

MANAGING YOUR MONEY \$

Being Dunned For An Old Bill? Know Your Rights

(NAPSA)—Ten years ago, consumers who had not honored their long-standing debts did not need to worry, as few collection agencies ever tried to collect on old bills. Nowadays, collecting on old debts is a burgeoning multimillion dollar industry. Companies known as junk debt buyers purchase debt on uncollectible accounts from original lenders for pennies on the dollar and use credit scoring to identify which consumers are most likely to pay. Consumers should know their rights to ensure they are not being contacted to pay an old debt that violates the Fair Credit Reporting Act and the Fair Debt Collection Practices Act.

Knowing the statute of limitations—which is the time limit for a creditor to file a lawsuit—is the first step to protecting oneself against junk debt buyers. This period starts when the debt becomes delinquent and can last several years, depending on where the consumer lives. After the time has passed, debts expire and are supposed to be removed from consumers' credit reports. If the statute has expired, companies have limited rights in collecting the amount owed.

"It is important that consumers know their rights in the event they are contacted by a junk debt buyer," said Dianne Wilkman, President of Springboard, a nonprofit credit counseling organization. "These companies are experts at persuading unknowing consumers to agree to pay old debts, which can severely damage their credit."

What You Should Do

Ask for Proof. According to the Fair Debt Collection Practices Act, collectors can't report on an old debt if they cannot provide proof that the consumer owes the money.

Never Acknowledge a Bad Debt. By agreeing to pay or simply



Knowing the statute of limitations for a delinquent debt is the way to protect yourself.

acknowledging the debt, consumers can unintentionally extend the statute of limitations and suffer a negative drop in their credit.

Monitor Your Credit Report. The first course of action is for consumers to obtain a free copy of their credit report by calling 1-877-322-8228 or visiting www.annualcreditreport.com to ensure their credit stays clear of misreported entries.

Opt out of prescreened credit offers. Your name on these lists may alert debt collectors who will drop a derogatory item onto your credit report in order to snag your mortgage application (you may not be able to close without paying them). Call 888-5-OPT-OUT (888-567-8688) or visit www.optoutprescreen.com. Opting out reduces some of these risks.

Get Help. Springboard, a nonprofit education and credit counseling organization, can help consumers avoid making decisions that can negatively affect their credit report and, ultimately, their purchasing power, as well as help consumers clear up inaccuracies on their credit reports and improve their credit scores. The toll-free number for consumers who seek additional assistance is 1-800-WISEPLAN (800-947-3752). The Web site is www.credit.org.