



Tamica Montilla Shares Some Truths That Credit Repair Companies Can't Get Away With

Tamica Montilla has over 10 years of business consulting and counseling in matters of personnel law, business commerce, consumer laws and finance laws.

NEW YORK, NY, USA, December 9, 2018 /EINPresswire.com/ -- [Tamica Montilla](#) reposts that consumer debt is at an all-time high, and more than one out of every 120 households in America has had someone file for bankruptcy. As a result, many consumers may have difficulty obtaining credit because of negative items on their credit reports.

Unfortunately, some credit repair businesses try to take advantage of consumers' credit problems by promising to clear up their credit record or to help them establish a clean, new record, charging them high fees for services the business cannot provide. Many of these large businesses make promises once you pay them a monthly fee that must continue for more than a year. The end result is one finds themselves with little to no improvement on their credit file.

Furthermore, even more in debt due to the payments being made to the credit companies.

Montilla states that state and federal laws give consumers the right to have inaccurate information corrected, or information that doesn't apply to a consumer removed from his or her credit report. But accurate negative information generally cannot be removed and is allowed to remain on a credit report for seven years. Bankruptcies remain for 10 years.

Tamica Montilla states that under most state law, "credit services organizations," more commonly known as credit repair companies, are defined as businesses that provide advice, assistance and services regarding improving a consumer's credit record or obtaining a loan or an extension of credit. Their ads typically claim that they can "Erase bad credit!" or "Clean up your credit report!" Although the majority of these companies cannot deliver what they promise, few of the smaller companies seem to deliver more measurable results.

Montilla states that to protect consumers from unscrupulous credit repair companies, many states prohibit these companies from asking for or taking any payment before the promised services are fully performed. Credit repair companies also are required to obtain a \$100,000 bond and are registered with the Office of the Attorney General.

A few types of companies, including banks, real estate agents, attorneys, and some non-profit organizations are exempt from these provisions of state law.

Tamica Montilla further lists that credit repair organizations must give consumers they do business with all of the following:

* A written and dated contract with a detailed description of the services to be performed and the total charge for those services;

* A notice of the consumer's right to cancel the contract for any reason within five days from the date of the transaction;

Tamica states that credit repair organizations are generally different from "debt negotiators,"

although the same company may claim it can provide both services. Debt renegotiation companies often advertise that they will help consumers get out of debt by negotiating with a consumer's creditors to lower interest rates or payments or reduce the total amount a consumer owes. The Federal Department of Consumer Affairs today issued a consumer alert about these types of companies, some of which charge fees up front and then fail to renegotiate debts or pay creditors. For more information on debt negotiation companies and a free legal guide on Credit Repair Services, visit the Department of Consumer Affairs website or contact the agency at 1-800-952-5210.

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