

Step-By-Step Credit Negotiations

Credit card companies are established to make money from the service they are rendering for their customers. Though they are always happy if their clients have good credit rating, but they are not always happy when you pay off their credit card balance each month. Their wish is that you always carry balance every month so that they can charge interest on your account. Because of this reason they are responding by becoming more creative at finding ways to make money off you.

If you are looking to eliminate credit card debt, you have already reached 50% of your goal because your decision to eliminate credit card debt is the first and the most important step towards you being able to eliminate credit debt. Having said that, it is important to mention that you also need to be firm on this decision and stick to it with complete sincerity and seriousness, till you finally eliminate credit card debt (and even after that).

Some basics about credit card debt

Let's start with a few basic principles...

1. Make sure you avoid late payment of your fees. If you make late payment you can be subjected to larger balance on your account and your card issuing company may hike your interest rate as a result of this.
2. Avoid carrying a high balance every month because you will end up paying far more than you should for everything you charge to your card.
3. Make sure you pay for everything your charge within the grace period, if there is any and you will not fall victim of high interest rate. Failure to do this will lead to accumulation of debt, which will end up spoiling your credit report if you are not careful.
4. If you are not feeling comfortable with the service you are getting from your issuing company or any of their terms – make sure you complain.
5. Make sure that you keep your card away most of the time, this will reduce impulse buying.

Let's get to the meat and potatoes of this report

1. To eliminate credit card debt, you need planning. These starts with analysis of current situation in terms of your debt and your finances (current and as expected in near future).
2. You need to first check the amount you owe on various credit cards. Just use a notebook or spreadsheet. Microsoft Money is an excellent debt reduction tool, to note down the amount you owe on each credit card and the corresponding APR, account number, and customer service number associated with them
3. Total up the various amounts to get the total amount of your credit card debt.
4. The next thing is to see if you have enough cash handy e.g. in your various bank accounts, which you can put to use to eliminate credit card. Debt (of course, you will need to take a view on how much cash you will need to fulfill your day to day and specific future needs).
5. Next step, as you must have guessed, is to check how best you can use this amount to eliminate credit card debt (even if partially) i.e. which portion of credit card debt should you eliminate first.
6. First eliminate credit card debt on the credit card which has the highest APR and which is hitting you the most.
7. Then eliminate credit card debt on the credit card, which has the next highest APR, and so on and so forth.
8. If you are incurring additional late fees etc on some of your credit cards, you must attempt make on time minimum payments on those credit cards (before you finally eliminate credit card debt on them).
9. What we have seen is just some basic analysis and first steps on how to eliminate credit card debt.

Now that we have a plan in place “Let’s Negotiate”

Credit card debt consolidation and bank loans are well known as ways of reducing and eliminating credit card debt. In all this confusion, credit card debt negotiation almost gets forgotten.

1. Credit card debt negotiation starts right from your credit accounts where you have the most hard-hitting credit card debt
2. This means credit card debt negotiation has to be taken up with your current credit providers. Before you misinterpret it, let me clarify that we are not talking about chucking off a portion of your debt through credit card debt negotiation
3. We are talking primarily about using credit card debt negotiations for getting the APR on your current credit cards reduced to some lower figure.
4. So, credit card debt negotiation is about talking to your current credit card suppliers for informing them about your intention to clear off your credit card debt and using your skills (credit card debt negotiation skills) to agree a lower APR rate
5. Basically, credit card debt negotiation is about asking your current credit card suppliers for help/assistance in clearing off your credit card debt.
6. If credit card debt negotiation is successful, it will save you not only money (due to reduction in APR) but also the hassle that is associated with looking for a new credit card (to transfer balance).
7. However, if the credit card debt negotiation, with your current credit card supplier, doesn’t yield the desired results, you will have to look for other credit suppliers who can help you in consolidating your debt.
8. Again, you will need your negotiation skills (rather credit card debt negotiation skills) to get a good deal from them.
9. If your credit card debt negotiations work out well, you might be able to get a really low standard APR or you might get a longer term on 0% APR (or you might get both). These are really the most important things and your credit card debt negotiations should concentrate more on these than anything else.

10. The other thing to include on your credit card debt negotiation would be the credit limit and other benefits. Here, you are basically trying out the possibility of getting a better credit card as part of your credit card debt negotiation

11. So, don't hesitate in going for credit card debt negotiation. It is surely an option available for all.

Ok listen up, we have some basic points, a written plan or guide, debt reduction guide (where to start), and a negotiation plan. So how do they all fit together? What I'm going to do is give you an example of how I actually conducted a call with a creditor.

Now I don't want you to lie, or make up something that will backfire while negotiating with the creditor. Be truthful, confident, and up front, most lenders want to keep your business, and will assist in any way possible. There are some drawbacks, if you are already too far-gone, you may need to offer to pay down a large chunk of the balance.

If you are dealing with a collection agency, tell them "I don't have a contract to do business with your company." Also, I do not want your business, Cease and Desist any communication with me regarding this account. (You may have to follow up in writing.)

Ok so here we go,

Visa: Thank you for calling visa how may I help you

Me: Hi my name is Michail Fortione

Visa: Mr. Fortione may I have your account number

Me: Yes its xxxx-xxxx-xxxx

Visa: How may I be of assistance today?

Me: Well I'm calling you about my account; I know I'm falling behind

Visa: Well would you like to make a payment today?

Me: I'm sorry but that is why I'm calling, you see I've fallen on some rough times with the economy being in the state its in. (Use your excuse here). You see my tenant has fallen behind on the rent and I'm not going to be able to keep making my payments.

Visa: Mr. Fortione I must inform you this is an attempt to collect a debt and any information obtained will be used for that purpose.

Me: Yes, I know.

Visa: Well when will you be able to make a payment.

Me: That's just it I can't, between the balance due and the interest rate on the account I won't be able to maintain my payments.

Visa: Let me look at your account and see if there is anything we can do. (**Best-case scenario**), **Or** you do realize you are obligated to repay the money owed?

In the best-case scenario they are offering to help so try to squeeze as low a reduction as possible.

Second scenario is not good; here is where you start the hard negotiating.

Me: Yes I realize I owe the money and want to repay it, but I just can't afford the payments, and I'm afraid I'll default on the account and ruin my credit rating. Is there any way or program you offer with a reduced interest rate so I can pay off the account faster? I really don't want to default on my obligation.

There are 2 possible scenarios here.

1. The customer rep says there is nothing they can do right now. Here is where you go up to the next level, and say " Then I need to speak with a supervisor that will be able to make a decision for me. **Don't get into an argument Stay Calm** and ask nicely.

OR

2. The customer rep begins to negotiate a rate reduction with a few points, don't be afraid **to press for a lower rate**, but don't kill the offer by demanding it.

If you cannot get satisfaction don't sweat it, you can make a feeble attempt at a payment, lower than the minimum due. Before closing the conversation ask again if there is any way they can help you come to an affordable solution to make payments. If the answer is no, say thank you and try again in a few days. Sometimes it all depends on the customer service rep you speak with, **so don't give up.**

After you accomplish this you will already have a feel, and script to work off, so get on to the next card.

One more strategy is contingent on the fact you have money to pay down debt quickly. Use the same format for the call, but now state you have some cash and would like to make a payoff, but you don't have enough to pay the full account. Negotiate a reduced payoff, but be aware they may close the account, and this works much better when you have fallen behind, and their going to cancel you anyway.

One last thing always remember, **"Everything is Negotiable"**, and **If you don't ask the answer is already NO!**

**To Your Success,
Mike Fortione**

P.S. If you feel this document will assist a friend or family member please feel free to forward the information, provided my disclaimer, and website address remain intact.

For more informative articles visit www.MikesCreditStory.com

Also, check out my new Blog (Very New) [www.MikesCreditStory/wordpress](http://www.MikesCreditStory.wordpress)

Disclaimer

The information contained is deemed to be accurate; every attempt has been made to ensure the accuracy, and dependability herein. This is in no means to be construed as legal, accounting, or debt counseling advise. Please consult a professional for assistance on this matter. The results of your negotiations, debt reduction, and credit repair are dependant on your particular situation, and your current financial status. This document in no way claims any results, benefits, and or monetary gains. Copyright 2009, all rights reserved.