The Series

DEBTOR BEWARE

Payments Adjustor Won't Solve Your Money Problems

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A plumber and his wife burdened with hospital expenses for a new baby, saw their bills mounting and signed up with a nearby Maryland firm to "adjust" their debts. They were adjusted right out of their $4,000 trailer home.

A District policeman, saddled with moving bills and getting further behind because his overtime stopped when he entered the police academy, also sought help from a so-called debt adjustor. He had paid in more than $250 before he found out only a few dollars had reached a creditor.

A day worker, who prided herself on paying her bills promptly, listened to a debt adjustor's advertising and figured she could save interest if she paid off everything in six months instead of 12. She wound up paying more interest because the debt adjustor neglected the first month's payment to take out his fee.

These are typical victims of the debt adjustors, debt poolers, debt consolidators or pro-raters now preying on Washington area families. They are called by those names—and a few less flattering ones, such as parasites and profiteers of poverty.

Actually, they're not interested in the true poverty class. They prefer people with a regular paycheck and a conscientious desire to extricate themselves from a mire of debt.

They promise to consolidate bills into one low monthly payment the customer can afford, avoid garnishments and free the customer to live happily ever after. They put in no money of their own—no loan, no advance, nothing out of their pockets.

For sending each creditor something —if the customer keeps paying—they charge a "filing" or "installation" fee of $25 more plus a percentage of the debt they are "adjusting"—usually from 12 to 15 per cent.

If the customer stays with the adjuster to the end—and that's a big if—he may get his "filing" fee back, but from everything The Star could find out, he'll never get back a unsullied credit rating.

Debt consolidators are capitalizing on the money problems that have made the personal bankruptcy rate sour across the nation, filled the divorce courts with debt-prompted family crises and contributed to suicides, alcoholism and mental illness. The runaway family debts that prompt these excesses are usually blamed on too-easy credit, too available charge accounts, the plethora of credit cards and the go-now-pay-later philosophy.

Problems that are unique to the Washington area make the Nation's Capital even more attractive to the debt adjustors. Here they find the translents —Government people coming and going with each administration, service people putting in their tour of duty beside the Potomac, people who run into heavy debt while closing their home back home and finding a place to live close to schools and stores here.