

What happens if a consumer misses a payment on a Debt Management Plan (DMP)?

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There is no penalty if the consumer doubles up and makes up the payment within a month or two. As there are strict rules with respect to how many times an account can be re-aged (once in one year and twice in five years per the Controller of the Currency/Federal Financial Institutions Examination Council), the consumer must stay on the agreed-to repayment schedule. If they do not stay on that schedule, the creditor will often drop the consumer from the DMP and they will have to deal with their debts in some other way. The credit counselor explains this to the consumer initially and follows up with them if a payment is missed. Obviously, rehabilitation of consumers who have serious debt problems depends heavily on them performing to the agreed-to terms of their DMPs.