

When a man, free of charge, can get counselling on his debts and expert help in reducing his indebtedness to a manageable level, when all he can afford to pay on his debts goes to his creditors, he has no use for a paid debt adjuster.

Some 63 communities across the country provide that free service to debtors now—but not Washington.

That's why we have become a haven for debt adjusters.

## **DEBTOR BEWARE**

# **Adjusters Shunned By Most Creditors**

By MIRIAM OTTENBERG  
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Debt consolidators can't guarantee protection from garnishment and dunning because most creditors refuse to do business with them, a Star survey shows.

The survey covered department and discount stores, area-wide chain stores and national chains, credit unions and banks, finance and loan companies—a cross-section of creditors.

Although the stores and some lenders accept partial payments sent in by the debt adjusters, they will continue to dun the debtor, not the adjuster, if a regular payment is missed.

When a customer tells his creditors a debt arranger is now handling the bills, the reply is always the same: "Our contract is with you, not anybody else."

That's why the Washington Better Business Bureau suggests to anyone asking about debt consolidators that the check with his creditors before signing up with a debt adjusting firm. In most cases, the BBB is aware, the creditor will discourage him from signing.

"You should understand," the BBB answers inquiries, "that if you go to a bill consolidator with 10 creditors, you come out with 11."

The debt adjusting agency theoretically pools or consolidates a debtor's bills and prorates what the debtor can afford to pay among all his creditors.

That would mean a slice for each of them which, in theory, a creditor would accept eagerly to recover something on an overdue bill. Also theoretically, the size of the payments is worked out through days or even weeks of negotiation between the debt adjuster and the creditors.

But that's only in theory. In practice, the adjuster just sends the creditors a form saying what they're going to receive and asking them to accept it. All the creditors checked by The Star said flatly they throw away the form and make no agreement with the paid adjusters.

One went even further. While talking with The Star, a finance company creditor manager found in his mail a notice from a debt adjuster that he would receive \$5 a month in payment for a \$174 television set bought only two months earlier.

"I'm going to send the check back," the credit manager said. "We just checked this customer's credit in February. If he can't pay \$17 a month now, we'll have to take back the set."