
Managing Debt: What It Is

What is debt?

When you owe money to someone, you are in debt. Owing money is not always bad.

You might have a loan. You might use a credit card. If you do, you might be in debt.

But if you pay your bills when they are due, it might help your credit history.

When is debt bad?

Debt is bad when you owe money you cannot pay back. Debt collectors might call you. You might have legal problems if you cannot pay back the money.

Does debt hurt my credit history?

Sometimes, debt can hurt your credit history. For example:

- owing a lot of money on credit cards
- paying bills late
- not paying the minimum amount due
- skipping payments

These things can hurt your credit history.

Who can help me with debt?

You can do some things yourself. A credit counselor can help you. Credit counselors can help you make a budget. Credit counselors also can help you make a plan to repay your debts.

Debt relief services companies might offer to help. These companies are different from credit counselors. They might charge you high prices. And they might not really help.

Who are debt collectors?

Debt collectors try to collect money you owe to someone else. Debt collectors must follow rules when they call you. If they do not follow the rules, you can complain about them to the Federal Trade Commission.

Can I stop debt collectors from bothering me?

You can ask a debt collector to stop calling you. Legally, they must stop. If they do not, you can report them to the Federal Trade Commission.