

**Title:**

Consolidating Debt? 5 Warning Signs Of A Shady Debt Consolidation Or Debt Management Company

**Word Count:**

384

**Summary:**

Unfortunately, not all debt consolidation companies are legitimate. To avoid the shady companies, educate yourself on the debt consolidation process and watch out for these warning signs.

**Quote Unusually Low Monthly Payments**

A debt consolidation company works with creditors to lower your interest rates. Creditors have predetermined rates that they will lower to, so every debt consolidation program will get you the same rates. But since 2004, creditors no longer accept r...

**Keywords:**

debt relief, debt consolidation, debt problem, debt management

**Article Body:**

Unfortunately, not all debt consolidation companies are legitimate. To avoid the shady companies, educate yourself on the debt consolidation process and watch out for these warning signs.

**Quote Unusually Low Monthly Payments**

A debt consolidation company works with creditors to lower your interest rates. Creditors have predetermined rates that they will lower to, so every debt consolidation program will get you the same rates. But since 2004, creditors no longer accept reduced minimum monthly payments.

Companies who quote unusually low monthly payments are probably giving you a low figure, which they will raise once you are in the program. Instead of comparing monthly payments, request information on their fees.

**Demand All Debts Be Included**

Companies who demand that all your debts be included in the debt consolidation

don't have your best interests in mind. Some loans, such as credit union loans, are ineligible for lower interest rates. And other types of credit, like student loans, may already have a low interest rate.

However, by including all your bills in the monthly payment, the company can charge you a higher fee for handling more accounts. Before you enter a program, decide which accounts you want to consolidate for lower rates.

### Charge High Upfront Fees

The most common scam is to charge high upfront fees, up to thousands of dollars, for services. Sometimes companies will promise to refund fees on completion of the program, but few clients actually complete the program.

Legitimate non-profit companies charge a flat monthly fee for each account handled. They are usually subsidized by financing companies. For profit companies will charge a competitive fee along with a flat monthly charge.

### Offer Debt Settlement And Other Services

Be suspicious of those offering other services besides debt consolidation. Debt settlement, credit repair, and other programs are often just scams to take your money.

If you do need to make a debt settlement, you can save yourself money by doing this yourself. You may also find that declaring bankruptcy would be a better financial choice.

### Request Account Numbers First

Be highly suspicious of any company that requests your account numbers, social security number, or other personal information before providing a quote. By providing this information, you open yourself up to identity theft.

To receive an accurate quote, simply provide creditors' names, balances, and interest rates.