BRAD LITTLE
Governor

SALVADOR CRUZ
Director

Contact: Celia Kinney
Program Coordinator, Consumer Affairs
(208) 332- 8067
Celia.kinney@finance.idaho.gov

NEWS RELEASE

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Consumer Alert: The Fine Print Behind Social Media's Credit Repair Promises

Boise, Idaho… The Idaho Department of Finance (IDOF) is warning Idahoans about social media accounts and websites selling "dispute letter" kits and AI debt-defense tools that claim to erase collections, wipe negative marks off a credit report, and beat a debt collection lawsuit. Most charge a start-up fee and then a recurring monthly charge in exchange for form letters and templates. The pitch is a quick fix. The reality, in most cases, is closer to a shortcut that doesn't shorten anything and can leave a consumer's credit worse than when they started.

How These Programs Work. Looking past the testimonials, the sales pitch is consistent: a subscription provides a library of dispute letters for collections, charge-offs, repossessions, and inquiries, sometimes bundled with paid credit monitoring. Some variations use AI to draft court documents and coach consumers facing a lawsuit to demand exhaustive debt validation, falsely claiming that action alone constitutes a legal defense.

Where Their Advice Falls Short

- The federal Credit Repair Organizations Act bars credit repair companies from collecting payment before delivering results and requires a written contract with a three-business-day cancellation provision, protections many of these sellers skip entirely.
- Mass disputes can backfire. Credit bureaus and collection agencies can flag a pattern of generic, unsupported letters as frivolous and stop investigating everything in that file, including a potentially legitimate error.
- Debt validation rights are real but limited. If a consumer disputes a debt in writing within 30 days of the initial collection notice, the collector must pause collection until it provides written verification of the debt. A collector generally must confirm the amount owed and the original creditor, but it is not required to hand over a signed original contract or a chain of title audit, and none of it erases a valid debt or a lawsuit.

Deletion is not resolution. Creditors are not required by law to delete a tradeline just because a valid debt is subsequently paid or settled. In fact, removing a tradeline simply because a consumer paid it could be considered a manipulation of credit history. Additionally, removing an item from a credit report does not eliminate the underlying debt. If the item was accurate, it may be reinserted following verification, and the creditor retains the right to pursue legal action within Idaho's statute of limitations. Services that address how a debt is reported, rather than the debt itself, do not resolve the underlying obligation.

Protect Yourself and Report. Free credit reports are available at AnnualCreditReport.com, and disputes should be limited to items that are genuinely inaccurate and supported by specific documentation. Nonprofit credit counselors accredited by the National Foundation for Credit Counseling (nfcc.org) can provide a personalized review at little or no cost. **Accreditation is not a license.** Before engaging with companies or individuals that offer credit repair, debt relief, debt management, or credit counseling services, consumers should **confirm the provider is licensed in Idaho by searching NMLS Consumer Access at https://www.nmlsconsumeraccess.org**.

Anyone served with a debt collection lawsuit should consult a licensed attorney or a legal aid provider before responding, as court deadlines are strict. Idahoans who believe they have been misled by a credit repair or debt relief offer, including one encountered on social media, may file a complaint with the Idaho Department of Finance at https://www.finance.idaho.gov/complaint-guidance/ and can visit https://www.finance.idaho.gov/consumer-education/ for additional resources.

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About the Idaho Department of Finance

The Idaho Department of Finance has regulated financial services in Idaho since 1905. Its mission is protecting Idaho's financial landscape through education, oversight, and responsible innovation, guided by our commitment to the communities we call home. For more information, please visit finance.idaho.gov or email finance@finance.idaho.gov.