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How to Find an FTC-Compliant Debt Settlement Company by [Gregory DeVictor](#)

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Frequently, debt settlement companies make fraudulent claims to potential clients. They might say: "You will only pay 25% of your debts," or "This will not affect your credit score," or "Calls and letters from creditors will automatically stop once you join our program." These are all false statements, and they will not be made by a company that is compliant with the Federal Trade Commission, an independent agency of the United States government. This article discusses what an FTC-compliant debt settlement company should explain to potential clients.

Before we proceed, let's look at the difference between debt settlement (also known as debt resolution or debt negotiation) and bill consolidation. A bill consolidation business negotiates interest rates and late fees with creditors. A debt settlement company negotiates lower balances. Suppose that you have \$25,000 of unsecured debt with two credit card companies at a blended interest rate of 21%. A bill consolidation business negotiates lower interest rates on the two credit cards. A debt resolution company negotiates a lower balance.

Now, let's go ahead and explain what an FTC-compliant business should clarify to prospective clients.

An FTC-compliant company should give potential clients an "honest assessment" of their current debt situation. They might say that filing for bankruptcy implies that one is not willing to take responsibility for his/her debts. They might also explain that the new bankruptcy laws make it more difficult for consumers to become debt free than before. They might remind prospective clients that bill resolution has worked remarkably for thousands of people over the years. However, personal commitment is needed to make debt negotiation work effectively.

New FTC regulations prohibit debt settlement companies from charging upfront fees before they begin working with consumers and businesses. A FTC-compliant company gives potential clients a free, no obligation debt analysis, which should include a free debt settlement savings estimate.

A debt settlement business that is compliant with the Federal Trade Commission cannot "guarantee" how much money clients will save using debt negotiation. Results vary from person to person. However, a responsible company will do everything to save their clients as much money as possible. A leading debt resolution business has this statement on their website: "We or your assigned local legal representation will do everything ... to save you as much money as possible. Review past settlement letters to get an idea of how we have been able to negotiate settlements with creditors before."

A trusted company will always have debt settlement letters and client testimonials on their website. How can anyone gain confidence in a business that does not provide any of this vital information?

An FTC-compliant company should make it clear that collection calls and letters might continue during debt resolution. A bill negotiation team normally sends out letters to creditors notifying them that a client has asked for debt help. However, this cannot stop "lawful collection activities." In spite of this, many people report that phone calls and letters from creditors and collection agencies stop or decrease once they have sought debt relief.

Debt negotiation is likely to have a negative impact on your credit score. However, it is a better option than bankruptcy.

Finally, an FTC-compliant debt resolution company should tell potential clients that they cannot bank (checking, savings, money market, etc.) with any of the credit card companies that are part of their settlement. The bank might seize assets as part of their own collection activity.

This article has discussed what an FTC-compliant debt negotiation business should explain to potential clients. Debt resolution has worked remarkably for thousands of people and businesses over the years. However, any company that engages in "candy coating" and avoiding the truth is not worth a person's time or money.

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Gregory DeVictor is a professional writer who has been developing and marketing websites since 1999. As a debt settlement consultant, he has a knowledge of the inner workings of the debt negotiation process. Learn how to become debt free in in 2012 with the help of a trusted and FTC-compliant debt settlement company at: http://www.debt-relief-advice.com/debt_settlement_advice.htm

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