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FEDERAL DEPOSIT INSURANCE CORPORATION
consumer news



Working Through Financial Difficulty

Overcoming budgetary setbacks

The FDIC encourages banks to work with their customers experiencing financial difficulty, where possible. This may include delaying loan payments, extending the terms of a loan, or restructuring loan agreements. It is important to contact your bank to discuss your options before skipping any payments or taking any other action that differs from the terms of your loan.

If you do not think you can make your loan payments on time, contact your bank as soon as possible to discuss your options. Paying your debts late or not at all can cause significant problems, including the assessment of fees. In addition, making late payments can damage your credit score. Your bank may be able to work with you on a solution, but it is critical that you contact your bank as soon as possible and explain your situation.

If you have additional concerns or a complaint with your bank, be proactive. First, contact the bank directly to work on a mutual resolution. If that is not effective, you may contact the appropriate federal or state

regulatory agency for help or guidance. This includes the FDIC at <https://ask.fdic.gov/fdicinformationandsupportcenter/s/>.

Beware of scams

Scammers try to profit from people who are financially vulnerable. Scams are meant to sell you services or products that sound good, but only take your money, so be on the lookout. Do not provide bank account or credit card numbers or other personal information over the phone or in an email, unless you can verify that the entity is reputable and trustworthy. More information on debt relief scams is available from the [Federal Trade Commission \(FTC\)](#).

Credit counselors and assistance with creating a budget or plan

With the help of a credit counselor, you can get advice on creating a budget and a plan to address your financial difficulty. This should allow you to organize your debts and establish a roadmap to paying them down. A credit counselor may also help you work with your financial institution. Counselors typically do not negotiate any reduction in the debt you owe. However, they may be able to help make your monthly debt payments more manageable by negotiating extensions of the time that you can repay loans and working with your financial institution regarding fees and interest charges. The [Consumer Financial Protection Bureau \(CFPB\)](#) can assist you with finding a credit counselor.

What is mortgage forbearance?

Mortgage forbearance is when your financial institution or lender agrees to allow you to temporarily make reduced mortgage payments or suspend your mortgage payments for a period of time. Forbearance may help you through your financial hardship by providing temporary

budget relief or giving you additional time to catch up. Forbearance does not cancel the amount you owe to your financial institution. You will have to repay any missed or reduced payments in the future.

You can find additional information on the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), which may provide you with additional forbearance options due to the coronavirus pandemic by visiting the CFPB at <https://www.consumerfinance.gov/about-us/blog/guide-coronavirus-mortgage-relief-options/> for more information.

If you are having trouble paying or managing your mortgage, you can contact a [U.S. Department of Housing and Urban Development \(HUD\)-approved housing counselor](#) for help with your situation.

Dealing with a debt collector

Ignoring or avoiding a debt collector will not stop their attempts at contacting you. The debt collector may even use other means to try to collect the outstanding debt, including a lawsuit. If you do not owe the debt, you should explain this to the debt collector attempting to contact you. If the debt is yours and you are unable to make payments, you may be able to make arrangements with the debt collector. You can also ask the debt collector in writing to stop contacting you, which will stop the communications; however, this does not necessarily stop other efforts to collect the debt.

The Fair Debt Collection Practices Act (FDCPA) is a federal law that governs debt collection practices and prohibits debt

collection companies from using abusive, unfair, or deceptive practices. The [CFPB](#) (toll-free 1-855-411-2372) and the [Federal Trade Commission](#) (toll-free 1-877-FTC-HELP) share overall enforcement responsibility for the FDCPA and accept complaints about debt collectors. The [FDIC](#) toll-free at 1-877-ASK-FDIC (1-877-275-3342) may also help with your complaint. FDCPA covers consumer debts mainly for personal, family, or household purposes such as mortgages, credit cards, and medical debts. Please note that the FDCPA does not cover business or commercial purpose debts.

FDCPA communication requirements for debt collectors:

- Generally, debt collectors are prohibited from contacting you at an unusual time or place, and are prohibited from contacting you before 8 a.m. or after 9 p.m.
- Debt collectors are not allowed to harass you or anyone else through any forms of their contact.
- If you are represented by an attorney, the debt collector generally must stop contacting you, and must contact the attorney instead.

More information about the FDCPA is available at <https://www.consumerfinance.gov/consumer-tools/debt-collection/answers/key-terms/#fair-debt-collection-practices-act-fdcpa>.

Additional resources:

What is mortgage forbearance? (CFPB) <https://www.consumerfinance.gov/ask-cfpb/what-is-forbearance-en-289/>

What happens after I complete an application to determine my options to avoid foreclosure? (CFPB)

<https://www.consumerfinance.gov/ask-cfpb/what-happens-after-i-complete-an-application-to-determine-my-options-to-avoid-foreclosure-en-1851/>

Protecting your finances during the coronavirus pandemic (CFPB) <https://www.consumerfinance.gov/coronavirus/>

How To Get Out of Debt (FTC) <https://www.consumer.ftc.gov/topics/dealing-debt/>

Home Buying and Ownership Counseling NeighborWorks America <https://www.neighborworks.org/Homes-Finances>

Credit Building and Credit Repair National Foundation for Credit Counseling <https://www.nfcc.org/en/>

For more help or information, go to www.fdic.gov or call the FDIC toll-free at **1-877-ASK-FDIC (1-877-275-3342)**. Please send your story ideas or comments to Consumer Affairs at ConsumerNews@fdic.gov

