



NATIONAL FOUNDATION FOR  
CREDIT COUNSELING

*Knowing the difference can  
make all the difference.*

## ***NFCC PRESS RELEASE***

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### **HOW TO NEGOTIATE WITH YOUR CREDITORS**

*Consumers Need a Back-up Card*

Silver Spring, MD – Face it, we live in a credit-dominated society. Most of us can pay cash for our daily living expenses, but when it comes time to make a major purchase such as a house or a car, we need a thick credit file with a long history of responsible payments. Credit is a convenience that keeps us from having to carry large amounts of cash, and also allows us to buy now and pay later. Admittedly, many people have taken that perk to an extreme, but used appropriately, credit can be our friend.

Many consumers are now faced with having their existing lines of credit impacted by changes to the terms of their account. Higher interest rates, lower spending limits, increased minimum monthly payments, or even closed accounts have put many on the financial ropes. For this reason, the National Foundation for Credit Counseling (NFCC) makes the following recommendations if the terms of your account are altered:

- **Ask for an explanation.** Everyone deserves to know why the terms of their account were changed, so definitely inquire. Among other things, the creditor may close an account due to inactivity, because you no longer fit their business model, because you've become too much of a risk, or you're no longer profitable.
- **Fight to get your previous terms reinstated.** If you've had a sporadic pay history, are at or near your credit limit, or rarely use the card, you may not have a leg to stand on. However, if you've been a good customer, it's worth it to call the issuer and plead your case, but you must have your financial ducks in a row before picking up the phone.
- **Build your case before you call.** Know how long you've been a customer, the amount you usually charge each month, and underscore your good payment history.
- **Prove that you're worth having.** Get your credit report for free from [www.annualcreditreport.com](http://www.annualcreditreport.com). Review it for accuracy. After all, you want to make sure that you and the creditor are seeing the same information. Next, pay the few dollars it costs to get your credit score. If you have a solid credit report and high credit score, you should be just the kind of customer any issuer wants.
- **Make them feel secure.** Point out that you're in a field that is not susceptible to layoffs, and that you have a steady income.

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- **Be prepared to negotiate.** Know what you want before you call, and be willing to negotiate if you have to. In other words, if your interest rate has been raised and your credit limit has been lowered, start off asking that both be returned to the previous levels. However, figure out in advance which is more important to you. Do you need a low rate because you carry a balance over from month-to-month, or does a high line of credit matter more to you? If you end up in a stand-off with the creditor, you'll know where to give.
- **Ask for a supervisor.** If you're not getting the answers you want, move up the ladder until you either get what you're after, or are convinced they are going to stand firm with their decision.
- **Inquire about the opt-out clause.** If it makes more financial sense to do so, ask to have your account closed, with you continuing to pay the balance under the former terms. This option is often the right one for consumers who have had their interest rate or minimum payment raised to an unmanageable level. If it's going to be a true financial hardship to meet the new terms, then it's better to close the account.

“Even though having more plastic can equal more temptation, it might be smart to have a back-up card in case you lose charging privileges on your primary card,” said Gail Cunningham, spokesperson for the NFCC. “Another card can be a safety net that will keep your access to credit open. Credit can be difficult to obtain, so testing the waters by applying for one more card – not a wallet full - before you actually need it will provide a degree of comfort during these uncertain times.”

For help making sound financial decisions, building a budget you can live with, or assistance digging out of debt, reach out to a trained and certified counselor at an NFCC Member Agency. To find the location closest to you, call toll-free to (800) 388-2227, or go online to [www.DebtAdvice.org](http://www.DebtAdvice.org). For counseling in Spanish, dial (800) 682-9832.

*The National Foundation for Credit Counseling (NFCC), founded in 1951, is the nation's largest and longest serving national nonprofit credit counseling organization. The NFCC's mission is to promote the national agenda for financially responsible behavior and build capacity for its members to deliver the highest quality financial education and counseling services. NFCC Members annually help more than three million consumers through close to 850 community-based offices nationwide. For free and affordable confidential advice through a reputable NFCC Member, call (800) 388-2227, (en Español (800) 682-9832) or visit [www.nfcc.org](http://www.nfcc.org).*