Often a credit card company will agree to reduced payments or accept payments in installments. But if you need all your money to pay your high priority obligations and other necessities, don’t enter into negotiations with the credit card issuer on reducing your payments. Instead just tell the card issuer you cannot pay at present. If you can meet your other more pressing obligations and still make partial payments on your credit card debt, here are some tips about negotiating with the credit card company.

Decide whether you want to negotiate now or wait until you are sued. Negotiating now may help your credit score some, but waiting may give you more time to see whether your financial situation improves or gets worse. In addition, you may never be sued, and thus never have to repay the debt. If you are eventually going to file for bankruptcy, it also probably does not make sense to pay even part of the debt now.

Only agree to terms you can afford to pay. If you fail to meet your promised payment plan, the card issuer will most likely not negotiate reduced payments with you again. Get any deal you reach in writing and keep a copy. If you are uncomfortable negotiating on your own get a social worker, trusted friend, relative, or other person to help. The creditor might prefer a lump sum payment, but that might be impossible for you. Instead you can offer to pay in installment payments, but only make this offer if you plan on making these payments regularly.

As part of any negotiation, consider your credit report. You can ask the card issuer to remove from your report that you were ever delinquent. In the alternative, you can dispute with the credit bureaus that the debt was ever delinquent (see Chapter 3 [1], above) and get a promise from the credit card company not to verify with the credit bureau that the debt was ever delinquent.

Paying someone or getting a counselor to help you negotiate with the credit card company is tricky business. We discuss this in the next two sections.

Source: National Consumer Law Center, Surviving Debt [50th NCLC Anniversary Edition], updated at www.nclc.org/library
Source URL: https://library.nclc.org/sd/1206
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[1] https://library.nclc.org/nclc/link/SD.03