Steps to Follow When Negotiating with A Collection Agency

- Do not call to negotiate payment of a collection agency debt(s) if your budget does not have the cash to pay some or all of the debt(s).
- Know in advance the debt(s) residing with the collection agency, including the account number(s) and the amount(s) owed.
- Know in advance the amount that you can afford to pay, either lump-sum or in payments over three to six months (in most cases the collection agency, if it accepts payments, will not extend the repayment past several months).
- Before calling compute and write down 50%/60%/70%/80% of the total owed to the collection agency. Keep these amounts handy; they will help you to know the percentage of the total debt being offered to pay off the debt(s).
- Have a pen and paper ready so that you can record the date, time, representative name and all details of your discussion, including terms to which you ultimately agree.
- Maintain a detailed log of all communications made.
- Call the collection agency. Be polite. A representative will answer and will confirm your identity and then recite a statement about how the communication is an effort to collect a debt, etc.
- Discuss the debt(s) held by the collection agency, first insuring that the debt(s) are actually yours (you do not want to pay a debt that is not yours). The representative should provide detail allowing you to confirm that the debt(s) belong to you (e.g. treating physician, date of service, etc.)
- Ask the representative how much it will take to settle the debt(s) and bring the balance owed to $0. It is important that as a part of the discussion you extract a promise from the representative that the compromise amount paid will bring the total amount owed down to $0.
• Be advised that a standard negotiating tactic will be for the representative to ask you “well, how much can you afford to pay?” Be polite, but hold your ground and ask that the representative tell you how much the collection agency will take to settle the debt(s). (For example, if you have a debt in the amount of $200 and you make an offer of $150, which the representative then accepts, you will never know that the collection agency might have been willing to accept $120.) So, politely insist that the representative give you a dollar amount. From there you can counter-offer, but keep in mind that your counter-offer should be reasonable in relation to the representative’s offer. (FYI: the amount forgiven may be considered income for tax purposes).

• Ask that when a debt is paid per the agreement will the collection agency cease reporting the debt to all credit reporting agencies (note: the response will likely be “no,” but it does not hurt to ask; it is possible, too, that you may be presented with an option involving different terms whereby the reporting would cease).

• Assuming that the collection agency will not agree to cease reporting the debt once payment has been made pursuant to the agreement, ask that the collection agency report the debt has been “paid in full,” (on the credit report this may be reported as “paid/zero balance”) as opposed to reporting that the debt has been paid, but for an amount less than the full amount. In this instance, the representative may be willing to throw you a bone and agree to the debt being reported as paid in full.

• Finally, when the terms are buttoned-down between you and the representative, ask that the representative send something in writing (email or letter) confirming the terms to which the two of you have agreed. The representative may refuse to send a confirmatory writing. In this event, prepare a one-page cover letter addressed to the collection agency, including the account or account numbers, the date and time of your telephone conversation, the name of the representative and the terms to which the parties have agreed. At the top of the letter write “Return-Receipt Requested.” Close the letter with a request that the collection agency respond as soon as possible if the terms recited in the letter are incorrect in any manner. Send your letter return-receipt requested and
staple to your copy of the letter the receipt evidencing its delivery to, and acceptance by, the collection agency.

- The representative will likely ask if you can pay via debit or credit card. Advise that you will pay via money order. Send the lump-sum/first payment with your one-page terms letter, unless the representative provides you in advance of payment with a written confirmation of the agreed-to terms and the written confirmation received from the collection agency correctly and completely states the terms to which you have agreed.

*Abide by the terms to which you agree. This is very important. Otherwise, that to which you have agreed will likely go by the wayside and you will be back to square one.*

If you have any questions please contact HCCI at **800-383-0217** or visit us at [www.hcci-ks.org](http://www.hcci-ks.org).