

# for consumers dealing with collection agencies

*“confident consumers – protected communities”*

*“if you are behind in payments, the credit lender may hand your account over to a collection agency for collection”*

## What is a collection agency?

A collection agency is a business that is hired by a credit lender to collect unpaid accounts.

Collection Agencies will obtain or arrange for payment of money owed by debtors on credit accounts extended by a business or person for the purchase of its goods or services.

Employees working for collection agencies as bill collectors are known as “collection agents.”

Credit grantors with staff who work on collection of their own accounts **are not** collection agents and **are not** regulated by the Consumer Protection Act.

## How does a collection agency work?

Some collection agencies operate as agents of other businesses or persons (creditors) and collect debts for a fee or percentage of the total amount owed. Others work on their own account, purchasing debts from a creditor for less than the dollar amount of the debt and

actively pursue the debtor to make their payments..

## What a collection agency can and cannot do

- Agents may contact you at home or at work to try to collect the debt. Phone calls can be made between 7:00 a.m. and 9:00 p.m. daily except on Sundays or statutory holidays when no contact is allowed.
- Agents must not make calls with such frequency that it could be considered harassment.
- Agents must not give false or misleading information (e.g. summons).
- Agents must not collect an amount greater than the sum of the amount actually owing.
- Agents must not collect from the debtor any fee or commission payable by the credit grantor .

➤ Agents must not make any collect calls or use any other method of contact that reverses the payment of this contact to the debtor.

➤ Agents must not use threats of legal action, including seizure of goods, in the absence of filed court documents.

➤ Agents must respect confidentiality – they can only discuss the details of your debt with you and the creditor.

## If a collection agent contacts you

If you have been notified that an account has been turned over to a collection agency, remember that the agency just wants to collect the money you owe. Options that you can explore with the agent include:

- pay the money owed;
- negotiate alternative methods of repayment and follow-up with your plan in writing;
- make payments in installments and keep documentation to prove payment (i.e. cancelled cheque, copy of money order).

## Your rights

You have statutory rights when dealing with a collection agency and collection agents – even if you owe money and cannot pay.

The [Consumer Protection Act](#) applies to collection agencies and the people working for them as collection agents.

This *Act* requires all collection agencies and agents to be licensed in Yukon.

## If you owe the money, but are unable to keep up with the payments

If you are having problems paying your bills, contact your creditors as soon as possible. Try to make arrangements before your account is turned over to a collection agency.

Often collection agencies will demand full payment of the debt in a short-time frame. It may not be possible to pay off your debt at this time. You may want to suggest making regular payments that you can afford.

Alternately, you may wish to arrange confidential credit counseling.

## Help for your financial problems

If your financial problems are getting out of hand, you should consider contacting The Credit Counseling Society for help. This organization can provide services such as confidential financial counseling, arrangements with creditors, budget planning, alternatives to bankruptcy.

For a free, confidential counseling session, call 1-604-527-8999, or 1-888-527-8999. The website is: [www.nomoredebts.org](http://www.nomoredebts.org)

## Making a complaint to the credit agency

If you are having problems with the conduct of a collection agent, your first step is to take your concerns to the supervisor or manager of the Collection Agency.

Be prepared to provide all relevant information related to your complaint. This information may include times, dates contacted, agent's name, nature of the conduct, and any other information relevant to your complaint.

## Registering a complaint at Consumer Services

If you are not satisfied with the Collection Agency's reply to your complaint you may register a complaint with [Consumer Services](#). Your complaint must be in writing and delivered to Consumer Services, P.O. Box 2703, Whitehorse, Yukon, Y1A 2C6; or hand delivered to Consumer Services, 2134 – 2<sup>nd</sup> Avenue (3<sup>rd</sup> Floor).

## Glossary

**Collection Agency:** business hired to collect on unpaid accounts.

**Collection Agent:** employee of a collection agency who works as a bill collector.

**Credit Lender:** a business or person that allows you to purchase goods or services on credit.

**Debtor:** a person who buys goods or services and charges the costs of this transaction on credit.

**Need more information?**

Consumers can learn more about their rights and responsibilities under the [Consumer Protection Act](#) by contacting [Consumer Services](#) at 667-5111, or toll-free outside of Whitehorse, 1-800-661-0408.

*The information contained in this fact sheet is of a general nature only and should not be regarded as a substitute for a reference to the legislation or professional advice.*