

Collection Agencies

What is a collection agency?

Some creditors will hire a third party collection agency to collect money on their behalf. This happens because the creditor has tried unsuccessfully to collect on an overdue account. The agencies perform a valuable service for their client – the creditor. Unfortunately, this activity is usually a very stressful process for the debtor.

Collection agencies generate their revenue on a commission basis by getting people to pay on their overdue accounts. The more money they can get a client to pay, the more money the collection agency makes. Understanding how a collection agency is funded allows people to better understand their approach when collecting on an account. This, however, is not an excuse for inappropriate practices by a collection agency.

There are laws in place to regulate collection agencies and if an agency does not abide by these laws (which include laws against harassment), they could be fined or lose their licence. Many people who speak with collectors are unaware of what the rules or laws are.

What are collection agencies supposed to do?

- tell you who they are (disclosing the agency's registered name)
- tell you who they are collecting on behalf of
- try/attempt to inform you in writing explaining who they are and who hired them
- ensure that you are the person who they have been contracted to collect on

Collectors on the telephone:

Collectors are allowed to call you on the phone. When they call they are required to tell you who they are, who you owe money to, and how much money you owe them. They are not allowed to call on Sunday or on statutory holidays. Other than gathering contact information, they should not be conversing with or disclosing any personal information to family or friends. When they place a call it must be between the hours of 7 am and 9 pm. Calling constantly or saying harassing things when they are on the phone is not permitted.

Negotiating payment:

Often, a collection agency will demand that the account be paid in full immediately. It is important to realize that reasonable monthly payments will be accepted through negotiation. You may want to do this in writing (see '**Client Creditor Proposal**'). For further information contact your local not for profit Credit Counselling Service.

Options available if you are being harassed:

- contact the Marketplace Standards and Services Branch to obtain more information on collection agencies at **1-800-268-9768**
- information and complaint forms are available on the Ontario Ministry of Consumer and Business Services website www.cbs.gov.on.ca
- contact your local Legal Aid office at **1-800-495-8180**
- file a harassment complaint with your police department
- contact your local not for profit Credit Counselling Service at www.oaccs.com

