

# Consumer Alert!

## Not All Credit Counselors Are On The Level

(NAPS)—Often, consumers who have trouble living within their means turn to the services of a credit counselor.

Many credit counseling organizations are nonprofit and work with consumers to solve their financial problems. But beware—just because an organization says it is “nonprofit” doesn’t guarantee that its services are free or affordable, or that its services are legitimate.

In fact, some credit counseling organizations charge high fees, some of which may be hidden, or urge consumers to make “voluntary” contributions that cause them to fall deeper into debt.

Experts at the Federal Trade Commission (FTC) suggest that consumers should steer clear of credit counseling companies that:

- guarantee they can remove your unsecured debt
- promise that unsecured debts can be paid off with pennies on the dollar
- claim that using their system will let you avoid bankruptcy
- require substantial monthly service fees
- demand payment of a percentage of savings
- tell you to stop making payments to or communicating with your creditors
- require you to make monthly payments to them, rather than to your creditor
- claim that creditors never sue consumers for non-payment of unsecured debt
- promise that using their system will have no negative impact on your credit report or
- claim that they can remove accurate negative information from your credit report.



**Experts say consumers should avoid credit counselors who advise them to stop making payments to creditors.**

If you decide to work with a debt negotiation company, be sure to check it out with your state attorney general, local consumer protection agency, and the Better Business Bureau, which can tell you if any consumer complaints are on file about the firm you’re considering doing business with.

Also, ask your state attorney general if the company is required to be licensed to work in your state and, if so, whether it is.

The FTC works for the consumer to prevent fraudulent, deceptive and unfair business practices in the marketplace and to provide information to help consumers spot, stop and avoid them.

The FTC has published two free publications to help consumers seeking credit counseling: “Knee Deep in Debt” and “Fiscal Fitness: Choosing a Credit Counselor.”

To learn more, visit [www.ftc.gov](http://www.ftc.gov) or call 1-877-FTC-HELP.