

## How Credit Card Counseling Agency Works

Some people have been wondering what credit counseling is and how it can work for you in terms of getting yourself out of *credit card debt*. Credit counseling itself is a creation that was funded by the credit card industry believe it or not. They did this because they needed to come up with a solid way of getting paid by the people that were unable to pay down all of their credit card debt. Rather than the hassle of sending lawyers and collection agencies to people in order to get their money, they invented this system for people to go in order for them to be able to still get paid. In the end they still get all of what they are owed by people plus the interest of the payments. It is something that has actually made them a lot more money than you would be led to believe.

Usually, a credit counseling agency will attempt to get you a lower interest rate on your credit cards in order to coax you into paying them down. The creditors do not have to accept these terms and can easily reject you, but this is usually based upon your own financial situation and the type of relationship that the credit counseling agency you go with has with your debtors. More often than not, these credit counseling agencies will have a relationship already with these major creditors and already know how much money that they will get as a result of working with them and how much the interest rate will be reduced because of it.

You can usually expect to pay back your entire balance on the debt that you owe and anywhere between six and twelve percent of the interest. This is about half of what your normal interest would be. Again, they do not have to do any of this, but it is what typically will occur when you go through a credit counseling service. When you speak with the potential credit counseling agency be sure that you get all the exact terms and conditions from them. They will usually try to have all of your late payment fees reverted, but this tends to happen when you have a proven track record of about half of a year with them of solid payments.

If a *credit counseling agency* refers to itself as a non profit organization takes that with a grain of salt. They still spend a lot of money on advertising and salaries and such for their employees so it still very much is a business to them. Non profit in and of itself does not mean they are honest and good people either. It is imperative to do your research on any company that you try and get to work with you. If you take a look at the better business bureau records for the company you are researching, you should be able to get a decent indication on whether or not the company is a good one.

These companies will make their money in a lot of different ways. They will usually just charge you a set up fee and a monthly fee that is rolled into your monthly payments. In addition to this they will also get a fair share percentage of what they recover from you from the credit companies they are paying off your debt to. In order for any of this stuff to actually work you need to make certain that you have a very steady income to pay off your normal monthly bills. When you start their program make certain that the payment is sent in with enough time left in the month in order to send out your payments to your outstanding creditors and debts. If you do not do this you will end up being charged with additional late fees and could hurt your credit rating even further than you already have hurt it.

You have to stay enrolled in this credit counseling service until all of your outstanding debt has been paid in full along with any interest that has built up over time. It depends a lot on how much debt that you have built up on to yourself, but using a credit counseling service will mean that you will end up paying down all of your debt anywhere between two years and eight years from the point of which you began it. You are still going to have to pay off everything you owe plus the interest that has built up on it over a period of time, but this is the way to go if you are looking for an easy way of making only a single payment each month and don't mind having to pay back everything you owe to the companies that you owe it all to.

You should realize that around at least seventy percent or so of the people that join these types of credit counseling programs will fail to ever finish them. This is usually because it only takes you having missed one payment to be removed from the program. So only do this if you know that you have a steady income stream coming in. If that happens the credit card company will report it all to the credit bureaus and when they find out that you are participating in a credit counseling service you are most certainly going to have a tough time going about getting any credit. A lot of credit card companies will treat credit counseling services just like you were a bankrupt individual so it is not always the best route to take and requires a fair degree of time and care to make sure you do not fall into that trap. You need to make sure that you always explore all of the options that are available and never allow yourself to fall into the trap of thinking that it is more difficult for you to get debt relief if you have filed for bankruptcy in the past.

Before you go about getting yourself involved in a **credit counseling service** or agency be sure that it is the perfect fit for your particular situation. After that make sure that the service that you go with is in good standing or you are going to set yourself up for failure in the long run. Just like any product or service that you would be looking to get be sure to always do all of your research and find the best one that will work the best for you. If you find yourself to be in a financial situation it would be best advised to seek out debt settlement first before going about credit counseling.

## About the Author

eZconsolidation.com provides [credit card counseling](#) and [debt consolidation](#) services to help you save money by reducing interest rates, getting

yourself out of credit card debt, paying off those nagging bills & monthly loan payments and have only one monthly payment as much \$500 or more.  
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