

Here's How to Seek Credit Card Relief If You Can't Pay Due to Coronavirus

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Many of us are slowing down due to coronavirus, but our bills aren't slowing down with us.

Add that to massive layoffs and record unemployment numbers, and an increasing number of people are worried about paying their creditors.

Here's all of our coverage of the coronavirus outbreak, which we will be updating every day.

"When you all of a sudden don't have a paycheck, people are really starting to panic," said Linda Jacob, a CFP and AFC working for Consumer Credit of Des Moines and a member of AFCPE.

Many credit card issuers are offering some kind of short-term relief, but you have to ask for it and be patient. Here's what you need to know.

What Kinds of Credit Card Relief Are Available?

Many credit card issuers are offering relief on a case-by-case basis, usually for a period of between one to three months.

Those relief options can include:

- Waiving late fees.
- Waiving interest charges.
- Reducing monthly payments.
- Temporarily reducing interest rates.
- Allowing skipped payments.
- Changing payment due dates.
- Increasing credit limits.

Jacob says credit card issuers are inclined to work with cardholders because reduced consumer spending means reduced revenue.

"They're being generous because they're giving you a little bit of breathing room," Jacob said. "They're still a business... but as soon as this is over, you need to make up the difference as quickly as possible."

How You Can Get Credit Card Relief

To get credit card help, you need to ask for it. Not paying a credit card bill or reducing a payment without talking to the credit card company can lead to late fees, interest charges and negative reports to credit bureaus.

Organize your thoughts before you call. Know what type of relief will help you the most.

Then, call the phone number on the back of your credit card, and be prepared to wait a while. You can also reach out to the credit card company online or via mobile app.

Some companies are asking for documentation of a job loss or furlough, while others are not. If you have this documentation, make sure to have it on hand.

When you speak to the representative, don't be embarrassed, and be honest.

Be aware that many credit card companies won't reach out to offer you help. If someone calls or emails you to offer help in exchange for your personal information, don't give it to them, as this is likely a scam. Instead, contact your credit card company directly.

3 Questions to Ask When Seeking Credit Card Relief

If you are going to ask for assistance, Jacob recommends being honest about your financial difficulties and asking a few questions.

- Will interest still calculate?
- How will this be reported to the credit bureaus?
- Will there be late fees?

“When you're talking to the creditors, you've got to find out how this is going to impact you,” Jacob advised. “[Ask if] they are going to report you as late, because if they are going to continue to report you as late until you make up that payment, there could be long-term damage [to your credit].”

Lenders will look at several factors, including your balance and your current interest rate, when deciding what options to offer you.

“They don't want you to go to debt settlement and they don't want you to go into bankruptcy,” Jacob said.

If that happens, she added, the creditor loses part of its original principal, so it wants to at least get back the money you borrowed.

After you call and work out a payment option, make sure you're getting what you agreed to.

“You're going to get monthly statements and it's going to reflect what you need to pay to get current,” Jacob said. “If they say they are going to drop your interest rate, check it and make sure they have done that on your statement.”

Should You Apply for Credit Card Relief?

Jacob recommends not asking for credit card relief if you can pay your bills on time.

“For everybody who can't go to work right now because of COVID-19, they would want to go into a program like this,” Jacob said. “People who are still employed, if you don't have to do this, don't do this.”

Depending on the lender and how it reports the debt relief to credit bureaus, a relief program could make a difference on your credit. And even though it might save some money now, a lower credit score means you're going to pay more for everything down the road, Jacob advised.

Tiffani Sherman is a contributor to The Penny Hoarder.