

## Consumer Credit Counseling: A Double-edged Sword?

Is your debt getting out of hand? You should ask for help sooner rather than later.

You should opt for consumer credit counseling the minute you realize that you are unable to pay your bills on time, or are unable to pay the monthly minimums on your credit cards. There is no point in reaching the stage where debt collectors start showing up on your doorstep every morning to extract their dues.

Credit counseling can give you some ideas of how to manage the debt. It may also bring some financial discipline in your life. However, not all credit counselors are reputable. Therefore, it is important to choose the right counseling service.

You should be careful of organizations that charge you more than the usual \$10 up-front fee. Steer clear of services that offer to settle your debts at little or no money, as well, because such services are most definitely illegitimate.

A good idea is to check whether the firm is registered with either the National Foundation for Credit Counseling, or the Association of Independent Consumer Credit Counseling Agencies.

You should also make sure that the payments made to the credit counseling firm are transferred to your creditors on time. Late or missing payments reflect badly on your credit rating, and if this their regular practice, you are better off without the services of such an unethical institution.

Credit counseling is often viewed as a double-edged sword. On the one hand, it helps you manage your debts better. On the other hand, it sabotages your reputation with creditors. It is, however, safe to say that the positive aspects of the service far outweigh the negative. While a few creditors may be wary of lending you money again, most of them will still be willing, once you have cleared the debts with the help of credit counseling. Part of the service of a good counseling service should be to help steer you toward a good credit rating once you have gotten out of debt.

It is important you do your research properly and opt for a service that does not further deteriorate your credit rating. For instance a company that tags you as a credit delinquent should be avoided, while one that simply informs your creditors about your decision to take up credit counseling is a better option.

In most of the cases, credit counseling works, and works well. Unfortunately, if you are too far into debt and nearing bankruptcy, this service will be of no use to you. It is also important to curb your spending urges; otherwise, whatever advantages that accrue from credit counseling will be lost.

Credit counseling works. Don't be afraid to give it a try. You may soon be able to relieve some of the constant worry that often plagues those who are deep in debt.