

# Indiana Legal Services, Inc

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## Tips for Handling Telephone Collection Calls

People with financially problems are often flooded with calls from creditors. Nobody likes getting collection calls. Sometimes these calls can help fix disputes and establish reasonable terms of repayment. Some calls, however, may be unpleasant, or even abusive. Hopefully this information will help you handle these stressful collection calls more effectively.

### **A. Some practical advice**

#### **1. Know your monthly income and necessary expenses.**

Make a chart of your monthly income and expenses. Income includes all sources, such as employment, child support (received), government benefits, or retirement. Expenses include all necessities such as rent or mortgage, all utilities, food, clothing, laundry, school, gas/maintenance on the vehicles, insurance (life, health, auto, property, etc.), ongoing medical care, daycare, and child support (owed by you). Don't include debt payments here. Compare your income and expenses – how much, if any, is left over?

#### **2. Rank your debts**

Rank your debts in order of importance – not in order of creditor persistence! If you can't make all payments, which debts are most important? What will happen to you if you don't pay? Here are some guidelines:

1. Past-due rent, mortgage or utilities, car payments (if you need the car), child support arrearages, tax debts, bad check debts.
2. Student loans, court judgments (if you may be garnished – see "Proceedings Supplemental"), debts with a co-signer you want to protect.
3. Everything else – credit cards and accounts, loans, subscriptions, past-due medical bills, rent from a former residence, other debts.

Don't move the debt up your list, just because the collector keeps calling, or threatens to sue or to ruin your credit record.

#### **1. Repayment agreements – if you can afford them**

Beginning with your most important debts – what can you realistically pay? Before offering a payment plan, be prepared – go through the steps above and have a firm figure in mind before talking to the creditor. Have the information in front of you. If you and the creditor agree on a repayment plan, get the proper address and send a letter to the person you

spoke with. Put in the letter your repayment plan, and keep a copy for your records. That will help prevent future misunderstandings.

**2. A “script” to deal with creditors you can’t pay**

You may find that you simply can’t pay anything on some debts, or that some creditors won’t accept your proposals. Collection calls may continue. You may wish to write a prepared “script,” or message, on a note card or paper, and keep it near the phone. This should be a brief, 1-2 sentence statement, telling the creditor you are unable to pay this debt at this time, and asking the creditor to stop calling you (or to call back in a reasonable time, such as 30 days, if your situation may improve).

**3. Other tips – what to do and not do**

- Be “polite, but firm” – you can be assertive, in a pleasant way, even if the creditor becomes hostile, sarcastic, or insulting.
- Don’t give names or addresses of friends, relatives or neighbors.
- Don’t give your social security number or bank account number.
- Don’t lie to the creditor, or use threats or profanity.
- If nothing else works – it is OK to hang up!
- Your phone company has a variety of products for screening unwanted calls – check out the price carefully – it may be worth it.
- If you get calls on the job, write the creditor and ask it to stop calling at work. If possible, get your employer to do the same. Keep copies. In your letter, you may want to offer a more agreeable place and time to call.

**B. When might you need legal help?**

**1. If the caller is a collection agency**

See our articles on collection agencies – you may have additional rights and protections under federal law.

**2. Criminal conduct**

If the caller threatens violence or harm (to you, your reputation or property), uses profane or obscene language, calls in the middle of the night, or calls repeatedly after being asked to stop – don’t hesitate to seek assistance from the police, prosecutor, or through the phone company. Important: write down what the caller did, immediately after it happens, including the date and time(s) of the call.

**3. Do you have a legal remedy in court?**

Feel free to talk to an attorney if the caller commits any of the acts in paragraph 2 above. Also, you may wish to talk to an attorney if the creditor verbally harasses a person who is elderly or disabled, makes false threats of arrest or prosecution, harasses neighbors, friends or relatives, causes you to get fired, communicates false or misleading information to others, or to credit reporting agencies. Again, keep a written record of everything the creditor does, and see an attorney as soon as possible.

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