

Guide for talking to creditors

If you are having trouble paying your bills due to COVID-19, you may be able to request an arrangement with your creditor. Some credit lenders and service providers, such as credit card companies and cell phone providers, are offering different payment relief options. You need to call to make the request, and the payment relief options may be offered on a case-by-case basis.

If you are offered a payment deferral, you get more time to pay your bill but you will eventually still need to pay. Know that interest will continue to add up during the time your payment is deferred.

Before the call

When you call your creditor, they will likely ask you some questions about your current financial situation.

It will be helpful to prepare the following information in advance:

- **How your financial situation has been impacted due to COVID-19**, such as loss of employment
- **Changes to how much money you are taking home** (your net income) **and the total income you have through work, benefits, and other** (your gross income)
- **Changes to your expenses** (for example: food, shelter, utilities, debts)
- **The contact information of the company** that you will be calling and who you may speak to. Some companies may have designated departments or personnel to speak to customers about relief and payment options.

During the call

1. Explain your situation

You can begin your request by explaining how your finances and/or situation has been impacted by COVID-19. Be prepared to provide some information about changes to your income and budget.

2. Ask what is available

Explain that you have difficulty making payments and ask what is available to help you. Some utilities, internet and cellphone providers are offering flexible payment options. Some credit cards are offering minimum payment deferrals and lowered interest rates.

3. Ask questions

If the lender or service provider is able to offer different payment options, make sure you understand what this means with respect to changing your future payments and how it might affect your future credit.

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Some questions to ask are:

- What does this change in the terms and conditions? Can you highlight all the changes for me and confirm this for me in writing?
- How will this affect the lifespan of my loan? (If you are calling about a loan)
- Will this affect my credit score? Will it affect my credit rating?
- Will changing the terms hurt me in any way?
- Can I make lump sum payments later on? When and how much?
- What is the fine print I should be aware of?

4. Ask for their best recommendation

After the person has provided you with some options and you have asked questions to fully understand the terms and conditions, ask what they would recommend based on your situation.

General tips

- **Ask lots of questions** to make sure you understand all the updated terms and conditions.
- **Ask the creditor to help you walk through the process** and don't be afraid to ask them to slow down or repeat information if you are unsure.
- **Take notes of important information** during your conversation, such as, the name of the person you talked to, the date that you called, and the responses to the questions you asked.
- **Get all updated terms and conditions in writing.**
- **Plan to reach out sooner rather than later.** It is not likely that lowered interest rates or deferred payments can be applied retroactively.

If you are feeling overwhelmed:

- You can have someone you trust be with you during the conversation for support. If you would like this person to speak on your behalf, you will both need to be on the line so that you can give authorization.
- You have the option to call back if you need time to understand and consider all the information.
- Ask if you will likely talk to the same person when you call back. If not, ask the person on the line to make sure they have noted the information in your file so that you do not have to repeat the information again when you call back.

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