



Tips for Dealing with Collection Agencies

WHAT IS A COLLECTION AGENCY?

When consumers don't pay their debts to creditors (such as a credit card company), collection agencies usually become involved. A collection agency is a company hired by the creditor to recover funds that are past due. This happens after the creditor has made several attempts to collect money that it is owed. If your account is turned over to a collection agency, you must be advised of this in writing.

What should you do if you are contacted by a collection agency?

If you are contacted by a collection agency:

- You should pay the money you owe, if possible, to resolve the issue.
- If it's not possible for you to pay the full amount at once, explain why to the collection agency and offer an alternate method of repayment. For example, you could offer to make a lump-sum payment, or a series of monthly payments.
- Follow up in writing and, if possible, enclose a payment made in good faith.

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 collection agency to make repayments.
- Don't contact the original creditor. This might create confusion, unless you feel that an error has been made. If this is the case, contact the creditor and the collection agency to have it corrected.

To find out about your rights when dealing with a collection agency

Contact your provincial or territorial government. They oversee collection agencies and may have regulations that restrict their activities.

Here are some sample questions you should ask:

- When are collection agencies allowed to contact consumers? Can they call you at work, or on the weekend or late in the evening?
- Are they allowed to telephone your friends or relatives, or your employer?
- How often may they call?
- Are they allowed to threaten or verbally abuse you?

If you have a complaint or feel you have been treated unfairly by a collection agency, you should contact the head of the collection agency, the agency's ombudsman, the financial institution where you borrowed money, or your provincial or territorial regulator. The Financial Consumer Agency of Canada (FCAC) can help you determine whom to contact.

Where to go for more information

The Financial Consumer Agency of Canada (FCAC) provides timely, objective information to help consumers choose the best banking products and services for their needs. FCAC also informs Canadians of their rights and responsibilities when dealing with financial institutions and makes sure that banks and federally regulated trust, loan and insurance companies respect the laws and agreements that protect consumers.

You can reach us by phone through our toll-free Consumer Contact Centre at 1-866-461-3222 (our TTY number is 613-947-7771 or, toll-free, 1-866-914-6097), or by visiting our Web site at www.fcac.gc.ca.