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YOUR MONEY: GOING FROM BAD TO WORSE
Red Flags in Those Credit Repair and Debt Settlement Offers

Consumer complaints about companies offering Idahoans credit repair and debt settlement services are rising, said Gavin Gee, director of the Idaho Department of Finance. These complaints include failure to deliver promised services, charging upfront fees, and failing to disclose all the terms of the offer. Many of these companies also fail to obtain required Idaho licensing.

“If a company promises to erase your bad credit, help you create a new identity, or guarantees it can eliminate your debt – hang on to your pocketbook and run,” Gee said. “Idaho consumers need to be wary of ‘quick-fix’ promises in alluring TV, Internet and radio ads. Those ads are designed to appeal to the desperation felt by those facing serious debt; oftentimes, however, they end up leading people away from sources of legitimate help: not-for-profit consumer credit counseling operations and licensed debt relief companies that work to reduce their clients’ debts.”

The Department of Finance urges consumers to watch for these “tip-offs to credit rip-offs”:

- Guarantees to remove accurate negative information
- Requirements to pay upfront service fees
- Telling debtors to stop communicating with their creditors
- Promises of instant debt elimination
- Promising no negative impact on debtors’ credit reports

Be savvy when considering using all consumer credit services. A good first step is to ask the company for its Idaho license number and verify it is valid. The department’s website at http://finance.idaho.gov has a listing of licensed companies and links to valuable resources about debt/credit counseling, debt settlement, and credit repair services.

Nobody can afford the consequences of fraudulent credit promises: not legitimate companies, debtors, creditors or the public. Do your homework so you get the services you are seeking.

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April has been declared Financial Literacy Month in Idaho by Governor C. L. “Butch” Otter. During the month, the Department of Finance will be issuing financial tips on current subjects. If there is a topic you would like to see addressed, please submit your idea to finance@finance.idaho.gov. Consumers can obtain information about financial firms, professionals or products, as well as view more Department press releases and other information by going to the Department’s website at http://finance.idaho.gov or contacting the Department at (208) 332-8000 or toll free within Idaho at 1-888-346-3378.