

GUIDE TO DIY DEBT VALIDATION

Debt validation is the best weapon you have against debt collectors if you are not sure you owe a debt. The Fair Debt Collection Practices Act (FDCPA) provides debtors with the ability to request validation within 30 days after receiving notice of a debt from a collection agency. This does not mean that the debt will be considered valid by the credit bureaus and the courts if you do not file a timely dispute. It simply means that the collection agency will wait 30 days for a response from you and if one does not arrive, the agency will assume that the debt is valid and begin collection activity in earnest. You may legally dispute a debt at any time.

Keep in mind, you are only allowed to request debt validation from a third party debt collector. If your debt is still owned by the original creditor, even if it has been assigned to the collections department, debt validation cannot help you.

If the collection agency is not able to properly validate the debt, you have the grounds to have the debt removed from your credit report and/or successfully fight a lawsuit if one is levied against you.

STEP ONE: Type up a simple debt validation letter

- Request written proof that the debt belongs to you, the name of the original creditor, and proof that the collection agency is licensed to collect in your state.
- Do not state that you are refusing to pay the debt as this will be interpreted as acknowledgement that the debt belongs to you. They will keep this on file to use in court if the collection agency ever decides to pursue legal action.
- Do not include any identifying information such as your Social Security number or Signature. Collection agencies usually only have your name and address on file. Any information you volunteer will be used to help them validate the debt. (whether it is yours or not) Including a signature is particularly dangerous, since it can easily be moved to other documents. Although this practice is illegal, it is still common among collection agencies.

STEP TWO: Send your validation letter by Certified Mail with Return Receipt Requested

- You will be asked to fill out a small green card with your name and address at the post office.
- The recipient (collection agency) will have to sign for the letter when it arrives at their office.
- The signature and date are recorded on the card, which is then sent back to you.
- Keep your receipt as proof that your debt validation letter was delivered just in case you do not receive a response.
- Make sure to keep copies of your letter as well as a log of dates and times of all communication.

STEP 3: Wait for a response

- According to the FDCPA, a collection agency must validate your debt before resuming collection activity. Collection activity includes, but is not limited to: sending letters, calling you on the telephone, and updating your file with the credit reporting agencies.
- While there are no time limits on the collection agency regarding when they must respond to your request for validation, the agency cannot contact you or place negative items on your credit report until it provides the validation.
- Evaluate the validation if it arrives. Most collection agencies will simply mail you a printout containing your name and the amount of the debt. This does not constitute validation, since any name and amount may be typed and mailed to a debtor. If this occurs, you need to send a second validation letter requesting proper proof in the form of copies of your signed contract with the original creditor, or the collection agency's contract with the original creditor to collect on the debt.

Make sure to check the statute of limitations in your state to determine if the debt is collectible. If the debt is too old, respond to the collection demands with a letter stating the statute for your state.

If the collection agency is able to validate the debt, you should consider Debt Settlement -- where the amount of the debt that you will pay is negotiated to around 50% of what you owe. For more information on Debt Settlement and other options that may be available to you, contact the Debt Solutions Specialists at Debt Relief NW, Inc.