

## **Bills.com Provides 8 Ways to Spot a Credit-Counseling Scam**

*With recent news that the IRS is revoking the tax-exempt status of every one of the 41 credit-counseling agencies it has audited over the past 3 years, consumers are more worried than ever about obtaining reliable help recovering from debt -Bills.com*

**Jan. 21, 2009** - [PRLog](#) -- San Mateo, Calif. – With recent news that the Internal Revenue Service is revoking the tax-exempt status of every one of the 41 credit-counseling agencies it has audited over the past three years, consumers are more worried than ever about obtaining reliable help recovering from debt, said Bradford G. Stroh, Founder of Bills.com.

To support people seeking a trustworthy organization to help them win the battle against debt, Stroh and his firm have developed a list of eight questions to ask a credit-counseling, debt-management or debt-resolution company before agreeing to work with any organization.

“Good organizations do exist that really can help consumers, and they will be more than willing to answer a few questions about their business,” Stroh explained. “After all, they are helping people with a very intimate aspect of their lives: their money. Any organization that won’t answer or doesn’t provide satisfactory information does not deserve your business – so keep looking for a reputable firm.”

Stroh’s suggestions include asking organizations the following eight questions:

1. Does the company get any form of consideration or compensation from the creditors themselves? Many credit counseling firms receive funding in the form of what are called “fair share” payments from creditors. The payments are incentives to get consumers into debt management plans (DMPs), paying back as much of their debt, plus interest, as possible.
2. Is the company a member of the Better Business Bureau? A “yes” answer means the company is willing to have its practices scrutinized and to respond to consumer complaints.
3. Does the company provide actual consultations, and provide advice/education to consumers free of charge? Or is the company simply directing every consumer into a DMP?
4. Does the company provide educational material, including budgeting and financial advice, free of charge? Many firms consider educational material as an additional fee source, not as a benefit to their clients.
5. What is the background of the company’s management team? Look for good, relevant education and experience -- not a team that jumps from opportunity to opportunity to make its fortunes.
6. How long has the company been in business?
7. If a credit counseling firm, is it licensed and bonded? Because credit-counseling firms actually handle clients’ money, bond or surety coverage provides recourse if a client’s funds are mishandled.
8. What are the company’s drop-out and success rates? Request these statistics. Leading credit card companies report that many credit-counseling firms have drop-out rates as high as 90 percent. Stroh, and Bills.com’s dedicated team, have developed a 16-page guide titled “Debt Freedom: Budgeting & Financial Tools for Today’s Consumer.” The guide provides advice on understanding cash flow and debt, defining a budget/spending plan, and setting goals to attain financial freedom. The guide is available

electronically, at no charge, by e-mailing: [guide@bills.com](mailto:guide@bills.com).

About Bills.com ([www.bills.com](http://www.bills.com))

Based in San Mateo, Calif., Bills.com is a free one-stop online portal where consumers can educate themselves about complex personal finance issues and save money by choosing the best-value products from a network of qualified service providers. Since 2002, Bills.com's partner company, Freedom Financial Network, has provided consumer debt resolution services, serving more than 7,500 customers nationwide and managing more than \$250 million in consumer debt. The company's co-founders and CEOs, Andrew Houser and Brad Stroh, were recently named Northern California finalists in Ernst & Young's 2006 Entrepreneur of the Year Awards.

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Bills.com is a free one-stop portal where consumers can educate themselves about complex personal finance issues and comparison shop for products and services including credit cards, debt relief assistance, insurance, mortgages and other loans.

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