

What is **credit counseling**, and is it the right way for you to start getting out of debt? The answer is murky: some legitimate **credit counseling** organizations really do have your best interest in mind, but unfortunately, many so-called “**credit counseling**” companies are fly-by-night scams who might leave you more in debt than when you started.

What is Credit Counseling?

As a qualified [California bankruptcy attorney](#) can explain to you, the **credit counseling** industry has gradually grown into a \$7 billion industry, but many of the companies are illegitimate. Thanks to the rise of consumer debt in the 1990s, the one dominant company – the National Foundation for

Credit Counseling

– was suddenly joined by hundreds of rivals, many of whom had sound-alike names and multi-million dollar advertising budgets. Some of these companies can help you to negotiate a repayment plan with your creditors, but many charge a very high up-front fee. The worst companies are likely to charge you an exorbitant fee, then disconnect their phones without ever contacting your creditors.

Who Should Seek Credit Counseling?

Credit counseling is often the last step before an individual starts to look for a [Chapter 7 bankruptcy lawyer](#)

or a

[Chapter 13 bankruptcy lawyer](#)

. Unfortunately, according to Lydia Sermons-Ward, who is a spokeswoman for the National Foundation of

Credit Counseling

, only about half of the individuals who sought the company's help will complete their plans.

Maybe You Should Pursue Bankruptcy

Given the dangers inherent in the **credit counseling** industry – which some critics call a tool of the lending industry – it might be better for you to simply find a

[California bankruptcy lawyer](#)

and begin Chapter 7 or Chapter 13 bankruptcy proceedings. There are many myths surrounding bankruptcy, and a quick consultation with a qualified California bankruptcy attorney can help to dispel those myths. For example, even if you file for bankruptcy, you can often keep your home, avoid repossession, and still get a credit card. In many cases, your credit won't be worse off than it was before bankruptcy, and rebuilding credit is easier than you might think. For residents of Southern California, consider contacting the Wilshire Law Group. Not only will you find a competent California bankruptcy lawyer at their firm, you will also enjoy superior customer service and a productive, long-term relationship with your Chapter 7 bankruptcy lawyer or Chapter 13 bankruptcy lawyer. After your bankruptcy proceedings are complete, you can enjoy

discounted seminars at the Wilshire Law Group, on topics from updated financial laws to how to rebuild your credit after bankruptcy.