

## Dealing with creditors

### Handout 8-5

#### Tips for creating a debt repayment plan

**Be realistic.** Offer to make a payment that you are sure you can afford.

Missing a payment could put your proposal in danger. Don't make promises you can't keep.

**Be reasonable.** Creditors will want to get paid back within a reasonable amount of time.

The longest time frames are three to five years. It could be less. It depends on the amount owed.

**Be specific.** Make the details of your proposal clear. Tell the creditor when you will contact them in the future. Be sure that you follow through.

#### Dealing with creditors by phone

Speak to someone who is in charge, such as a

- Bank or credit union branch manager, collections supervisor, or loans officer
- Finance company branch manager
- Retail or department store collection supervisor or credit manager.

Keep your temper and be polite. Ask for your creditor's help, rather than telling them what to do.

If the person you talk with is not helpful, ask to speak to his or her supervisor. Try to deal with the same person each time you call. Keep in touch until the problem is solved.

Keep a record of the conversation. This should include:

- Company name
- Date and time
- Phone number
- Description of what was said and any agreements.
- Name of the person you spoke to
- Ask for any agreements to be put in writing.

#### Dealing with creditors by mail or email

In a letter, you could include:

- Your reason for the letter
- Your employment status
- A copy of a recent pay stub to show what income you get
- A monthly expense sheet showing your income and expenses
- Your reasons why you cannot make payment
- Your proposed debt repayment plan.

#### Remember

- Never mail cash
- Keep a copy of all your cheques, receipts, money orders, and letters

#### Beware! Debt settlement companies

Some for-profit companies claim they can negotiate a deal with creditors and help you deal with debt – for a fee.

#### Watch out for:

- High pressure sales tactics
- High fees
- Unrealistic promises
- Delaying your payments to creditors
- Misleading guarantees