

Before You Pay - Say "Is This My Debt?"

by vcmorris - Thursday, September 17, 2009

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Are debt collectors calling? Are their threatening letters jamming your mailbox? Are you being harrassed into just paying whatever it is *they* say you owe because the collection notices and tactics are wearing you out?

If you get a notice of debt collection in the mail *don't* rush to pay it! If you pay the bill too soon, you could actually lower your credit score because when you pay a debt to a collections agency it becomes "updated activity". That debt can then be reported to the credit bureaus, which can, in turn, knock down your credit score.

Another reason *not* to rush to pay it: the collection notice could be illegitimate.

One of my favorite financial services resources is Greg McBride, senior analyst at Bankrate.com (www.bankrate.com). He says if you get a collection notice, the first thing you should do is pull up your credit report from all three credit bureaus to see if the alleged debt was reported.

The three credit reporting bureaus are:

- **Equifax** P.O. Box 740241, Atlanta, GA 30374 1-800-685-1111
- **Experian** P.O. Box 2002, Allen, TX 75013 1-888-397-3742
- **TransUnion** P.O. Box 1000, Chester, PA 19022 1-800-8884213

If you find the debt listed on any of your three credit reports and know or believe it's *not* yours, you should dispute it through those agencies. It's never a good idea to *dispute* directly with the actual creditor or collections agency.

Once you've submitted a dispute or request, the credit bureau will contact the creditor or collections agency and they have 30 days to validate what they're reporting about you. If it is not validated or if there is no response, the debt will be removed from your credit report.

If after receiving a collections notice, you don't find it on any of your credit reports, you should request that the collections agency *proves* you actually owe this debt. According to the Fair Debt Collection Practices Act (FDCPA), you have the right to dispute a debt notice and to request proof that the obligation is legitimate.

You can request:

- the name and address of the original creditor
- verification of the original debt amount
- to be told whether the collections agency was *assigned* the debt or if they *own* it (in many cases, if

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the collections agency does not own the debt they cannot prove that you owe it to them)

If the collections agency can't furnish proof - according to the FDCPA - they **must** cease collection of the debt until they provide you the proper verification.

Proving validity of a debt could be a complicated process, and many consumers dig themselves into a deeper credit hole by trying to handle collection agencies on their own. If faced with this dilemma, you could use the services of an **accredited** credit repair agency to help get creditors off your back. An excellent resource for what you need to know about finding one, is The Privacy Rights Clearinghouse (www.privacyrights.org/fs/fs27-debtcoll.htm) which says while there is no federal license or registration required for collections agencies, in some states debt collectors must register or apply for a state license.

Here's to your health and wealth.

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