

Testimony of Linda Robertson
*Hearing on "Protecting Consumers from
Deceptive Debt Settlement Schemes"*

Thank you, Senator McCaskill, for giving me the opportunity to share my experiences with debt settlement. I want to share my story so that others will learn about the debt settlement schemes that are out there. I hope my testimony helps other people who are in the situation I was in.

In 2008, I was working as a real estate appraiser when the slow economy forced me to give up that work. At the same time, there was an illness in my family, so I began having a hard time keeping up with bills. When my credit card debt became too high, I turned to a debt settlement company. I had seen advertisements for debt settlement on television, which made promises about helping people settle their debt without declaring bankruptcy. So, it seemed like the right option.

In February of 2009, I signed up with a debt settlement company called Financial Freedom of America after seeing one of its television advertisements. I called their toll free number and their representative told me the company would get me out of debt within three years without taking bankruptcy. I was made to feel confident that they would handle my credit cards and settle for up to 50% of the original balance. I sent every correspondence from the credit card companies

to FFOA, as was instructed, and felt secure in the fact that they were handling these accounts. Their representative also informed me to stop paying my credit card bills, so I thought FFOA was taking care of it.

My monthly payment to Financial Freedom of America was \$428.97 per month. It was automatically taken from my checking account. That was a lot of money to me, while I was making around \$11.00 an hour at the time, but I wanted to avoid bankruptcy.

After making payments to FFOA for 10 months, I was served with court papers and informed that Capital One was suing me in court. I was surprised because I thought FFOA was handling this for me. I immediately called FFOA and was told I did not have enough money in my account to settle with Capital One. I had paid approximately \$4000 by this time and was told I only had about \$1900 in my account. They stated that they had no control on what a credit card company could do and that I did not have enough money to settle this account.

I learned at this time that FFOA had taken over \$2000 in "up front" fees out of what I had paid. This did not make sense to me as they didn't even know what the credit card companies would settle for. It did not make sense that would they take the money up front. They were making money off of me, even though they had done nothing to earn it yet. I called back and cancelled the account and was

then told I had only \$1400 in my account. There were several phone conversations back and forth before I received a check for around \$1100. I was just sick about this.

Once the New York Times interviewed me, FFOA decided to return another \$1200 to me. However, I still have not received all of my money back from FFOA. Companies like this are taking advantage of people who are desperate for help and trying to do the right thing. This is a scam and rip-off.

I thank you for being able to testify about what has happened to me and hope it will help other people.