

## Title:

4 Tips to Hiring a Better Debt Management Firm

## Word Count:

457

## Summary:

This article gives four tips that are useful for hiring a better debt management firm.

## Keywords:

debt, management, debt management, firm, information, finance

## Article Body:

Individuals in debt who wish to make use of the services of a debt management firm should do research before committing themselves. An unscrupulous debt management firm can harm a debtor's interests in many ways, so make sure to keep the following 4 things in mind before hiring a debt management firm:

1. Avoid any agency that calls you by phone or sends you spam: Most debt management firms advertise in the yellow pages or on the Web, but do not over-aggressively solicit clients. Therefore, there is a good chance any company which does so is not on the level. Debt management companies that follow a cold calling policy or send unsolicited emails will usually not be able to provide any solid references. Most of these companies do not even keep a reserve fund, which serves as a guarantee for the debtor that his creditors will be paid.
2. Non-profit agencies do not necessarily offer better service: First, not all non-profit debt management firms offer their services free; some firms charge up to 15% of the debt amount. Being a non-profit organization does not make a debt management firm a better and more efficient service provider than those that charge for the services. In fact, companies charging for their service are under an obligation to free their clients of debt as efficiently as possible because they are making a profit from their work and their profitability is directly linked to their credibility and reputation in the market.
3. Never part with credit card information on the phone: A reputed and honest debt management firm will never ask you to provide your credit card number or bank information on the phone. This is because they understand that callers can be impersonated; moreover, the increase in online frauds is reason enough for individuals in debt to be extra cautious when checking out debt management

firms. Debt management companies that are acting in good faith will never ask a prospect or an existing client to part with sensitive information of any kind over the phone.

4. Don't believe anyone who offers a deal that's too good to be true - it probably is: Often debtors come across debt management deals that promise to reduce their debt by half in short time. This rarely happens; however, the debtor does end up paying high fees and a substantial upfront amount to the debt management company. Such companies also discourage debtors from communicating with their lenders; this is never a good idea and invariably leads to a negative impact on the debtor's credit rating. If a debt reduction company promises to offer more than some interest reduction and counseling on getting out of debt and staying debt free, the claim should ideally not be taken at face value.