

HOW TO **TSR** BECOME **COMPLIANT** GUIDE





LEGAL DISCLAIMER:

The information provided in this guide is for informational purposes only. MC-Credit Solutions LLC (Client Dispute Manager) does not offer legal advice. For legal advice, please consult with a consumer rights attorney.

TSR AND THE CONSUMER FINANCIAL PROTECTION BUREAU

Due to recent lawsuits involving one of the largest credit repair companies and a software vendor, the Consumer Financial Protection Bureau (CFPB) is intensifying its enforcement of the Telemarketing Sales Rule (TSR) within the credit repair sector. This enforcement impacts all credit repair businesses in the United States

It's crucial for every credit repair company to adhere to the TSR to avoid penalties.

To assist with compliance, we have created this guide to help you meet the necessary standards.

WHAT IS THE TSR AND ITS RELATIONSHIP TO THE CREDIT REPAIR INDUSTRY?

The TSR, or Telemarketing Sales Rule, is a regulation enforced by the Federal Trade Commission (FTC) in the United States. It was established to protect consumers from deceptive or abusive telemarketing practices. The rule sets strict guidelines on how telemarketers can conduct business, focusing on transparency, honesty, and consumer protection.

KEY POINT

Under the TSR, it's illegal for credit repair companies to charge advance fees if they telemarket their services.

TELEMARKETING FOR CREDIT REPAIR COMPANIES

Involves using phone communication to promote and sell services. This includes reaching out to potential clients, explaining what the company offers, and trying to secure their business.

KEY ASPECTS:

- Outbound Calls: Initiating contact with potential clients to promote services.
- Inbound Calls: Responding to incoming inquiries and converting them into sales.
- Follow-Up Calls: Maintaining contact with prospects or clients to offer more services or updates.
- Video Calls: Engaging potential leads through video communication before closing a sale.

ADVANCE FEES

Credit repair companies cannot charge customers until services are fully completed, with a mandatory 6-month delay before fees can be collected after delivering results.

KEY POINTS

- No upfront payments allowed.
- 6-month delay before charging fees after service delivery.

NOT TELEMARKETING

If you're not using telemarketing to acquire customers or leads for your credit repair service, you might be permitted to charge standard fees for credit repair services as permitted by law.

(It's important to note that compliance with the TSR is the responsibility of the CRO. Use this guide to help ensure compliance.)





NOT ALLOWED FOR FEES CHARGED AFTER RENDERING SERVICE

(If you are charging fees the traditional way, you can't do the following)



Important:

Your phone number should not appear on any of your marketing materials.

HERE IS A DETAILED LIST

- ✗ Your website, landing page, and thank you page.
- ✗ Any offline advertising like car magnets, TV, radio, billboards, business cards.
- ✗ Social media channels, email, direct mail.
- ✗ Use of lead magnets, free offers, and downloadable products.
- ✗ Encouraging people to call your office from your marketing materials.
- ✗ Asking them to book a call with you for a free consultation.

WHAT HAPPENS IF YOU ARE NONCOMPLIANT

It could result in legal action and fines from the Consumer Financial Protection Bureau. So, it's best to work on being compliant.





WHAT YOU MUST DO

Key Point:

Leads must have signed up for your service, provided payment information, and signed your agreement before you can speak with them by phone, Zoom calls, or incoming calls.

Automate the Sign-Up Process:

So customers can sign up and pay for your credit repair service without ever talking with you. (Auto Signup Self-Service)

HERE IS A DETAILED LIST OF ACTIONS

- ✓ **Use the Client Auto Sign-Up Lead Forms:** Embed these forms into your website. From here, your customers can select a plan and start the onboarding process, where they can sign the contract and input their credit card information without you being present.
- ✓ **Single URL Client Auto Sign-Up Lead Form (in development):** It allows you to send a single URL to any client that is ready to sign up for your service, and they can automatically go through the onboarding process without you ever having to talk with them.
- ✓ **Auto Website Self Sign-Up (in development):** This new feature will allow you to design your sign-up flow, grab the URL, and paste it into your website, so any customer can sign up directly on your website without leaving it.
- ✓ **Guide Customers to Self-Service Forms:** Ensure that all calls to action in your marketing materials direct customers to your automated self-service forms or directly to your website where the form is located.
- ✓ **Single URL Client Auto Sign-Up Lead Form Link:** If a customer sends you a direct message, text message, Facebook message, or any other message saying they are ready to get started, you will be able to send them the Single URL Client Auto Sign-Up Lead Form link (when it's ready) that will automatically onboard them.



MORE AUTOMATED TOOLS

To fully comply with TSR, we will build more automated tools that can assist you with compliance. While waiting, you can look into the current automated tools that we have like the Client Auto Sign-Up Lead Forms, and the Smart Interviewer.

AUTOMATED SIGNUP COMING TO THE CLIENT DISPUTE MANAGER



- ★ Single URL Client Auto Sign-Up Lead Form
- ★ Auto Website Self Sign-Up
- ★ Auto Deployment of the Credit Analysis
- ★ Chat Widget
- ★ Better Communication Tools with Leads
- ★ Ongoing Training and Resources
- ★ And more to come

(It's important to note that compliance with the TSR is the responsibility of the CRO. Use this guide to help ensure compliance.)

SPECIAL NOTE

Not Telemarketing:

If you're not using telemarketing to acquire customers or leads for your credit repair service, you might be permitted to charge standard fees for credit repair services as permitted by law.



KEY REMINDERS OF WHAT NOT TO DO

❌ **Paying Client First:**

Prospects must convert into paying clients before you can engage with them over the phone.

❌ **No Return Calls:**

If they are not paying customers, refrain from returning their calls or following up.

❌ **Don't Buy Leads:**

Avoid purchasing leads and then contacting them.

❌ **No Call Centers:**

Do not utilize virtual assistants or call centers to make calls on your behalf and transfer them to you.

❌ **Calendars and Booking:**

Do not use scheduling calendars to arrange credit audits, discovery calls, or consultations before the lead becomes a paying customer.

❌ **No Video Calls:**

As per the TSR, Zoom and any video calls are subject to the same regulations.



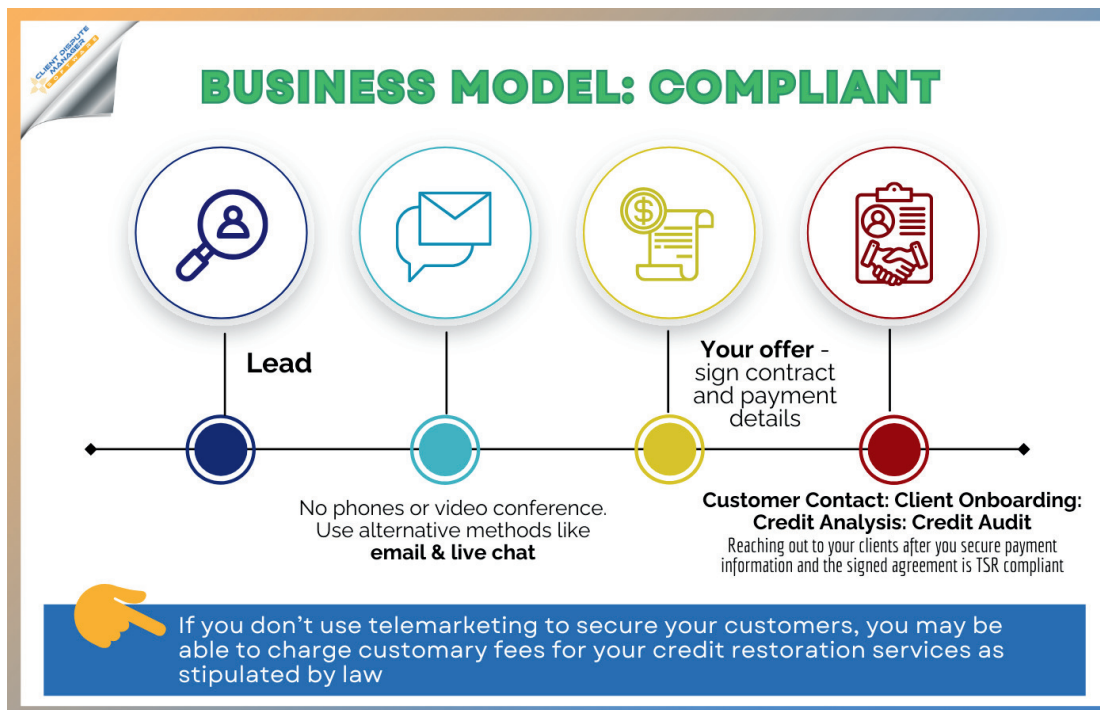
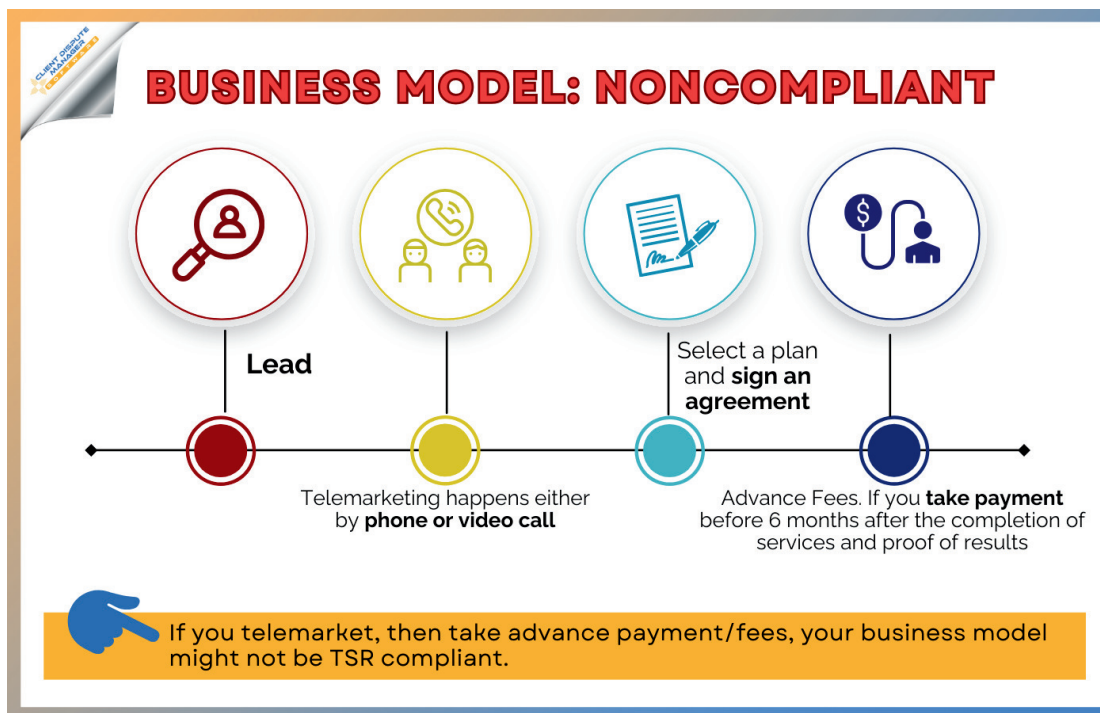
ALTERNATIVES TO NON-PHONE METHODS

- ✓ **Live Chat:**
Install a live chat widget on your website so you can communicate with your customers in real-time.
- ✓ **Pre-Recorded Videos:**
Have face or faceless videos on your website, landing pages, or social channels that explain the sign-up process. You can get these done on Fiverr.com or Upwork.
- ✓ **Social Channels:**
Go live on different social channels to answer questions and concerns, then send them to your website to sign up.
- ✓ **Detailed Q&A:**
Create a Detailed Q&A section on your website that will answer the most common questions for your customers.
- ✓ **Communication Channels:**
Offer email, chat, text, and instant messaging on your website so customers can get in touch with you right away.
- ✓ **Social Media Messaging:**
Use all social media instant messaging features to communicate with customers and drive them back to your website or landing page.
- ✓ **Local Office:**
Consider the option of having a local office where you can meet customers face-to-face for audits and consultations. You can even rent an office for in-person meetings.

SIGNED UP CUSTOMER

So customers can sign up and pay for your credit repair service without ever talking with you. (Auto Signup Self-Service)

BUSINESS MODEL: NONCOMPLIANT VS COMPLIANT





CONCLUSION

In summary, achieving compliance with the Telemarketing Sales Rule (TSR) is critical for credit repair companies to avoid severe penalties and maintain their credibility within the industry.

The TSR's strict guidelines, particularly concerning the prohibition of advance fees and the restrictions on telemarketing practices, are designed to protect consumers and promote transparency.

By adhering to these regulations, your business can operate legally and ethically while building trust with clients.

To ensure compliance, it's essential to shift towards automated processes that allow customers to sign up and pay for services without direct communication.

This approach not only aligns with the TSR but also streamlines your business operations, reducing the risk of noncompliance. Implementing tools like automated sign-up forms, live chat, and pre-recorded videos can effectively guide customers through your service offerings without violating TSR regulations.

KEY TAKEAWAYS:

- ★ **Adhere to TSR Regulations:** No advance fees and strict telemarketing rules.
- ★ **Automate Your Processes:** Use self-service tools and online forms to ensure compliance.
- ★ **Explore Alternative Communication Methods:** Utilize live chat, pre-recorded videos, and social media to engage with customers without violating TSR guidelines.
- ★ **Not Telemarketing:** If you're not using telemarketing to acquire customers or leads for your credit repair service, you might be permitted to charge standard fees for credit repair services as permitted by law.

By following these practices, your credit repair company can navigate the complexities of the TSR and continue to serve clients effectively while staying within the bounds of the law.