

FTC Announces New Debt Settlement Protections

The Federal Trade Commission (FTC) has announced new debt settlement regulations that will:

1. Prohibit for-profit debt settlement companies from collecting advance fees for their services. Companies can charge consumers only after a) they have negotiated a written agreement between the consumer and their creditor; b) the company successfully renegotiates, settles, reduces, or otherwise changes the terms of at least one of the consumer's debts; and c) the consumer makes at least one payment to their creditor after the successful negotiation or settlement. This regulation will take effect October 27.
2. Require companies to tell consumers up front how long the debt settlement will take and what the total cost will be. These rules will take effect September 27.

If you are seeking assistance from a debt settlement company, there are some things you should do first:

1. Contact your creditors to try to work out a payment agreement. This can be done for free.
2. Seek help from a non-profit credit counseling center for little or no cost. To find a credit counseling center near you, contact the National Foundation for Credit Counseling online or by phone at (800) 388-2227.
3. Research the debt settlement company with the Better Business Bureau (BBB) online.

If you have been victimized by a debt settlement program, file a complaint.

Contact the following agencies:

- Attorney General's Office online or by phone at (617) 727-8400, and
- Federal Trade Commission online or by phone at 1-877-FTC-HELP (1-877-382-4357).

For more information about the FTC's new regulations regarding debt settlement companies, go to the Federal Trade Commission's website.