

How to Remove Collections & Charge Offs

Step-by-Step Guide



Do You Have Collections or a Charge-off?

Collections and especially charge-offs (c/o) can be tougher to get removed. A lot of times the original creditor still owns the account so when you ask for validation it's very easy for them to validate it. Why? Because they have your file!

If you have ever had a credit card or a loan that went into default, it's likely that your creditor has sent to collections or charged-off the debt to get rid of it. However, this doesn't mean that you are no longer responsible for the debt (Just try to apply for a mortgage and see what happens), and if not properly taken care of, it can result in major negative consequences on your credit report.

- Charge-offs are our least favorite account type because they are harder to get removed. A lot of times the original creditor owns the account so when you ask for validation, it's easy for them to do.
- Collections and charge-offs can be risky, especially if they are higher balanced ones.
- Companies like Midland Funding, LVNV, and Portfolio Recovery (debt buyers) specialize in ONLY buying accounts that were previously charged off. This also makes it easier for them to validate - some of them are known to sue.

What Is a Debt Buyer?

Debt buyers are companies that buy large numbers of debts from creditors for pennies on the dollar. The debt buyer purchases the debts cheaply, so it can make a profit even if it only collects a small amount on those debts.

Once a debt buyer buys your debt, the original creditor has no legal interest in the debt. Because the debt buyer now owns the debt, it has the right to sue you. Some debt buyers sue regularly, and some rarely or never sue consumers.

- To see if a debt collector is banned from participating in the business of debt collections: [Banned Debt Collectors](#)
- Collections and charge-offs can be risky, especially if they are higher balanced ones.
- Check your state's statute of limitation to see if your collections is close to expiring – if so then you may want to leave it alone: [Statute of Limitations by State](#)
- More information on statute of limitations and debt collections here: [Statute of Limitations & Debt Collection](#)

If your account is still owned by the original creditor – it's best to settle (the goal would be to get a pay-for-delete agreement in writing before you pay anything). It's going to be very hard to get removed from your credit report because your original creditor has all of your paperwork on file to validate the account. Unpaid charge-offs can prevent you from purchasing your home.

When doing factual disputing, the bureaus can legally update the account. You can't stop that. It's their right and so factual disputing may not always work.

If you are not able to get your collections or charge-off account removed, we suggest that you focus on building your credit with 12-24 months of on-time payments to your credit profile. When you have a derogatory item on your credit report it's imperative that you rebuild.

Depending on the circumstances, there are times when you should not pay a charge-off, especially if you pass the Statute of Limitations because if you do and don't get a pay per delete request, then your score may drop or may start the process of reporting having the effect of looking like a recent account.

Please note - there's never a guarantee that you will be able to get certain negative items removed from your credit reports. Some of the items on your credit report are your responsibility. This is why we say that when engaged in credit repair, you also want to focus on rebuilding the value in your credit profile. There is no point being upset, the past is the past, continue to build and focus on your future.

If your collection or charge-off was sold to a collection agency (vs. a debt buyer), it makes it a bit easier to get the collection account removed. While the charge-off may still report on your credit report even if the collection gets deleted, it just has to report a \$0 balance.

What is a Charge-off?

A charge-off is an account that was 6 months + past due (you didn't make payment for 180 days). The creditor decided to charge-off the account in order to take a tax write off. After the charge-off, the creditor may also choose to sell the account to a collection agency. This may result in 2 separate accounts for 1 debt. The charge-off has to report a \$0 balance once it's sold.

Collections and especially charge-offs are a huge issue for credit scores and can have dramatic effects on your score. The higher the number of charge-off accounts you have in combination with other negative marks like late payments or unpaid debts; the longer it may take before getting approval for loans again due to these not being resolved properly when applying previously. It's important to try to get collections and charge-offs removed from your credit report for restoring a good credit score.

There are different types of charge-offs:

- High balance C/O - \$1,500 +
- Low balance C/O - Below \$1,500
- Paid C/O - it's been paid and settled
- Transferred C/O - it's been sold to a collection agency
- Non transferred - It hasn't been sold

[Make sure your charge-off isn't reporting inaccurately.](#) Here are some key elements of trying to remove a charge-off reporting.

Locate a charge-off on your credit report and look at every detail to ensure that everything is completely 100% accurate. The key here is to be extremely specific with your findings. If anything is inaccurately reported, you have the right to dispute the entire entry.

Below are some common inaccuracies that we see on a regular basis. These fall under “factual disputing.” Only challenge 2 factual item on a single account at a time (check our charge-offs to see if any apply to your account):

- Repeatedly reporting charge-off every month
- No date indicating when or if the account has been sold
- Not reflecting a \$0 balance after transferred or sold
- Reporting inconsistent balances across the bureaus
- The date of first delinquency has been illegally changed

If your charge-off is reporting as a c/o month after month (after 180 days of being charged off) then you can challenge the fact that this “dead” account still has an “active” payment history. Each time a charge-off is reporting, the Statute of limitations is directly changed.



Other things to look at when reviewing a charge-off account:

- 1) Account Number – Is the account number consistently reporting the same “exact” numbers across a tri-merged Credit Report?
- 2) Creditor Name – Has to be accurate & consistent with the same exact name reporting on all Credit Bureaus reporting the account. Example: TU – THD-Citi EX – CitiTHD EQ The Home Depot
 - I would dispute or challenge this account that Equifax is reporting the wrong type of account reporting. It would be inaccurate and erroneous. Demand deletion.
- 3) Account Type – Has to report the same exact type reporting across all credit bureaus reporting the account. Example: TU-Revolving EX-Revolving EQ-Installment
- 4) Date Opened – Is the Open Date reporting the same exact and correct date consistently across all 3 Credit Bureaus? Example: TU-5/15/2018 EX- 5/1/2018 EQ- 5/1/2018 You CANNOT have 2 different dates reporting on an account. Either 2 are incorrect of 5/1/2018 or 1 is incorrect of 5/15/2018.
- 5) Balance Reporting – Is the balance reporting exactly the same with each credit bureau reporting the account balance? NOTE: If the account was legally sold or transferred to a Debt Collector from the Original Creditor, the balance MUST report a \$0 Balance.

Example: TU - \$517.00 EX - 517.00 EQ - \$0.00. Because this account may have been sold and if it was, the balance SHOULD be \$0. I would dispute or challenge this account with TransUnion & Experian as the balance reporting is inaccurate and or erroneous which would be non-compliant. Demand deletion.

- 6) Past Due Amount - If the account is still with the Original Creditor, they may report a past due amount possibly UNLESS the account was sold or transferred. If the account was transferred or sold to a Debt Collector, the Collection Agency may not report a Past Due Amount or Past Due Balance, only an Original Creditor can if NOT transferred or sold.
- 7) High Credit Reporting and/or Credit Limit - Has to be reporting exact amounts consistently with each Credit Bureau Reporting the account. Example: TU - \$500 EX - \$250 EQ - \$0.00
- 8) Payment History - Does the information within the recorded data (if reported) match the information reporting the Date of Last Activity or Date of Last Payment? Cross reference the information reporting with each type.
 - What if there is NO data reporting? Lets say an account was opened in August 2017, but the reporting history does not show any history for any credit bureau. That would be incomplete, correct? What if there is a credit bureau reporting payment history that is only showing a date started in March 2018 when the account was opened in August 2017? Would that be accurate or correct - no!

Another key factor is “when” did the actual Charge-Off account actually happen or go into a Charged-Off status? Or what is known as the Charge-Off date reporting.

Remember this: ALWAYS go by the Charge-off date on the Credit Report, NOT the validation of debt letter response. The Statute of Limitations period starts when you fall behind on a debt or from the date of your “last” payment. This will usually not work if you have made a payment or have a judgment against because of a summons or court case you appeared at a physical location as you most likely have admitted the debt was yours and that you were in contact with them.

You can try to negotiate a charge-off

You have to enforce your statement that you cannot afford to pay the debt because of your loss of income, hours cut back or unemployment. If unemployed or on disability, this is most effective. The tough ones are the accounts with large sums of money owed on an account as that is what is most beneficial to a collection company, the higher the balance, the more they make, even if settled for a lesser amount, it is still money in their pocket.

At times, when noted that the consumer has or has proven a hardship, the debt collector will usually send it back to the Original Creditor, NOT all the time, but a lot of the time. This will be in your favor more times than not. An account can be settled if transferred back to the Original Creditor or can be settled for a percentage or discount off the original collection dollar value thus saving you money with the emphasis to try and offer a pay per delete solution.

Does a charge-off mean the amount is no longer due?

A charge-off status means that the creditor was unable to get a payment from the consumer for over 180 days, after which by law they were required to report it as bad debt. This does not mean that an account has been forgiven or released; creditors can legally try collecting throughout any applicable statute of limitations and also file suit in court if necessary, through judgments against debtors themselves.

What to enclose with the credit bureau dispute letters

- **Photo ID:** This could be any state or government-issued identification
- **Proof of Residency:** This could be a recent utility bill, or bank statement, mortgage statement, or a copy of your home rental agreement. It should show your name and current mailing address.
- **Proof of SSN#:** This could be any state or government document showing your SSN#. Or a page from your tax return, W-2, paystub, or 1099, etc.
- **Any Supporting Documentation:** This could include anything that could support your dispute claim, like a letter of deletion from the creditor.

How to Mail: While you can send these letters via regular mail, these letters should be mailed out via certified mail - always save the green receipt from your records.

Wait for 30 Days for the Dispute Completion: Within 30 days after receipt of the letters by the credit bureaus and collection agencies, you should receive the investigation results from them. The results will show what accounts were disputed and whether they were deleted, updated with new information, or remain unchanged.

Once you receive a response, proceed to immediately mailing out your next round of letters. If it has been 30 - 35 days since you mailed your round and have not received a response, send out your next round of letters. Keep record of the dates in which you send out your rounds and the dates in which you get responses back.

Also Send a Validation of Debt letter to the Debt Collector

A Validation of Debt letter will help you decide and clarify how the debt is reporting and the relationship between the Debt Collector and the Original Creditor. It is a clarification process with the Debt Validation letter, not a statement saying the collection account does not belong to you. Writing a Full Validation of Debt Letter is pretty simple. You need to ask if the debt was "purchased" by a Debt Collector or "assigned" to a Debt Collector? The formula of asking for an original contract that you may have signed or authorized is key when doing such a process.

The debt collector must provide the following information:

- 1) They must identify themselves as a debt collection agency and give their name and the address for the collection agency.

2) They must tell you the name of the creditor (company or person you owe), the amount you owe and how you can dispute the debt or seek verification of the debt.

3) If the debt collector does not provide verification information on the first communication with you, he must send a written notice with that information within five days of the initial contact.

If they cannot provide the information requested by you according to the law, they must stop all collection activity. They **MUST** provide proof to continue to collect in order to validate the debt according to the FDCPA.

Never dispute an account as not being yours or unknown unless it really isn't yours or is unknown!

What to do if the credit bureaus do not correct your report

Sometimes the bureaus won't send you the investigation results, as they may deem your identification information incomplete. Regardless, they are required to investigate the items you requested. Here's what you do:

1) Pull your updated credit report after about 35 days from the time you mailed out the dispute letters. You can pull your credit report from:

- [ANNUALCREDITREPORT.COM](https://www.annualcreditreport.com) (free, but doesn't provide credit scores)
- [CREDIT MONITORING SERVICE](#) (3 Bureau Credit Report & Scores, ScoreCasterIQ, Enhanced Credit Monitoring)

2) Check each bureau to see if there have seen any deletions or any accounts showing that they are “in dispute” or “under re-investigation.” These two indicators should let you know if the bureaus has investigated your claim or not.

3) If you find no such indicators, refer to your certified mail tracking information and confirm the bureaus received the letter.

How to file regulatory complaints against the bureaus and creditors

In the event that the bureaus do not investigate or correct your credit report, you can take more extreme measures. You can lodge a regulatory complaint with the [Consumer Financial Protection Bureau \(CFPB\)](#).

What’s great about the CFPB is that you can also lodge complaints against creditors and collection companies here. The CFPB forwards these complaints to the party you lodge a complaint, who must respond back to the CFPB within 30 days with a resolution. They also collect data on the number of complaints filed against each institution and may take regulatory action against them if they notice a pattern of violations.

If you cannot get a charge-off deleted, you can request a pay per delete in writing (only works if the account is with a debt collector). Always get this in writing BEFORE making payment.

If the debt collector does not offer a pay for delete, you can try to negotiate a settlement. My advice to anyone when settling an account is to ask them to have the account marked as “closed”, not “settled in full” or settled for less than full balance”. Again, those two requests are “only” if you cannot produce a deletion upon payment.

Collections & Charge-off Dispute Letters



**STEPS TO TAKE TO MAKE SURE YOUR DISPUTE LETTERS
ARE THE MOST EFFECTIVE IT CAN BE**



WHAT TO ENCLOSE WITH THE CREDIT BUREAU DISPUTE LETTERS



ROUND 4 LETTER - CREDIT BUREAU 609 DISPUTE LETTER



CREDIT BUREAU - REPEAT CO IN PAYMENT HISTORY



ROUND 4 LETTER - CFPB COMPLAINT LETTER



REASON AND INSTRUCTIONS EXAMPLES



ROUND 2 LETTER - CREDIT BUREAU



ROUND 2 LETTER - DEBT COLLECTOR



ROUND 3 LETTER - CREDIT BUREAU



ROUND 3 LETTER - DEBT COLLECTOR



ROUND 1 LETTER - DEBT COLLECTOR



ROUND 1 LETTER - CREDIT BUREAU

save a copy to you computer to edit

Thank you for your order!

HOW TO USE THE LETTERS

1

[Click Here](#) >

To get access to
letters links page

2

Make a copy of the letters and save it to
your computer before you used them

3

Edit the letters and send!

Credit Building Resources

Here are some helpful resources that may help you along
your journey as well

[Access Here](#)

Please feel free to contact us with any questions