Don’t Make Decisions Based on Debt Collection Harassment. A debt collector’s job is to convince you to pay its debts first. Instead make your own decision as to which debt has the highest priority. The collector contacting you most aggressively is often collecting on a low priority debt. Do not be persuaded; just get the debt collector off your back. Chapter 2 sets out nine ways to stop debt collection harassment, including four different sample letters that typically will stop collectors from contacting you.

Worries About Your Credit Score Should Not Move Up a Debt’s Priority. If you are behind on your bills, this almost certainly ends up on your credit record. You cannot stop this, short of always being current on your bills. Nevertheless, do not prioritize a particular bill first just because a collector is threatening to ruin your credit record.

Creditors routinely report the status of all of their accounts each month to a credit bureau. When the account is turned over to a collection agency, this also may be indicated on your credit report. By the time a collection agency is threatening you about your credit report, your report will already include the fact that the debt is a number of months delinquent and has been turned over for collection. The damage to your credit score has already happened. Paying now will not do much to improve your credit rating and failing to pay will not do much more damage. For more on your credit rating, including what a blemished credit rating does and does not mean for you, see Chapter 3.

Threats to Sue You Should Not Move Up a Debt in Priority Until You Are Actually Sued. Many threats to sue are not carried out. Even if they are, it may be years before you are actually sued. On the other hand, non-payment of rent or car loans may result in immediate loss of your home or car. It is hard to predict whether a particular creditor will actually sue on a past-due debt. How aggressively a collection agency threatens suit is no indication whether the creditor will actually sue, even if the threat appears to come from an attorney. Whether you will be sued and what to do if you are sued is covered in Chapter 4.

Worries About Creditors Withholding Services from You. Sometimes non-payment of a debt results in the creditor stopping doing business with you. Explain your financial situation and ask for understanding. If you are cut off, there should be other options in your community. A hospital cannot deny you emergency room services because you owe them money, as discussed in Chapter 11.

Feelings of Obligation. Your feeling that some creditors are more entitled to repayment than others should rarely be a factor in deciding which debts to pay first. Giving up the family home to pay off a creditor for whom you have good feelings is too big a sacrifice. If a creditor is sympathetic or has done you favors in the past, it is more likely to be patient as you work out your financial problems.

Stress. You are not alone if financial problems cause you embarrassment, panic, and stress. The pressure can cause disagreements, temporary separations, divorce, or even physical abuse. As you make the difficult choices associated with your financial problems, be aware of these emotional pressures.

Mental health counseling, family therapy, and marriage counseling may be useful. Health insurance may include free or low-cost mental health assistance and this help may be available from a variety of organizations on a sliding-scale fee basis or for free. Call your doctor, a trusted local credit counseling agency, or family services for a reference. Whatever course you choose, be aware of the additional stress you may be feeling and deal with it in the healthiest possible way.

Source: National Consumer Law Center, Surviving Debt [50th NCLC Anniversary Edition], updated at www.nclc.org/library
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