

# Getting Help When You're in Debt



Help is available if you're in debt. Learn how to get help and avoid scams.

## What happens when I'm in debt?

If you owe money you can't pay back, debt collectors might call you. You might have legal problems if you can't pay back the money.

A credit counselor might be able to help you. Credit counselors can help you make a budget. Credit counselors can also help you make a plan to repay your debts.

Read **Debt Explained** at [consumer.gov/debt](https://consumer.gov/debt) to learn about steps you can take yourself.

## How do I find a credit counselor?

Look for a credit counselor you can meet in person. These groups sometimes have credit counselors who charge low fees to help you:

- ▶ credit unions
- ▶ universities
- ▶ military bases
- ▶ U.S. Cooperative Extension Service

Then ask these questions:

- ▶ What will you do to help me?
- ▶ How much will I have to pay?
- ▶ Do you have free education and information?
- ▶ Are you licensed to work here?

## What will credit counselors do?

A good credit counselor will spend time with you. The counselor will ask you all about your finances and help make a plan that works for you.

A good counselor **won't**:

- ▶ promise to fix all your problems
- ▶ charge you a lot of money before doing anything

## What is a debt management plan?

A debt management plan is one way to repay debts like your credit card, student loan, or medical bills. Here's how it works:

- ▶ A credit counselor works with you and the companies you owe money to. You all agree to a plan for how you'll repay the money you owe.
- ▶ Every month, you deposit money into an account with the credit counselor.
- ▶ The credit counselor pays your bills until your debt is repaid.

Debt management plans don't help everyone. A good credit counselor can help you decide what might help **you**.

## What if a company says they can settle my debts?

Debt settlement programs are different from debt management plans.

Debt settlement programs can be risky. Companies say they'll negotiate with your creditors to let you pay less than what you owe. But many companies that offer these plans make promises they can't keep.

Many people who use debt settlement plans find they end up owing more money, not less.

### How do I avoid scams?

Never pay anyone who asks you to pay fees before they settle any of your debts.

If you spot a scam, report it to the Federal Trade Commission:

- ▶ Go online at **ReportFraud.ftc.gov**
- ▶ Call **1-877-382-4357**