

Payment Plan Negotiations

The Secret is Staying in Control of the Conversation

Consumer debt collection efforts can reach a point where you consider taking partial payments or setting up a payment plan. For the sake of discussion, it is assumed that the consumer has a legitimate reason to want to set up an alternate arrangement for making payments on their debt.

The Secret is Taking Control

You won't want to lose control by starting on the wrong foot and negotiating against yourself: "Mr. Jones, I can appreciate the fact that you can't pay the full amount now. But can you pay half now and half later?"

Don't sugar coat the situation. Early in the call, remind the debtor that they owe the financial institution for products or services that have already been delivered.

Ask Probing Questions

Do not allow the consumer to lead you, be firm and composed in guiding the conversation. One simple rule in negotiating is to continue fact finding by asking other probing questions, such as: "How short of the full amount are you?" The point is to extract from the debtor the amount he claims to be capable of paying. If you give him a figure, you have lost control of the situation.

Also, be aware that, no matter what figure or term he may offer, you can take for granted that it's understated.

Sometimes, if you simply ask a debtor what went wrong you will find out that it is only a temporary problem or that help is on the way. Recognize that a debtor needs time to talk and give him or her time to speak.

Get a Firm Commitment

Once the consumer lays his cards on the table, you can make it clear that you are not a banker offering loan terms. If he wants to make payments, he must meet you at least half-way with a firm plan to repay the remaining outstanding balance. By drawing the consumer into further conversation, you have put yourself in a position to either obtain a shorter term or possibly improve the status of the debt with a more favorable alternative. And that's good negotiating!

Before a call to your delinquent consumer is finished, it is essential to get a firm commitment on a repayment plan. Re-confirm payment arrangements verbally and in writing.

TriVerity, has worked with over 2700 financial institutions nationwide as a full-service collection agency, providing delinquency management services and collections training exclusively for financial institutions. The Loan Service Center provides first-party collection services to minimize loan loss by managing early-stage delinquency. The Collection Academy offers a curriculum of collection processes with tools that will be effective in your collection department. For more information: www.triverity.com