

Collection Agencies

There are many reasons people don't pay their debts — financial setback, poor repayment habits, overspending or sometimes they're just not happy with a product they bought.

Whatever the reason, it's important to communicate with the person who is owed money. When creditors understand the problem, chances are they will work out a reasonable, manageable way for the consumers to repay debts.

Consumers who don't co-operate with their creditors may find their accounts turned over to collection agencies.

What Should You Do If a Collection Agency Comes Calling?

- If possible, pay the money you owe. You won't have to deal with the agency once the account has been cleared.
- If it's impossible for you to pay the full amount at once, contact the agency, explaining why. Offer some alternative method of repayment, either in a lump-sum or a series of monthly payments. Follow up in writing and, if possible, enclose a good-faith payment.
- Never send cash. Always make payments in such a way that you have a receipt — either a cancelled cheque from your own bank or a receipt from the agency.
- Once the account has been officially turned over to a collection agency, you'll be dealing only with that agency when making arrangements for payment. Don't contact the original creditor — this just creates confusion — unless there's an error in the account. If that's the case, advise both the creditor and the collection agency.

It's Important to Remember:

- Your attitude towards paying the debt has a lot to do with how co-operative the agency will be. For example, when making payments to the agency, be sure not to bounce cheques and miss payments. However, if your financial circumstances change, contact the collection agency and explain your current status and follow up in writing.

- Debts should not be treated lightly. They can result in court action, which could lead to money being taken from your pay cheque (garnisheed) or seizure of your assets.

If your financial problems are getting out of hand, consider contacting a credit counseling service for help.

Assistance is offered, in many cases for a nominal fee, by member agencies of the [Ontario Association of Credit Counseling Services](#). Credit counseling, available from more than 27 member agencies across the province, helps more than 20,000 Ontarians a year find the road to financial health.

Your Rights When Dealing With Collection Agencies

Right off the bat

The first step a collection agency must take is to send you a written notice through the mail (email doesn't count). This notice must include:

- the name of the creditor (the person or business that says you owe them money)
- the amount the creditor says you owe
- the name of the collection agency and its authority to demand payment on behalf of the creditor.

After sending the notice, the agency must wait six days before it can contact you in person or by phone.

What if they're wrong?

The agency cannot continue to contact you if:

- you send a registered letter to the agency saying that you dispute the debt and suggest the matter be taken to court
- you (or your lawyer) send a registered letter to the agency providing your lawyer's contact information and notifying the agency to communicate only with your lawyer
- you have told them that you are not the person they are looking for, unless they take reasonable precautions to ensure you are that person.

How often can they contact you?

The agency has to observe a number of restrictions about how often their agents can contact you and how they communicate with you. For example, after their first conversation with you, the agents cannot contact you more than three times in a seven-day period without your consent, except by regular mail. “Contact” means the agents must actually speak with you, email you or leave you a voice mail. If you don’t answer the phone and the agents don’t leave a message, it doesn’t count as a contact.

In addition, the agency cannot:

- contact you on Sunday, except between the hours of 1 p.m. and 5 p.m.
- contact you on any other day of the week between the hours of 9 p.m. and 7 a.m.
- contact you on a statutory holiday
- use threatening, profane, intimidating or coercive language, or
- use undue, excessive or unreasonable pressure.

Can they ask other people about you?

In general, a collection agency can contact your employer once to obtain your employment information. Otherwise, they cannot contact your employer unless:

- your employer has guaranteed the debt
- the call is in respect of a court order or wage assignment given to a credit union
- you have provided written authorization to contact your employer.

A collection agency cannot contact your spouse, a member of your family or household, or a relative, neighbor or acquaintance except to obtain your address and telephone number, unless:

- the person contacted has guaranteed the debt
- you have given permission for the person to be contacted.

In addition, a collection agency cannot:

- give false or misleading information to any person
- recommend to a creditor that a legal action be commenced against you without first sending you notice.

Can a collection agency charge you extra?

No. Collection agencies cannot add any charges. They are allowed to collect only what you owe your creditor. But remember, the amount you owe could continue to grow if interest charges are piling up. This depends on the terms of your contract with your creditor.

Exercise your rights

If you believe a collection agency has violated any of these practices in dealing with you:

- send the agency a letter outlining why you believe they have acted inappropriately and notifying them that you expect them to comply with the law
- if their behavior persists, [file a complaint](#) with the ministry.

Solve the problem

If you are contacted by a collection agency, it's important that you deal with them to resolve your debts as soon as possible. Otherwise, the problem won't go away and could very well get worse. Your creditor might:

- report you to the credit bureau
- take you to court and get a judgment against you, allowing them to seize your goods or claim part of your pay cheque
- sell your debt to a third party. In this case, the rights available to you under the Collection Agencies Act may not apply.

It's always best to deal with debts before you get to this point.

The above information was sourced directly from the Ontario Ministry of Consumer Services