

# Debt Collections and Recovery

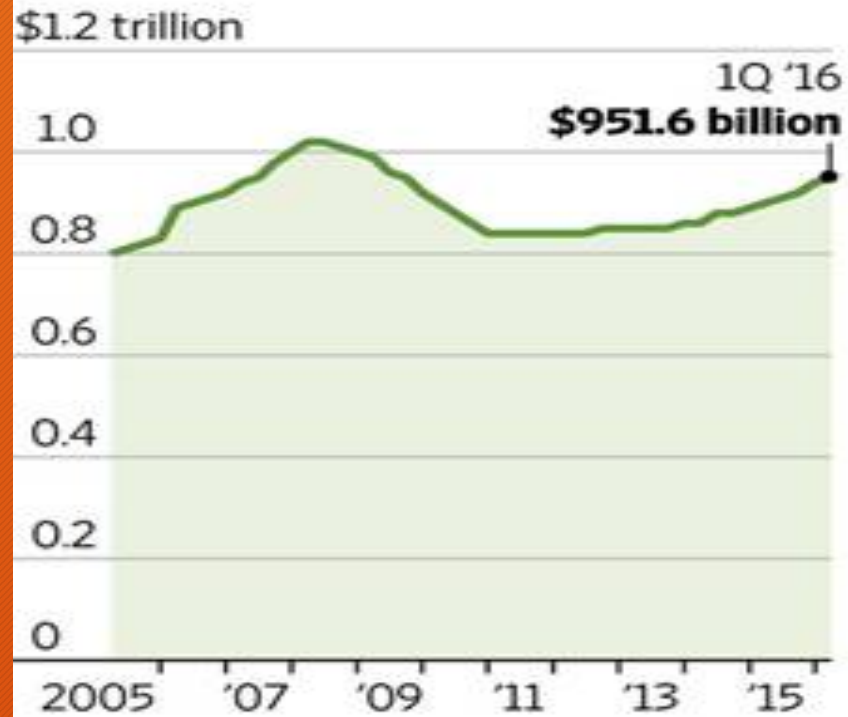
Jeremy Sellars



## Charged Up

Consumers are keeping more debt on their plastic, in part because issuers are aggressively marketing again.

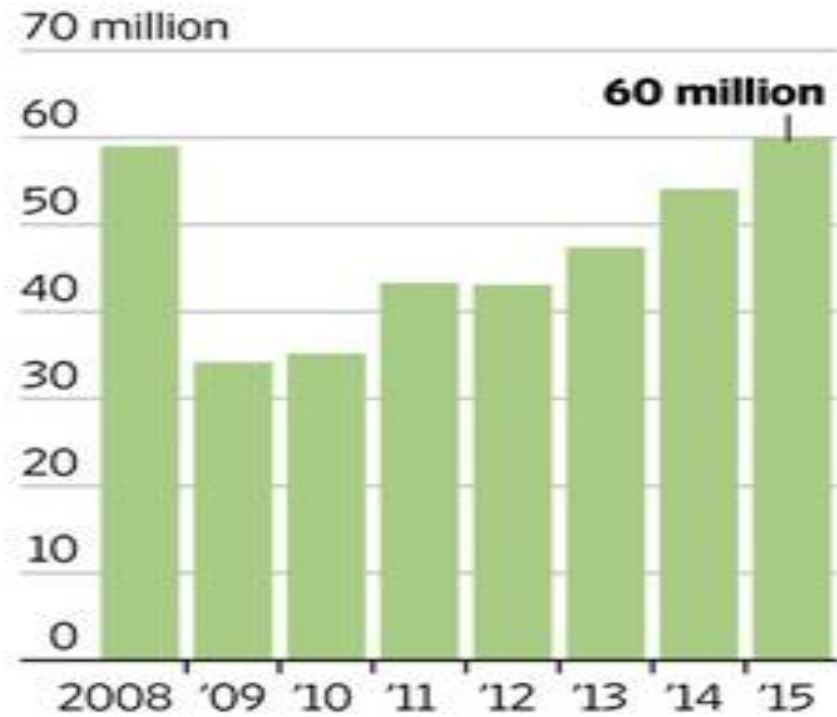
**Credit-card outstanding balances, quarterly data\***



\*Seasonally adjusted

Sources: Federal Reserve (outstanding balances); Equifax

**Number of new general-purpose credit cards issued**



THE WALL STREET JOURNAL.



# Fair Debt Collection Practices Act

- To eliminate abusive practices in the collection of consumer debts, to promote fair debt collection, and to provide consumers with an avenue for disputing and obtaining validation of debt information in order to ensure the information's accuracy.
  - Privacy- Communicate only with the debtors on contract
  - Contact between the hours of 8am to 9pm
  - Cease communication with creditor, writing
  - Harassment or abuse - threats, obscene language, repeated phone calls
  - False or misleading information



# Collections and Recovery

## Collections

- Collection calls and letters begin
- Credit bureau will be updated with each delinquency stage reached 31-60, 60-90, etc
- Opportunity? 2<sup>nd</sup> job, family assistance / borrow, sale of personal items
- Keep communication line with creditors open - reduce # of calls
- Lines of Credit - Collection efforts for 180 days, charge off
- Installment - Collection efforts for 120 days, charge off
- Re-age (credit card) Bring acct current -Extensions (secured)
- Right to Cure / Repo of collateral (balance is collected after sale of collateral)



# Collections and Recovery

- Settlements
  - Pay taxes on settlements - Debt Forgiveness
- Collection Agencies
- Skiptracing
- Legal review begins - charge off - legal review occurs
- Payment plans - Before and after charge -off (unsecured debt)
- Fraud
- Death / Nursing home / Serious Illness



Debt management / CCCS approach, you pay off all of your debt within 3 to 5 years.

Debt settlement, you work with an attorney to negotiate a lower debt, while making monthly payments to accumulate a pay-off amount. There is no guarantee that your creditors will settle.

Credit score will be destroyed after failing to make regular payments during the negotiation period.



# Debt Settlement Caution

- ATTORNEY GENERAL HERRING ANNOUNCES LAWSUIT AGAINST VIRGINIA-BASED TAX DEBT SETTLEMENT COMPANY
- *~Complaint alleges Wall & Associates, Inc. misrepresented its tax debt settlement services, while collecting large up-front and monthly payments from consumers ~*
- RICHMOND (September 15, 2017) - Attorney General Mark R. Herring announced today that his office has filed a lawsuit against Wall & Associates, Inc., a Virginia-based company that sells tax debt settlement services to consumers nationwide, for alleged violations of the Virginia Consumer Protection Act (VCPA).

-



# Consumer Credit Counseling

- Non-profit - NFCC - National Foundation of Credit Counseling (1-800-388-2227)  
FCAA - Financial Association of America (1-800-450-1794)

*The FCAA is a member-supported 501(c)(3) non-profit national association representing financial counseling companies that provide consumer credit counseling, housing counseling, student loan counseling, bankruptcy counseling, debt management, and various financial education services.*

Payment Plan - Credit Card Closed, reduced interest rate to 6%, Fee's waived, Balance Paid in Full (5yrs), Missed payments result in early charge off, Credit Counseling agencies pay banks, collect monthly payments from debtors.



# Consumer Financial Protection Bureau website

- US Government agency that makes sure banks, lenders, and other financial companies treat you fairly
    - Questions about auto loans, credit cards, mortgages
    - How to create a budget
    - Strategies for paying down your debt
    - Financial webinars
    - File a complaint against a financial company
    - Sample letters that can be used - I do not owe this debt, I need more information about this debt, I want the collector to stop contacting me.
- And much, much more!!