

# Credit Counseling â€“ Can It Get You into More Trouble?

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## **Sample of Content:**

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## **Content:**

Does your heart skip when the phone rings? Are you afraid to open the mail and get another letter from a debt collector? If so, you are not alone. Many Americans are in debt up to their eyebrows and most don't even know what options are available to help them. They just struggle paycheck to paycheck, make minimum payments and watch with frustration as the interest rates eat all the payment and the debt seems to just grow.

Credit counseling is one option to help deal with debt problems, but before jumping the gun and signing up with any credit counseling firm do your home work.

Many credit counseling organizations are both legitimate and nonprofit. They work with you to solve your debt problems. However, there are also those who may say "nonprofit" and charge fees. And those that are completely illegitimate. Some credit counseling organizations charge high fees, others hide their fees and the third group may ask for "voluntary" contributions. All of these will eat into the payments you need to make to your debt.

### Choosing a Credit Counseling Organization

Find out if they are willing to send you free information about themselves. You are looking for firms who are willing and open about themselves and their policies. If they hassle you for an appointment or want too many details from you before they send you anything, go elsewhere.

What you want to get from a Credit Counseling Organization, to start with, covers the following:

Are they licensed to offer you services in your state?

What are their set-up fees?

What are their monthly fees?

Are there any other fees or contributions required?

What are the qualifications of their counselors?

Are their counselors accredited and/or certified by an outside organization? If so, by whom? If not, how are they trained? Third party certification adds an independent unofficial auditing that is helpful.

How do their counselors get compensated? You want to avoid anything that resembles commission.

What assurance do you get that your private information remains confidential and secure?

What services do they offer? Debt management is just a part of the debt issue and you may need other services to help you accomplish what you need. Look for a wide range of services without bias. If an organization says they have a wide range and then push a particular service such as debt management plan (DMP), then they are biased.

How can they help you with both the immediate debt problem as well as long term plan to help you stay on track?

Will you have a formal written agreement or contract with them? You need everything in writing and you need time to review them before you sign. Consider verbal promises invalid. Once you get the information in the mail you need to confirm that the credit counseling organization is both legitimate and reputable. You can check their legitimacy by contacting your state Attorney General, local consumer protection agency, and Better Business Bureau. See if there are licensed and if there are any complaints against them filed by consumers. Remember that a clean record is just a start and does not guarantee service.

Checking their reputation is harder since they deal with confidential information and you cannot ask them for referrals. I understand that asking friends and family could be a little awkward but getting recommendation from someone who actually has dealt with an organization is one of the best ways to screen a firm.

Many reputable credit counseling organizations offer free educational materials and workshops. They are in the business of helping you get to the root of your budgeting issues. Take advantage of their workshops that will also give you an opportunity to check them out in person.

Your financial institution and your local consumer protection agency could also be good sources of information.

I like what William F. Halsey said about problems. "All problems become smaller if you don't dodge them, but confront them."

May your problems become smaller.

For more information about free [credit reports, debt management](#) and [credit counseling](#) checkout [FreeCreditReports.ws](#)

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## **About the Author:**

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