A whole industry advertises the ability to settle your debts for less than what you owe. They claim that you put away money each month in a special account and at some point they will settle the debt for the money in the account. This rarely happens—they rarely settle your debts, always take a lot of your money in fees, and get you into trouble with your creditors. Since your payments are going into a special account and do not go to the creditor, you will be subject to debt collection, negative reports to credit bureaus, and even collection lawsuits. More on problems with debt settlement is found in Chapter 12 [1].

Source: National Consumer Law Center, Surviving Debt [50th NCLC Anniversary Edition], updated at www.nclc.org/library
Source URL: https://library.nclc.org/sd/0703

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