



How to Get Charge-Offs Removed From Your Credit Report

By Richard Fonfrias, J.D.

You Still Owe the Money

When a creditor turns your account into a charge-off, this means that the creditor considers your account a "bad debt" and wants that reflected on your credit report as a warning to future creditors. In most cases, this happens between 180 and 240 days after your last payment.

Charged-off does not mean you are excused from paying the debt. The debt is still your legal obligation. The creditor can still try to collect the money from you. And the creditor still has the right to file a lawsuit against you if your debt falls within the statute of limitations for credit accounts.

You should try to get the charge-off removed from your credit report because it makes a serious negative impact on your credit score for years to come. The best way to remove the charge-off is to ...

Negotiate Directly With the Original Creditor

Companies often turn over their charge-offs to collection agency. You will not accomplish anything talking with a debt collector. You need to speak directly to the original creditor because the creditor reported your charge-off to the credit bureau.

When talking with the creditor, your goal is to get the creditor to remove the charge-off in exchange for your paying the bill. The creditor will want to know how much you can pay and how soon you can do it. So before you call, review your finances so you know exactly what you can pay the creditor. The more you can offer -- and the sooner you can pay it -- the more likely the creditor is to agree to remove the charge-off.

When you call, ask to speak with the person who has the authority to delete the charge-off from your credit history. Many people do not have this authority and you don't want to waste time talking with someone who can't do what you request.

Explain that you want to pay off the account in exchange for the person removing the charge-off from your credit report. Speak in a business-like manner and ask for exactly what you want. Don't go into a long explanation. And do your best to answer the person's questions. This might be all it takes for the creditor to agree to remove the charge-off.

You should know that credit card companies must report your credit information to the credit bureaus. As a result, they may tell you they can't remove a charge-off from your credit report. In that case, ask the credit card company to change the charge-off to a less-negative status, like "closed."

Get Your Agreement in Writing

Don't pay anything to the creditor until you have a signed, written agreement from the creditor. You can either (1) ask the person you spoke with to fax a copy of your agreement on the creditor's letterhead, or

(2) write down what you and the creditor agreed to. Then send a copy of your agreement to person you spoke with by certified mail with a return receipt requested. Ask the person to sign and return a copy of the agreement to you.

After you receive the agreement and you're sure an authorized person in the creditor's company signed the agreement, then you may send your payment.

After you've done what you agreed to do, get a copy of your credit report and make sure the company removed the charge-off, as agreed.

If the Creditor Says "No"...

then you can decide whether to pay the amount you owe. As time passes, the charge-off will become less important on your credit report. Even so, your account will show the charge-off for seven years, and some companies will not grant future credit until you have paid off all past-due accounts. After you pay off the account, get a copy of your credit report and make sure it shows your payment.

You're Invited to Call or E-mail.

"If you have questions about bankruptcy, foreclosure, credit card debt, loan modifications,
tax liens or other financial problems, please send your e-mail today to

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