

Remember creditors deal with thousands of angry and frustrated customers and, it is quite likely that the ones who succeed in self-negotiation will be those who keep in mind that the supervisor on the other end is a human with real feelings who can relate to your hardship more than you might imagine.

Tips for Negotiating

- Ask to speak to a supervisor
- Be willing to remain on hold
- Take notes on who you are speaking to, dates, and agreement/next steps
- Be honest about your situation, tell them why you can't pay
- Don't accept anything you can't afford
- If you've fallen behind on payments let them know you will have to consider bankruptcy if they don't lower your payments
- If your creditor isn't accepting your terms, let them know you owe other people and will contact another creditor to see if they are willing to accept your offer.
- Don't be afraid to end the conversation and try again, possibly with another supervisor
- If you do get creditors to offer concessions, get everything in writing
- If you are settling for less, ask to have the creditor report the debt "Paid as Agreed" to the credit bureaus and paid in full. (Note: they may end up only agreeing to "settled account for less than full amount")
- If your debt is settled for more than \$600 less than what you actually owe, be prepared for a 1099C Notice from the IRS. Depending on your present assets, money saved through settling with creditors, may be subject to taxes

For more information about negotiating with your creditors and helpful tips try these resources:

<https://bettermoneyhabits.bankofamerica.com/en/debt/debt-negotiation-tips>
<https://rebuildcreditscores.com/settle-debt-collection-agencies-pennies-dollar/>

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Do-It-Yourself Negotiation

When calling up creditors on your own to request relief, the type of approach you use depends largely on your goal: **If you are mostly current with payments but at risk of falling behind**, you may want to simply request lower interest rates, a reversal of late fees and penalties, or even ask that annual fees are removed.

However, **if you are facing serious, unmanageable debt, have fallen several months behind and even considering bankruptcy**, you may want to consider making an offer to settle debt for much less than the full amount owed – if you have the ability to come up with the necessary funds to make a lump-sum settlement offer.

*Note: In a recent survey conducted by CNBC, 81% of consumers who called up credit card companies requesting relief were successful in getting some form of relief even if interest reductions were modest.

The following are some sample approaches and language you can consider as you call up creditors on your own to request relief. No matter what your situation is, keep these three things in mind.

1. **Be honest, respectful, and firm when making your request.** Remember that creditors deal with thousands of angry and frustrated consumers, and recognize that they have a tough, thankless job to do.
2. **Always ask to speak with a supervisor.** While a frontline customer service representative may be authorized to make minor concessions to help you, they don't have the same authority as supervisors.
3. **Get everything in writing.** You have a cardholder agreement that you are obligated to adhere to. Any verbal agreement that is reached with a creditor – rather it's lower interest rates, or an agreed upon settlement for less, get it in writing!

General Tips In Speaking to Creditors

When Calling to Request Interest Rates Reduced, Relief from Penalties and Late Fees, Adjustment of Payment Date

SAMPLE INITIAL CALL:

(After being connected to supervisor) *“Hi this is _____ and I've been a loyal customer since _____. However, recently I'm experiencing a personal (financial) hardship and I am having trouble making my minimum payments. My interest rate needs to be reduced by quite a bit, or I will have to transfer my balance to another card and close my account.”*

If the supervisor is not willing to help in any way, you need to follow-up on same conversation and be persistent by restating your case with more details or call again if necessary and possibly you will reach a different supervisor and here's how a sample approach might be used in this situation:

SAMPLE FOLLOW-UP CALL:

(After being connected to supervisor) *“Hi, this is _____ and I recently spoke to Ms _____ regarding a request to reduce my interest rates, etc....and I'm following up to let you know (if this is truly the case) that I am at risk of falling seriously behind because of my current situation. If I am able to reduce my interest rates, I won't be forced to transfer my balance and close my card or even be at risk of falling further behind. I want to do my best to take care of this debt but really need to get an interest rate reduction immediately in order to continue as a customer.”*

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When Calling to Request to Settle Debt for Less than Full Amount

SAMPLE INITIAL CALL:

(After being connected to supervisor) *“Hi this is _____ and I’ve been a loyal customer since _____. However, recently I’ve experienced (state details of situation) serious financial difficulties and (if this is the case) I may have to consider bankruptcy. I’ve always been a good customer and, in fact, I think with minimum payments and interest, I’ve paid my original debt many times over, but I have reached the point of no return and wanted to offer you what I can afford to pay to see if I can avoid bankruptcy as my last option.”*

Then make an honest settlement offer that you can live with within a short period of time. Typically it could be anywhere from 25% to 50% or more of your current balance) Make sure you get the supervisor’s name.

SAMPLE FOLLOW-UP CALL:

(After being connected to SAME supervisor) *“Hi, Ms. _____ you may remember we spoke last week about my situation and I mentioned that it looks like bankruptcy may be my only option. I wanted to give you one more call because I have a limited amount of funds left that I can offer now to settle this debt and I’m getting ready to call other creditors to see who is willing to settle. I want to do my best to pay what I can afford right now. I understand if this is something you can’t do, but I did want to give you one more call before I got in touch with other creditors. You can’t imagine how many calls I’m getting from creditors.”*

Be honest, forceful, and respectful. Do-It Yourself debt settlement is much more common than you might imagine.

