



To print article, click **Print** on your browser's **File** menu.

[The Basics](#)

## 12 tips for negotiating with debt collectors

It pays to know your rights and keep a record of all your communications when you butt heads with debt collectors. Here are some ways to hold your own.

By [Bankrate.com](#)

When you bargain with a debt collector, you're going head-to-head with a tough, professional negotiator. Following these tips can help you come out ahead.

[Go back](#)

### Learn your rights.

When collecting a debt from you, a debt collector must play fair. For details, check out [this consumer brochure](#) on fair debt collection from the Federal Trade Commission.

A free consumer brochure on debt collection also is available from the National Consumer Law Center. Call NCLC's publications department at (617) 542-9595 and ask for a copy of "What You Should Know About Debt Collection."

Many states have their own debt collection laws. For more information, contact the attorney general's office in your state.

"When you know your rights, debt collectors know they can't get away with certain things," says Gerri Detweiler, author of "The Ultimate Credit Handbook."

"They're less likely to try aggressive tactics."

Don't let retirement sneak up on you.  
**Create a perfect plan.**

### First things first

#### Prioritize your bills.

No matter what a debt collector says, an unpaid credit card bill is not the most important bill you have to pay this month. Providing necessities for your family comes first.

"It does not make sense to put yourself in a position that you can't pay necessary bills," Detweiler says.

#### Estimate how much you can pay and offer less.

"Don't do anything you can't afford to do," says John Ventura, consumer attorney in Brownsville, Texas and author of the e-book "[Stop Debt Collectors Cold](#)." "And don't do anything dangerous."

Avoid sending postdated checks to a debt collector or agreeing to automatic

**Decision Center**  
**Manage debt**

[more on this topic](#)

[Compare credit cards and rates](#)

[How much can you save?](#)


[What's your spending style?](#)

[Get your credit reports quickly](#)

[Shop for personal finance resources](#)

[Do your taxes online](#)

**Find It!**  
[Article Index](#)  
[Fast Answers](#)  
[Tools Index](#)  
[Site Map](#)



[Bankrate.com](#)

electronic payments from your checking account.

### States where you can tape phone calls

Secretly recording a phone conversation is legal in : Alabama, Alaska, Arizona, Arkansas, Colorado, District of Columbia, Georgia, Hawaii, Idaho, Indiana, Iowa, Kansas, Kentucky, Louisiana, Maine, Minnesota, Mississippi, Missouri, Nebraska, Nevada, New Jersey, New Mexico, New York, North Carolina, North Dakota, Ohio, Oklahoma, Rhode Island, South Carolina, Tennessee, Texas, Utah, Virginia, West Virginia, Wisconsin and Wyoming.

"Presuming goodwill on the other side gets people in trouble," Ventura says.

#### Don't tell them your life story.

"Don't go into a lengthy explanation of why you can't pay," Detweiler says.

"They don't have a lot of sympathy. This is what they do for their job. They hear down-on-your-luck stories day in and day out."

#### Control the information flow

##### Keep private information private.

Don't give a debt collector personal information such as where you work, where you bank or your checking account number.

"Say as little as possible and stick to the facts," Detweiler says.

#### Stay calm and focused.

No matter what a debt collector says, keep your cool and stay focused on the negotiation.

"The more in control you sound and the less you fall apart, the more likely you are to get what you want out of the negotiation," Detweiler says.

#### Tape the call if you can.

Flicking on a tape recorder is a great way to keep a debt collector in line. Plus, you get a record of the call.

Thirty-five states and the District of Columbia allow you to secretly tape your phone conversations. In the other 15 states, you can tape with the other party's permission. And if you tell the debt collector you are going to tape and he or she keeps talking, that's considered giving permission.

"Taping the conversation may keep them on their best behavior," Detweiler says.

#### Take notes.

File all collection letters and keep detailed notes of collection calls. Note the day and time of each call, the name of the collection agency, the first and last name of the caller and what was said.

"Make sure there's a record," Ventura says. "If you've made a deal with them, get proof."

#### Recent articles by Bankrate.com:

- [Where to stash your rainy day cash](#), 12/20/2004
  - [Holiday parties: Eat, drink and be wary](#), 12/17/2004
  - [6 painless ways to give to charity](#), 12/13/2004
- [More...](#)

#### Related Resources

[Decision Center: Take control of your debt](#)

[Purchase "The Ultimate Credit Handbook"](#)

## Related Sites

[Federal Trade Commission: Fair Debt Collection](#)  
[Stop Debt Collectors Cold](#)

### Get proof of payment agreement in writing.

"Get it in writing," says Jerry Jarzombek, a consumer attorney in Fort Worth, Texas. "If they told you half of it satisfies the obligation and that's what you want to do, have it in writing."

Send a letter to the debt collector outlining the payment agreement. You'll want to send this letter via certified mail so you'll receive a receipt once the letter is delivered. Keep a copy for your records.

If you plan to pay by check, add the following disclaimer: "Cashing this check constitutes payment in full." Write this right on the check.

### Timing it right

#### Wipe your credit clean.

Ask a debt collector to remove any negative information they've placed on your credit report. At the very least, insist that your account be listed as paid in full rather than paid in settlement. Once they agree, get it in writing.

#### Don't be rushed.

A debt collector will push and push for you to send them money immediately. Don't do anything until you have confirmation of a payment agreement in writing.

"Because you need it in writing, you have to resist all those demands and quick offers to do it overnight," says Mary Fons, a consumer protection attorney in Stoughton, Wisc.

#### Negotiate at the end of the month.

Because commissions for debt collectors are based on what they do each month, you may want to try negotiating near the end of the month. You could land a really good deal.

#### Editors' choice

- [Car buyers' top 10 mistakes](#)
- [Jubak: 10 under-the-radar blue chips](#)
- [You, your parents and their money](#)
- [7 questions to ask before you buy a stock](#)
- [5 steps to total financial control](#)

#### Readers' choice

- Ratings Top 5 Articles
- 9.28 [Zombie debt collectors dig up your old mistakes](#)
  - 9.24 [10 ways to stop identity theft cold](#)
  - 9.19 [Insurers keep a secret history of your home](#)
  - 9.17 [10 ways to avoid outrageous](#)

[hospital overcharges](#)

9.12 [Hosed at the gas pump -- by your debit card](#)

[View all top rated articles](#)

#### More Resources

- [E-mail us your comments on this article](#)
- [Post on the Your Money message board](#)
- [Get a daily dose of market news](#)

Search MSN Money

[tips](#)

Go

advertisement



#### Sponsored Links

##### [Caribbean's All-Inclusive Beach Resorts](#)

Super Clubs offers Caribbean super-inclusive resorts. We cater to families, couples and singles offering a...  
[www.superclubs.com](http://www.superclubs.com)

##### [SkyAuction.com: Bid on Beach Resorts](#)

Bid for big savings on Beach Resort Vacation Auctions at SkyAuction.com. We offer thousands of hard-to-beat...  
[www.skyauction.com](http://www.skyauction.com)

##### [Shangri-La Caribe - Mexico](#)

A Polynesian style resort on a fine white sand beach. 2 pools, water sports, thatch roof dining room, game...  
[www.mexicoholiday.com](http://www.mexicoholiday.com)

MSN Money's editorial goal is to provide a forum for personal finance and investment ideas. Our articles, columns, message board posts and other features should not be construed as investment advice, nor does their appearance imply an endorsement by Microsoft of any specific security or trading strategy. An investor's best course of action must be based on individual circumstances.