

## I'm doing a settlement with my credit card company, how will this reflect on my credit report?

Settlements are always risky.

Your credit report could show several things. It could show "Paid" or "Settlement" or "Charged Off By Creditor". It could be perceived as a negative situation if the last occurs.

When negotiating a settlement, you need to confirm with the Creditor what will be reported on your credit file.

Remember, having an account show as "Charged Off" is sometimes better than have a collection agency hounding you.

However, ANY TIME you don't pay your debts there can be far reaching circumstances.

We have worked with individuals that have done a settlement only to have the debt come back to haunt them a few years later. Many times these settlements still show as a balance due. His account was then sold and sold and sold again. The longest running battle that we had seen lasted over 8 years. It can really be a mess if not handled correctly.

If possible, get your arrangement in writing. If they won't write the letter than you will need to.

The letter needs to address:

- What you agreed to do and when - ie promise to pay \$100 by ??
- What they agreed to do - ie once payment is received, your account will be marked as Paid in Full.

We always suggest that you write a check for this type of transaction. Write "paid in full AND the account number" in the memo line. Once the check has cleared GET THE ORIGINAL CHECK BACK. Keep the check with the letter in a box called "KEEP FOREVER". Do not rely on being able to retrieve a copy of your check a few years later....it won't happen. Many times this is the only evidence you have that you paid it.

If the Creditor doesn't report it as "Paid in Full", you can send your letter & copy of the check to the national credit bureaus & your account should be immediately corrected.

If it isn't corrected immediately by the CRA's....well, that's whole other question.