This week, Pinching Pennies is written by one of my counterparts in Illinois Extension, Sasha Grabenstetter. In another life, Sasha worked as a debt collector, so she has firsthand experience in working with others to solve debt problems. I thought you might enjoy the advice that she has to offer. In addition, you might be interested in checking out Illinois Extension’s money advice on its website, “Plan Well, Retire Well,” at http://web.extension.illinois.edu/cfiv/eb141.

It's happened to every one of us. Whether they were calling for you, your spouse or your neighbor down the street, we've all encountered the dreaded call from a debt collector. In a former life, I was a debt collector. Here are a few tips and tricks of the trade on how to deal with one if you ever encounter that phone call.

What federal laws protect consumers?

The Fair Debt Collections Practices Act of 1977 was designed to protect consumers from abusive, unfair and deceptive practices used by third-party debt collectors. This act makes sure that debt collectors cannot; use profanity, use deceptive statements, disclose the debt to anyone besides you, threaten you in any way or divulge specific information on a recorded message. The act also gave rules that debt collectors cannot call before 8 a.m. or after 9 p.m. in your specific time zone, and that they can only call once a day. (Unless you request they call you back at a later time.) The act gives you 30 days to clear the debt with the collection agency before it goes onto your credit report.

How do I dispute a debt?

Five days from the first communication the collection agency will send out a written notice with the amount of the debt, the name of the creditor and a statement that says unless you dispute the validity of the debt, it will be considered valid. If you want to
dispute the debt, you'll have to write a letter within 30 days of receiving the written notice. The collection agency should stop all collections until the dispute has been resolved. If you would like to end all contact with a debt collection agency, you will also have to put that in writing as well.

What if a debt collector goes too far?

If a debt collector tried to harass or threaten you, make sure you have exact documentation, such as writing down the times they called and what they said, to report the abuse. In Illinois, you can report it to the [Illinois Attorney General's Office](https://www.illinoisattorneygeneral.org) or visit the [National Association of Attorney Generals](https://www.naag.org) for your state. You should also report them to the [Federal Trade Commission](https://www.ftc.gov) as well as report the agency to the [Consumer Financial Protection Bureau](https://www.consumerfinance.gov).

Tips on how to deal with debt collectors

Being a former debt collector – here a few quick tips on how to deal with one.

1. Use the golden rule. Treat others the way you want to be treated. If you are unkind to a debt collector, they will be less willing to help you out in your situation. For example, instead of offering you a payment plan, they might ask for the balance.

2. Avoid harsh language or profanity. No one likes being yelled at. Consumers forget that debt collectors are people too. So avoid using profanity and foul language.

3. Answer the phone. Just because you don't answer the phone doesn't mean the debt will go away. Lots of times they have the wrong number or person. If you answer, let them know. If the debt collector is looking for you, verify your information and decide if you can pay the debt in full or need to make a payment plan.

4. Lastly, don't make promises you can't keep. If you set up a payment plan, make sure you stick to it. Don't say you can pay back $350 when you can only afford $100.

Remember the [Fair Debt Collections Practices Act](https://www.consumerfinance.gov) protects you from abusive third-party collections, and if you need to dispute a debt – do it in writing. Always use the golden rule while dealing with debt collectors and don't make financial repayment promises you can't keep.

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