



Tips for Dealing with a Debt Collector

What is a debt collector?

When you don't pay a debt you owe to a creditor (for example, a bank or credit card company), a **debt collector** usually gets involved to try to get the money back from you.

Who will contact you?

In some cases, if the creditor has a debt collection department, they will ask one of their own debt collectors to contact you.

In other cases, you may be contacted by a debt collector that works for a different company than the one you owe money to. If this is the case, your creditor has either hired a debt collection agency to get the money back on their behalf, or has sold your debt to this debt collection agency.

A debt collection agency is a company that specializes in debt collection. If your debt is turned over to a collection agency, you will usually be notified in writing before the agency calls you to try to collect the debt.

What you should do when a debt collector calls you

When a debt collector calls you, ask for and write down the following information:

- who you are talking to—is it the original creditor or is it a debt collection agency?
- the name and company of the person calling, and their telephone number.
- the amount of debt, who you owe it to, and when the debt started. If the details of the debt are not familiar to you, look at your statements to help you confirm whether or not this debt is yours and if the amount is correct. Tell the debt collector that you will call them back as soon as you verify the information.

If the debt is yours

If the debt is yours and the amount is correct, **it is best to pay the money you owe right away**. Paying the full amount at once will resolve the issue.

If it is not possible for you to pay the full amount at once:

- explain why to the debt collector, and offer an alternate method of repayment. For example, you could offer to make two or three payments that add up to the amount owed, or make a series of monthly payments until the debt is paid off.
- follow up in writing and, if possible, enclose a first payment to show your commitment to paying back the debt.

When repaying your debt:

- don't send cash.
- always make sure that you get a receipt for any payment you make.
- only deal with the debt collector who has contacted you to make payments. If this a collection agency, don't contact the original creditor – this might create confusion.

If you feel an error has been made

If you think that the debt is not yours, or that an error has been made, do the following:

- tell the debt collector and contact the original creditor (if that person or company is different from the debt collector) to find out how to proceed.
- order a free copy of your credit report from Canada's credit reporting agencies, Equifax and TransUnion, to see if the debt appears on your report. If it does, contact the credit reporting agencies and the original creditor to have the error corrected. An error on your credit report can negatively affect your ability to get credit in the future.

If you are concerned about the identity of the debt collector or its authority to collect the debt, contact the original creditor (if that person or company is different from the debt collector) to confirm the information.

You have rights when dealing with a debt collector

When dealing with a debt collector, you have rights. For example, debt collectors are generally not allowed to do the following:

- contact your friends, your employer, your relatives or your neighbour for any information other than your telephone number or address (unless you have specifically asked the debt collector to do so).

- suggest to any of the above people that they should pay your debts, unless one of these individuals has co-signed your loan.
- use threatening, intimidating or abusive language.
- contact you on holidays, before 7:00 am or after 9:00 pm, or during certain hours on Sunday.

For a full set of rules that apply to debt collection, or if you feel that the debt collector you are dealing with is not respecting your rights, contact the appropriate regulator.

Who regulates debt collection?

If you have been dealing with a federally regulated financial institution (FRFI) or a debt collector acting on behalf of a FRFI contact the Financial Consumer Agency of Canada (FCAC) at 1-866-461-3222 (toll-free), or send an e-mail to info@fcac-acfc.gc.ca for more information on how to proceed.

If you have concerns about the debt collection practices of other organizations contact the consumer affairs office of your province or territory.

Other FCAC information of interest

Tip Sheets

- How to Beat that Debt
- How to Make a Complaint
- Know Your Responsibilities as a Joint Borrower
- Getting Help from a Credit Counselling Agency

Publication

- Understanding Your Credit Report and Credit Score

Notes

About Financial Consumer Agency of Canada (FCAC)

With educational materials and interactive tools, the Financial Consumer Agency of Canada (FCAC) provides objective information about financial products and services to help Canadians increase their financial knowledge and confidence in managing their personal finances. FCAC informs consumers about their rights and responsibilities when dealing with banks and federally regulated trust, loan and insurance companies. FCAC also makes sure that federally regulated financial institutions, payment card network operators and external complaints bodies comply with legislation and industry commitments intended to protect consumers.

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