The Better Business Bureau recently issued a warning to consumers regarding the misleading practices of debt settlement companies. This warning comes after receiving more than 3,500 complaints since the start of the recession in 2007. The BBB reports that many individuals paid hundreds of dollars in upfront fees to debt settlement companies, but only fell deeper into debt after the process failed.

In an article posted to the BBB website, Stephen A. Cox, President and CEO of the Council of Better Business Bureaus said, “The debt settlement industry is flourishing and many families are being lured into believing that debt settlement is an easy fix and that their credit card debt will just disappear.” Mr. Cox went on to say that “the truth is that the process doesn’t work for many consumers, it has potentially serious negative consequences, and should primarily be used as a last ditch effort[.]”

In some cases fraudulent debt settlement companies have stolen from the consumer accounts, or refused to return funds. In other cases the consumer is driven deeper into debt when the debt settlement company is unable to settle the debt. In the cases where these companies are able to negotiate a settlement, the creditor may issue the debtor with an IRS Form 1099 for the amount of debt forgiven. **This may trigger serious tax consequences for the individual.** In any event, these companies do not appear to have a strong record of success.

Before agreeing to any debt relief program, discuss your financial situation with an experienced bankruptcy attorney. There are powerful federal laws that can protect you from overwhelming debt, and a bankruptcy attorney can review your legal options without risking your cash

Unlike debt settlement, the bankruptcy process is a legal process supervised by a federal judge and the U.S. Department of Justice. Your agent is a licensed attorney throughout the process. At the end of the bankruptcy process your debts are discharged and you receive a financial fresh start ordered by the bankruptcy court.

If you are struggling with debt and need financial relief, speak with an experienced attorney and discover how the federal bankruptcy laws can help you and your family. Don't be a victim of a debt relief scam. Instead, contact Mr. Anand "Lucky" Jesrani for a free consultation.
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