

GET OUT OF THE HOLE

MANAGING CREDIT

► Check your credit files at least every two years to ensure the information is correct.

► Send a written request to one or both of the two major credit bureaus in Canada: Equifax Canada Inc. (www.econsumer.equifax.ca) or TransUnion Canada Inc. (www.transunion.ca)

► If you question an item on the file, the bureau will investigate.

► If an error is found, the bureau must correct it. You should present official receipts to the bureau when updating balances.

► The credit bureau will send copies of the updated file to credit grantors upon request.

► If credit is refused, you can check with a credit bureau to review the information contributing to the decision.

IMPROVE YOUR CREDIT PROFILE

► Start by asking the credit reporting agency that holds your file to show you the contents. It is required to do so under provincial law. If you find anything wrong or incomplete, the agency must correct it, make the information complete or delete it.

► If your file is corrected, the agency must inform anyone you identify who has been given the old information in the past six months to a year.

► The only sure way to improve a poor credit rating is to work with creditors and allow time to pass to show your payment habits have improved.

► Consumer reports should not contain a bankruptcy discharged more than seven years ago unless you have declared bankruptcy more than once.

BY CHRIS TRABER
Staff Writer

It wasn't so long ago when people were jailed for failing to repay their debts.

Today, with credit available in larger doses than personal restraint, we create our own financial prisons.

"It's unfortunate that credit nowadays is so marketable," Community Credit Counselling Services of York Region executive director Robert Tramov said.

"You see it everywhere with 'Don't pay until 2010' offers and with pre-approved credit cards that arrive in the mail."

With the average Canadian carrying a debt load between \$30,000 and \$80,000, excluding mortgages and car payments, it's easy to become overwhelmed, Mr. Tramov said.

"We usually start getting calls in mid-January," he said. "Credit cards are maxed out and the bills have arrived. People can't make payments, they tell us they're robbing Peter to pay Paul. They need help."

While minimum payments on credit cards stave off embarrassing calls and "pay us now" letters, not being able to meet the bare financial requirements can lead to more serious consequences.

These include harassment from collection agencies, cancelled card privileges, repossession of cars or property and a damaged credit rating.

When debt exceeds resources, the advice available through Mr. Tramov may not only be the last resort, but also your best option.

Beyond a \$50 administration fee, service is free from members of the Ontario Association of Credit Counselling Services.

The Thornhill agency helps to pay off accounts under terms, which may include eliminating interest, lower monthly payments and waived late fees.



STAFF PHOTO/CHRIS TRABER

Robert Tramov and Shaheen Ahmed of Community Credit Counselling Services of York Region are busy.

Counselling is confidential and involves an evaluation of your income, assets and debt.

Counsellors such as Shaheen Ahmed develop a repayment strategy to help you become debt free within 36 months.

The agency serves 400 clients annually, Ms Ahmed said.

Clients' debt ranges from \$5,000 to

\$150,000, she said.

The counselling service also gets collection agencies off your back.

It contacts your creditors and collection agencies.

You also can have any creditors or collectors direct their calls to your counsellor.

Putting a stop to the aggressive calls from collection agencies is a major stress relief, Mr. Tramov said.

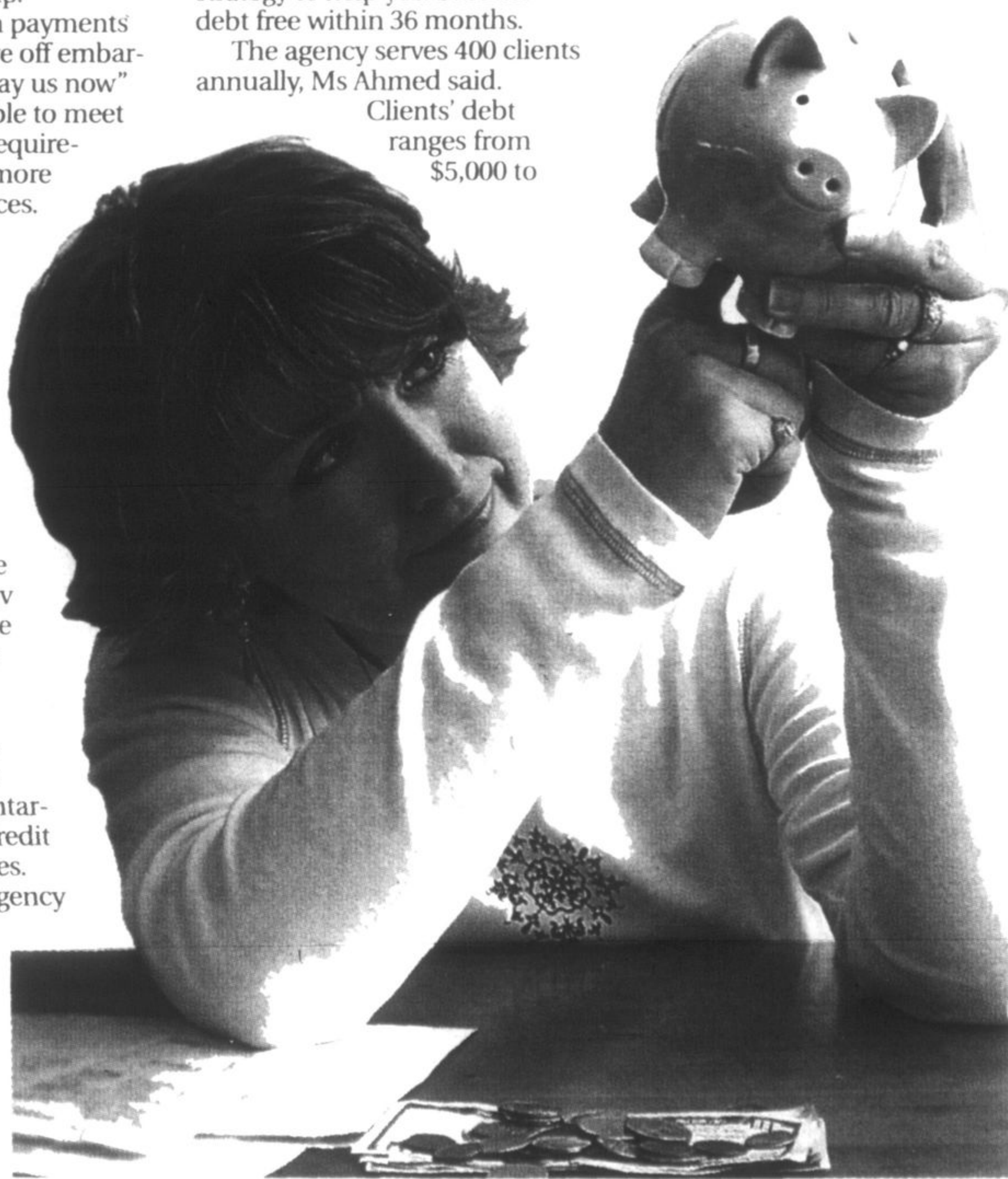
"The agency's first call is usually a tap on the shoulder to get your attention," he said.

"They use a bit of psychology, saying things like, 'Before we start legal action.' The debtor is now rattled."

If the consumer informs the collection agency or other creditors they have a credit counselling service, calls cease.

The service helps you repair your credit rating.

"It takes time to restore a credit rating," Ms Ahmed said. "Usually, two years after completing the program."



BACK IN BLACK

► The Ontario Association of Credit Counselling Services is an umbrella organization that can help you contact your nearest responsible credit counselling service. Call 1-888-746-3328.

► Community Credit Counselling Services of York Region - www.communitycreditcounselling.ca or 905-707-7695 or 1-800-500-0003.

► Government Services Ministry - www.gov.on.ca/MGS

► Consumer Protection Branch answers telephone inquiries and mediates written complaints between consumers and businesses, 1-800-889-9768 or 416-326-8800.

DID YOU KNOW?

► Collection agencies are the most common consumer complaint at the Consumer Services Ministry. You are protected under the law when you deal with a collection agency and a few precautions can eliminate common complaints. Learn more by contacting the ministry.

► There are many reasons people don't pay their debts — financial setback, poor repayment habits, overspending or sometimes they're just not happy with a product they bought. Whatever the reason, it's important to communicate with the person who is owed money. When creditors understand the problem, chances are they will work out a reasonable, manageable way for you to repay debts.

► Be wary of advertisements promising to "fix" bad credit. Credit repair companies may claim to improve your credit rating, but, in reality, no credit repairer has the power to change or erase accurate information in your file.

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