

### National Foundation for Credit Counseling Poll Confirms Consumer Confusion about Credit Counseling

According to the National Foundation for Credit Counseling's (NFCC) recent Financial Literacy Survey, many consumers have misperceptions about credit counseling agencies, causing confusion that is preventing them from reaching out for the help they need.

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According to the National Foundation for Credit Counseling's (NFCC) recent Financial Literacy Survey, many consumers have misperceptions about credit counseling agencies, causing confusion that is preventing them from reaching out for the help they need.

"When struggling with debt and other personal finance issues, consumers do themselves and their families a disservice by not seeking advice from a trusted professional nonprofit credit counseling agency," said Gail Cunningham, spokesperson for the NFCC. "However, there can be major differences among agencies. NFCC Member Agencies are required to be accredited by an independent third party, and all counselors must become certified. Additionally, members must adhere to the NFCC's stringent Member Quality Standards, thus setting members apart from others in the sector."

The survey revealed the following examples of the confusion associated with credit counseling:

- ▶ Respondents did not know which agency to turn to for assistance.
  - o FACT: It is smart to be cautious, particularly when dealing with financial matters, but it is not smart to let confusion be an impediment to getting assistance. To find legitimate help, consumers should look for an agency associated with a membership organization such as the NFCC, then check with the Better Business Bureau and their state Attorney General's office, looking for unresolved complaints against any agency they are considering.
  - ▶ Many thought credit counseling cost too much.
    - o FACT: The truth is that counseling through an NFCC Member Agency is either free or low cost. One of the NFCC's Member Quality Standards is that no service can be denied based on an inability to pay. Therefore, in cases of true hardship, the fee will be waived.
    - ▶ Some believed credit counseling would hurt their credit report and credit score.
      - o FACT: NFCC Member Agencies do not report to the credit bureaus. Actually, many clients' credit scores improve after credit counseling or by utilizing a Debt Management Program (DMP), as payments become consistent and debt decreases. As an example, the NFCC's 2012 Clients of the Year recently paid off their house and bought their first new car.
      - ▶ Others felt that credit counseling agencies only offered advice, not real solutions.
        - o FACT: The goal of the counselor is to provide both short-term and long-term solutions for consumers. Each person is provided with a written Action Plan which provides concrete steps that address immediate concerns and lay the groundwork for a financially stable tomorrow. The Debt Management Plan is an example of one solution that may be offered. When utilizing this tool, the counselor negotiates with the creditor for a lower monthly payment, a lower interest rate, and late fees and over-limit fees stopped or lowered. Once in place, the DMP provides immediate relief for those struggling to meet debt obligations.
        - ▶ Some thought that debt settlement or bankruptcy were better or easier options.
          - o FACT: Debt settlement and bankruptcy are both serious financial decisions, and typically have negative consequences for a person's credit report and score. They may be the right answer for some situations, but should only be considered after having first reviewed all other resolution options.



"When struggling with debt and other personal finance issues, consumers do themselves and their families a disservice by not seeking advice from a trusted professional nonprofit credit counseling agency," said Gail Cunningham, spokesperson for the NFCC.

"When experiencing financial difficulties, it is important to recognize the problem, and then promptly contact a professional credit counseling agency," continued Cunningham. "There is no benefit to delaying action. As a matter of fact, delay usually makes matters worse."

To find reliable help with financial concerns, reach out to an NFCC Member Agency. Call (800) 388-2227 to be automatically connected to the agency closest to you, or go online to <http://www.DebtAdvice.org>. For assistance in Spanish dial (800) 682-9832.

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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 millions of consumers through more than 700 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 <http://www.nfcc.org>. Visit us on Facebook: <http://www.facebook.com/NFCCDebtAdvice>, on Twitter: [twitter.com/NFCCDebtAdvice](http://twitter.com/NFCCDebtAdvice), on YouTube: <http://www.YouTube.com/NFCC09> and our blog: <http://financialeducation.nfcc.org/>.

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Knowing the difference can make all the difference.  
En Español

**National Foundation for Credit Counseling**

As the nation's largest financial counseling organization, the NFCC Member Agency Network includes more than 700 community-based offices located in all 50 states and Puerto Rico. NFCC Member Agencies provide financial counseling and education to millions of consumers each year in person, over the phone, or online. **To locate an NFCC Member Agency your area call 800-388-2227. Para ayuda en Español llama al 800-682-9832.**

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