

## Case Study: Turned Down For Debt Consolidation



### Meet Michael and Christine

A young couple frustrated after being turned down for a debt consolidation loan.

**Location:** Windsor Ontario

Michael and Christine were having cash flow problems. Mortgage payments, car loan payments, a bank loan to finish their basement and some over-used credit cards were using up most of their take-home pay.

They approached their bank for help but unfortunately they were turned down. They tried different lenders but no-one was willing to give them a debt consolidation loan except at rates almost as high as their current credit card debt. Frustrated with the whole process, a friend suggested they call us.

### The Challenge

A few missed payments, maxed out credit cards and no real equity in their home made Michael and Christine a poor credit choice for a traditional lender. Tapped out, they needed a solution they could afford.

#### THEIR DEBTS

Mortgage	\$160,000
Secured Car Loan	\$20,000
Credit Cards	\$11,400
Bank Loan	\$14,000
<b>Total Unsecured Debts</b>	<b>\$25,400</b>

#### THEIR ASSETS

House	\$181,000
2010 Ford	Fully Financed
2001 GMC	\$3,400
<b>Value For Creditors</b>	<b>\$0</b>

## The Solution

With a reasonably good income, Michael and Christine decided to file a consumer proposal offering their creditors \$250 a month for 60 months. Their creditors countered with \$350 a month for 60 months. The proposal was ultimately approved for \$300 a month.

### Payments

\$300 for 60 months

Total Repaid \$18,000  
Total Saved \$7,400

At first Michael and Christine were a little afraid when their initial proposal was turned down. When we broke the news Christine's response was 'here we go again'. We explained that a counter offer is not unusual in a case like theirs. They earned a good income but their creditors felt they could afford a little more than they initially offered.

Ultimately, we were able to negotiate a deal that pleased all parties. The creditors were satisfied that Michael and Christine were making an effort. Christine said that at the end of the day it would give them the incentive they needed to learn to live within their means.

### You Too Can Negotiate An Acceptable Solution.

If you don't qualify for a debt consolidation loan due to poor credit, it might be time to consider a consumer proposal to deal with unsecured debt you can't pay off. Let us help you see what type of repayment plan will work for you. Call us at 1-866-747-0660 or contact us through email by clicking on the contact us button on our website.

### We're Here to Help.

Contact one of our trustees at any of our offices across Ontario by calling **1-866-747-0660** or visit **hoyes.com**

Hoyes, Michalos & Associates

1-866-747-0660

[hoyes.com](http://hoyes.com)

\*names and some details changed for privacy

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