

The Debt Negotiation Playbook

Scripts, strategies, and legal rights to
lower your rates and settle your debts

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PART 1 • INTEREST RATE NEGOTIATION

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This is the highest-value action in this entire playbook. A single phone call can save you more than months of aggressive budgeting — and the odds are overwhelmingly in your favor.

83%

Success Rate

6.7pt

Avg Reduction

\$1,600+

Saved on \$7K

A 2023 LendingTree study found 83% of cardholders who called their issuer received a rate reduction. The average cut was 6.7 percentage points. On a \$7,000 balance, that saves over \$1,600 in interest.

Even a 3-point reduction on a \$5,000 balance saves approximately \$600 over a typical repayment period. These numbers make rate negotiation the single most time-efficient debt reduction strategy available.

YOUR FOUR LEVERAGE POINTS

Loyalty

Long-standing customers cost money to replace. If you've been with the issuer 2+ years, you have leverage.

Credit Score

A score above 670 signals reliability. If your score has improved since you opened the account, say so.

Competitor Offers

Research competing cards before calling. A specific offer — 'I have a pre-approved offer at 14.9% from Discover' — is powerful.

Hardship

If you're struggling financially, issuers would rather reduce your rate than risk you defaulting entirely.

PART 1 • PHONE SCRIPTS

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Use these as frameworks, not rigid scripts. Sound natural. The key elements are: state the request clearly, provide your leverage, and be prepared to escalate politely.

BEFORE YOU CALL

Have ready: your account number, current APR, how long you've been a customer, your payment history, and at least one competitor offer. Call Tuesday-Thursday, 10-11 AM for the most experienced representatives.

SCRIPT 1: MERIT-BASED (Good standing, good credit)

"Hi, I'm calling about my [Card Name] account ending in [XXXX]."

"I've been a customer for [X] years and I've always made my payments on time. I'd like to request a lower interest rate on this account."

[If asked why]: "My current rate is [X]% and I've received pre-approved offers from other issuers in the 13-15% range. I'd prefer to stay with you, but the rate difference is significant."

[If they offer a small reduction]: "I appreciate that. Is there any way to get closer to the 14-15% range? I'd really like to keep this account as my primary card."

[If declined]: "I understand. Could I speak with a supervisor who might have more flexibility on rate adjustments?"

SCRIPT 2: HARDSHIP-BASED (Financial difficulty)

"I'm calling because I'm experiencing some financial difficulty and I'd like to discuss options for my account."

"I want to keep paying – I'm not looking to avoid my obligations. But my current rate of [X]% is making it very difficult to make progress on the balance."

"Would you be able to lower my rate, even temporarily, to help me continue making payments?"

[If they mention hardship programs]: "Yes, I'd be interested in learning about that. What are the terms?"

PART 1 • PHONE SCRIPTS (CONTINUED)

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SCRIPT 3: SUPERVISOR PIVOT

"Thank you for looking into that. I understand you may have limits on what you can offer. Would it be possible to speak with a supervisor or retention specialist who might have additional options?"

[With supervisor]: "Thank you for taking my call. I've been a customer for [X] years. I'm hoping to find a rate that reflects my loyalty and payment history. I've been offered [X]% elsewhere but I'd prefer to stay."

"I'd really appreciate anything you can do. Even a temporary reduction for 6-12 months would help significantly."

PART 1 • TIMING AND TACTICS

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When and how you call matters almost as much as what you say.

WHEN TO CALL

Best days: Tuesday through Thursday — Monday staff are clearing weekend backlogs; Friday they're winding down.

Best time: 10:00–11:00 AM in the issuer's timezone. Call centres are staffed with senior reps, hold times are shorter.

Best month: After you've just made a larger-than-usual payment. This demonstrates commitment and gives you leverage.

THE HUCA METHOD

HUCA stands for 'Hang Up, Call Again.' If the first representative says no, politely end the call and try again. Different reps have different authority levels and different moods. Many people report success on their second or third attempt after an initial decline.

CRITICAL: WHAT NOT TO SAY

Never threaten to stop paying — this can flag your account. Never claim financial hardship you can't document if they ask for proof. Never accept 'no' from the first rep without trying at least once more. Never say 'I'll close the account' unless you actually will — empty threats damage credibility.

YOUR LEGAL RIGHTS

United States — The CARD Act of 2009:

Issuers must give 45 days' notice before raising your rate. They cannot raise rates on existing balances in the first year. Rate increases must be reviewed every 6 months, and reduced if warranted. You have the right to reject a rate increase and pay off the balance at the old rate.

United Kingdom — FCA Consumer Duty:

Under the Consumer Duty rules effective 2023, firms must act to deliver good outcomes for retail customers. They must provide fair value products and services, and must give appropriate support to customers showing signs of financial difficulty. The Financial Ombudsman Service can investigate complaints if you believe your lender isn't treating you fairly.

PART 2 • HARDSHIP PROGRAMS

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Every major card issuer offers hardship programs — they'd rather reduce your rate temporarily than write off your balance entirely. The key is contacting them before you miss a payment.

WHAT THE MAJOR ISSUERS OFFER

ISSUER	PROGRAM	RATE	TERM	Fee
American Express	Financial Relief Program	0-10% APR	Up to 12 months	\$0
Bank of America	Customer Assistance	0-5% APR	Up to 12 months	\$0
Chase	Hardship Program	0-8% APR	3-12 months	\$0
Citi	Flex Pay / Hardship	0-10% APR	Up to 12 months	\$0
Discover	Payment Protection	0-9.99%	Up to 12 months	\$0

THE 3-PHASE QUALIFICATION PROCESS

Phase 1: Self-Assessment

Before calling, document: what changed (job loss, medical, divorce, reduced hours), when it started, your current income vs expenses, and what payment you can realistically afford.

Phase 2: Your Narrative

Prepare a clear, honest, 30-second explanation: what happened, what you've already tried, and what you're asking for. Banks respond to people who demonstrate they've thought it through.

Phase 3: Documentation

Have ready: recent pay stubs or proof of income change, bank statements showing reduced income, any relevant documentation (medical bills, termination letter). Not all issuers require this, but having it speeds the process.

PART 2 • HARDSHIP CALL SCRIPT

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This script was developed with input from credit counsellors. It covers the four stages of a successful hardship call.

PART 1 – OPENING

"Hello, I'm calling about my account ending in [XXXX]. I'm experiencing some financial difficulty and I'd like to discuss my options."

[They may transfer you to a hardship specialist – this is normal and good.]

PART 2 – YOUR SITUATION

"I've been a customer for [X] years and I've always prioritised this account. Recently, [brief explanation: e.g., I was made redundant / I had an unexpected medical expense / my hours were cut]."

"I'm not looking to avoid my obligations. I want to keep paying, but my current rate and minimum make it very difficult to stay current."

PART 3 – YOUR ASK

"Is there a hardship program or temporary payment plan that could help me stay on track? I can comfortably afford \$[amount] per month."

[If they offer terms]: "Thank you. Can you confirm: what will my interest rate be during the program? How long does it last? Will this be reported differently on my credit report? Can I get these terms in writing?"

PART 4 – PROTECTING YOURSELF

"Before we finalise, I want to make sure I understand: will my account be marked as 'in hardship' or will it continue to show as current? Will I still be able to use the card during the program?"

"Could you please send me written confirmation of these terms by email or post?"

PROTECTING YOUR CREDIT DURING A HARDSHIP PROGRAM

Ask specifically whether the program will be reported as 'current' or 'in hardship' to credit bureaus. Some programs report normally if you enrolled before missing payments – this is why calling early matters. If the program will appear on your credit report, ask how long the notation remains after you complete the program. Get all terms in writing before agreeing.

PART 3 • DEBT SETTLEMENT

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Settlement means paying less than you owe to resolve a debt. This section covers when it makes sense, realistic expectations, and how to protect yourself legally.

IMPORTANT DISCLAIMER

Debt settlement can affect your credit score, may have tax implications, and is not appropriate for everyone. Consider consulting a nonprofit credit counsellor before pursuing settlement. This guide provides information, not financial advice.

REALISTIC SETTLEMENT RANGES BY DEBT TYPE

Credit Card Debt

25-60%

Most negotiable. Issuers often prefer 40–50% to writing off 100%.

Medical Debt

10-40%

Hospitals and providers often accept steep discounts, especially for uninsured patients.

Personal Loans

30-60%

Less flexible than credit cards. Secured loans rarely settle below 50%.

Collection Accounts

20-50%

Debt buyers paid pennies on the dollar — they have room to negotiate.

PART 3 • STRATEGIC TIMING

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When you attempt to settle matters almost as much as how. Creditors and collectors have financial cycles that create negotiation windows.

End of Month

Representatives often have monthly quotas. Settling in the last week helps them hit targets.

End of Quarter

March, June, September, December – companies want to clear receivables before reporting.

December

The single best month for settlement. Year-end accounting pressure creates maximum flexibility.

After 90+ Days Late

Accounts become more negotiable after they're charged off (typically 180 days). The creditor has already written down the value.

WHAT TO SAY – AND WHAT NOT TO SAY

Language matters enormously in settlement negotiations. One wrong sentence can reset your statute of limitations or undermine your position.

DO say:

"I'd like to resolve this account. What settlement options are available?"

"I can offer a lump sum of \$[amount] to settle this account in full."

"I'll need that agreement in writing before I send payment."

DO NOT say:

"I acknowledge I owe this debt" – this can reset the statute of limitations.

"I can pay \$X per month" – reveals your budget ceiling and weakens your position.

"This is my final offer" – unless it truly is. Empty threats damage credibility.

"I'll just file for bankruptcy" – sounds like a threat, not a negotiation.

PART 3 • THE TAX TRAP AND AGREEMENTS

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THE 1099-C TAX TRAP

When a creditor forgives \$600 or more of debt, they're required to file a 1099-C form with the IRS. The forgiven amount is treated as taxable income. If you settle \$10,000 of debt for \$4,000, the \$6,000 forgiven could generate a tax bill of \$1,000-\$1,500.

THE INSOLVENCY EXCEPTION

If your total debts exceeded your total assets at the time of settlement, you may qualify for the insolvency exception (IRS Form 982). This can partially or fully eliminate the tax on forgiven debt. You're insolvent to the extent your debts exceed assets. Example: \$50,000 in debts, \$30,000 in assets = \$20,000 of insolvency. Up to \$20,000 of forgiven debt could be excluded. Consult a tax professional — this is one area where professional advice pays for itself.

In the UK, forgiven debt is generally not taxable for individuals. However, it may affect means-tested benefits. Check with Citizens Advice or StepChange for guidance specific to your situation.

5 ESSENTIAL CLAUSES IN EVERY WRITTEN AGREEMENT

1 Full settlement

The agreement must state this payment 'settles the account in full' or 'satisfies the debt in its entirety.'

2 Exact amount

The precise dollar/pound amount you will pay. No ranges, no 'approximately.'

3 Payment deadline

A specific date by which payment must be received.

4 Credit reporting

How the account will be reported — push for 'paid in full' or 'settled.' Avoid 'settled for less than owed' if possible.

5 No future collection

Explicit statement that no further collection activity will occur on this account after payment.

PART 3 • DIY VS PROFESSIONAL SETTLEMENT

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Should you negotiate yourself or hire a debt settlement company? Here's an honest comparison.

DIY SETTLEMENT

- No fees (save 15-25%)
- You control the process
- Direct communication
- Faster resolution
- Requires confidence
- Time investment needed

PROFESSIONAL FIRM

- Fees: 15-25% of enrolled debt
- Experience negotiating
- Less personal involvement
- May take 2-4 years
- Risk of scams
- FTC-regulated (us)

Our recommendation: try DIY first using the scripts and templates in this playbook. You have nothing to lose — if negotiations stall, you can always engage a professional later. But you may find that a single well-prepared phone call saves you thousands in fees.

APPENDIX • RATE REDUCTION REQUEST

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[Your Name]

[Your Address]

[Date]

[Card Issuer Name]

[Customer Service Address]

Re: Interest Rate Reduction Request – Account ending in [xxxx]

Dear Customer Service,

I am writing to request a reduction in the interest rate on my credit card account referenced above.

I have been a cardholder for [X] years and have maintained a consistent payment history throughout this period. My account is in good standing and I have demonstrated responsible use of this credit line.

My current APR of [X]% is significantly higher than rates currently available in the market. I have received pre-approved offers from competing issuers at rates between [X]% and [X]%. I would prefer to remain a customer with your institution, but the rate differential is difficult to justify.

I respectfully request that my APR be reduced to a rate more consistent with current market conditions and my account history. I would welcome the opportunity to discuss this request by phone if that would be helpful.

Thank you for your time and consideration.

Sincerely,

[Your Name]

[Phone Number]

[Email Address]

APPENDIX • HARDSHIP PAYMENT REQUEST

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[Your Name]

[Your Address]

[Date]

[Card Issuer Name]

[Hardship Department]

Re: Hardship Payment Arrangement – Account ending in [xxxx]

Dear Hardship Team,

I am writing to request enrolment in a hardship payment program for my account referenced above.

Due to [brief explanation: job loss / medical emergency / reduction in income / other qualifying hardship], I am experiencing financial difficulty that affects my ability to meet the current minimum payment and interest charges on this account.

I am committed to repaying this obligation and wish to avoid falling behind on payments. I am requesting: a temporary reduction in my interest rate, a modified payment plan I can sustain, and any fees or penalties to be waived during the hardship period.

I can currently afford a monthly payment of \$[amount]. I have enclosed [documentation: recent pay stubs / letter of termination / medical bills] to support this request.

I would appreciate the opportunity to discuss a payment arrangement that allows me to continue meeting my obligations while I work through this period of difficulty.

Sincerely,

[Your Name]

[Phone Number]

APPENDIX • DEBT SETTLEMENT OFFER

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[Your Name]

[Your Address]

[Date]

[Creditor/Collection Agency Name]

[Address]

Re: Settlement Offer — Account [Reference Number]

[This letter is not an acknowledgment of the debt referenced. All rights are reserved.]

Dear Sir or Madam,

I am writing regarding the above-referenced account with a claimed balance of \$[amount]. I am prepared to offer a lump-sum payment of \$[settlement amount] as full and final settlement of this account.

This offer is contingent upon the following conditions:

1. Upon receipt of payment, the account will be considered settled in full with no further balance owed.
2. All collection activity on this account will cease immediately and permanently.
3. The account will be reported to all credit bureaus as 'Paid in Full' or 'Account Settled.'
4. A written confirmation of these terms will be provided before payment is submitted.
5. No portion of this account will be sold, assigned, or transferred to any other party after settlement.

This offer is valid for [14/30] days from the date of this letter. Payment will be made by [cashier's check / certified funds] within [5] business days of receiving written acceptance of these terms.

Please respond in writing to the address above.

Sincerely,

[Your Name]