Getting In Touch With Your Creditors

Before Getting In Touch

A creditor is someone to whom you owe money. It’s important to contact creditors when you have trouble paying your bills. Many creditors will work with you. They need to know the facts about your money problems and that you want to pay your bills. They may agree to lower your monthly payments or make some other arrangements.

Remember that when times are tough and many people can’t pay their bills, creditors are less sympathetic than in good times. Although it may be hard to talk to creditors, they are more likely to adjust bills if you are honest about your problems. Not all creditors will agree to work with you. If they won’t lower your payments, you are still legally bound to meet the terms of the credit contract.

Contact creditors before your bills are overdue. Avoiding your creditors is the worst thing you can do if you have problems paying your bills. Just letting creditors know you have a problem may be enough to convince them you plan to pay. If you ignore overdue notices, your bill may go to a collection agency. A creditor may be more cooperative than a collection agency.

How To Get In Touch

Getting In Touch In Person

If you feel uneasy about going to creditors, you might “practice” by visiting one to whom you owe a small amount. If this creditor refuses to make changes, learn from experience. Use what you learned when you meet with the next creditor. You may need to visit all creditors to work out a plan.

It’s best to call and set up a meeting. When you call:

• ask to speak to the person in charge of bill payment problems,
• explain your problem briefly and,
• ask if there is anything you need to bring to the meeting.

Before the meeting:

• make a list of how much you make and what you spend it on,
• review your credit agreement and,
• develop a reasonable plan. Decide how much to pay on each bill and when you can pay.
At the meeting:
- explain your situation and how long you expect your money problems to last.
- tell how much money you make and how you plan to pay your bills.
- ask the creditor to reduce payments for a while or let you pay only the interest.
- stress that you want to work out an acceptable plan. If your plan isn’t good enough, ask what the creditor suggests. If you both agree, write down the plan as you understand it.

If you can’t see a creditor in person, think about whether to write a letter or call on the phone. If you think you can pay your bills soon and the bill is small, the letter is best. A letter gives a written record of how you plan to pay your bills. However, a phone call will let you know sooner if the creditor will accept your proposed plan. You can follow your phone call with a letter about what you have verbally agreed to do.

**Getting In Touch By Mail**

If you can pay some of the bill and have a plan for paying in the future, see *Sample Letter 1* on Page 3. If you can’t pay the full bill, see *Sample Letter 2* on Page 3. Change them as needed to fit your specific situation. Type the letter or write neatly. Keep a copy of the letter. You will need it when you get a letter or a call from the creditor.

**Getting In Touch By Phone**

When you contact a creditor by phone, ask to speak to the person in charge of adjusting bill payments. The person who answers the phone often can’t make payment changes. Wait to explain your problem until you have reached a manager or supervisor. Explain the reasons you can’t pay your bill and how much you can pay now. If the creditor doesn’t accept your plan ask for specific suggestions of what to do. Stress the need to work together to get the bill paid. Keep a record of each call, including the date, who you talked to, and any decisions made.

If you can’t reach an agreement with creditors, call Green Path Debt Solutions of New Hampshire and Vermont (800)327-6778. Consumer Credit Counseling is a non-profit group that helps people make debt repayment plans with their creditors.

**After Getting In Touch**

Remember, even after you have contacted your creditors, you still have to pay your bills.

Try to keep up with the payments you have agreed to. Creditors will be less likely to give you a break the second time around. Until you get back on your feet, don’t use any more credit.
**Sample Letter 1**

**Partial Payment**

Use this letter when you can send part of the bill, but not all of it. Be truthful and specific about your problem (like being laid off, accident or long illness, lower work hours, divorce, etc.) and how long you expect it to last. Don’t promise to do things which may not happen.

<table>
<thead>
<tr>
<th>Date</th>
<th>Your address</th>
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<tbody>
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<td>Account #</td>
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Name of creditor  
Address  
City, State, Zip  

Attention: Delinquent Account Representative

Dear Sir or Madam:

Due to (list the reason for your money problem), my income has decreased. I can’t make the entire payment on the above account now. I have enclosed a reduced payment of $ .

By carefully adjusting my budget, I expect to send a (weekly, monthly, quarterly) payment. If these terms aren’t acceptable, please contact me to discuss another arrangement. I won’t take on additional debt until I am on sound financial standing. I will increase my payment as soon as possible.

I can be reached by telephone at - between the hours of .

Sincerely,

Your name

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**Sample Letter 2**

**No Payment**

Use this letter if you can’t send a payment now. Be truthful and specific about your problem (like being laid off, accident or long illness, lower work hours, divorce, etc.) and how long you expect it to last. Don’t promise to do things which may not happen.

<table>
<thead>
<tr>
<th>Date</th>
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<tbody>
<tr>
<td></td>
<td>Account #</td>
</tr>
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</table>

Name of creditor  
Address  
City, State, Zip  

Attention: Delinquent Account Representative

Dear Sir or Madam:

Due to (list the reason for your money problem), my income has decreased. I can’t make the scheduled payment on the above account.

By carefully adjusting my budget, I expect to send a (weekly, monthly, quarterly) payment of $ , beginning (list date). If these terms aren’t acceptable, please contact me to discuss another arrangement. I won’t take on additional debt until I am on sound financial standing. I will increase my payment as soon as possible.

I can be reached by telephone at - between the hours of .

Sincerely,

Your Name
Developed by Suzann Enzian Knight, M.O.E., M.S., CFP, University of New Hampshire Cooperative Extension Family Resource Management Specialist, who acknowledges material adapted from “Taking Charge in Changing Times - Contacting Creditors,” Home Economics, Cooperative Extension Service, Oklahoma State University. UNH Cooperative Extension offers money management seminars and publications. Call your UNH Cooperative Extension county office, listed below, to learn more.

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