

Title:

Bill Consolidation Company - The Best Time To Consolidate Debts

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381

Summary:

Choosing the best time to consolidate debts depends on many factors. Although debt consolidation companies are very effective, many consumers are hesitant to receive help for managing their debts. Besides, if using a debt management service, some creditors will report third party assistance on your credit report. If this information is included on your reports, other lenders may consider you a risk.

Knowing When to Consolidate

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Article Body:

Choosing the best time to consolidate debts depends on many factors. Although debt consolidation companies are very effective, many consumers are hesitant to receive help for managing their debts. Besides, if using a debt management service, some creditors will report third party assistance on your credit report. If this information is included on your reports, other lenders may consider you a risk.

Knowing When to Consolidate

Although using a bill consolidation company may be slightly damaging to your credit score, the long-term effects of having a negative credit rating are worse. Thus, if your debts are getting out of control, a debt consolidation may be a way to avoid bad credit. Even if your credit score has already declined, a debt consolidation company can help raise credit rating. If contemplating a debt consolidation, look for three signs.

Finance Charges and Late Fees Exceed Credit Limit

Keeping credit cards at the maximum limit can become a serious problem very

quickly. A high balance credit card equals a higher monthly payment. When unable to pay the minimum, some consumers stop paying creditors altogether. However, just because the account is maxed-out does not mean that creditors will no longer charge fees.

To avoid a snowballing effect, continue making credit card payments, and never go over your limit. By exceeding a credit limit, additional fees are applied. In turn, you are stuck paying late fees, finance fees, and over-the-limit fees.

Harassing Phone Call from Creditors

If you do not submit regular monthly payments to creditors, expect several phone calls throughout the day. Unfortunately, creditors have a right to call homes when attempting to collect a debt. Thus, registering with the national "do not call registry" will not stop harassing phone calls.

If creditors begin to call, the only way to stop the phone from ringing is to setup a payment arrangement. However, if payment is not received by the arranged date, the creditor calls will continue.

Unable to Afford the Minimum Payments

Understandably, the majority of people want to handle their debts themselves. However, if you have too much credit card debts, it may become difficult to afford the minimum monthly payments. In this case, a debt consolidation and bill company is necessary. Because these agencies negotiate lower interest rates, monthly payments become more affordable.