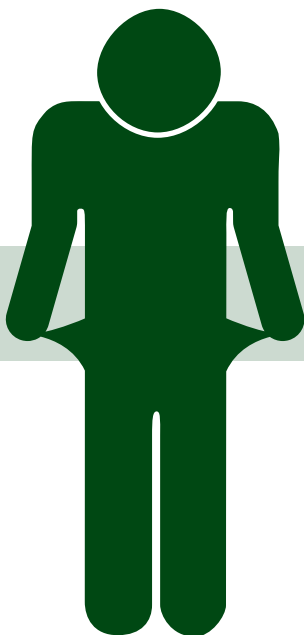


BE INFORMED ABOUT ...

Debt



Take Charge of Your Debts!



Log on to **www.ConsumerInformation.ca**
and take a tour of the site.

The first step in dealing with your debts is to recognize the warning signs.

Take Charge of Your Debts

Are you worried about money? Do you have a big pile of unpaid bills in your bottom drawer? Do calls from a collection agency make you jump every time the phone rings?

If any of this sounds familiar, you're not alone. Lots of Canadian consumers have the same worries you do. The trick is to be aware of the warning signs that show you have a problem with your debts.

This information sheet will give you a good basic understanding of how to recognize the warning signs of problem debt. It will also suggest how to take control of your debts. Then, if you still have questions about any of these topics, visit Industry Canada's online tool called "Take Charge of your Debts!" available at www.ConsumerInformation.ca.

Warning signs of debt

The first step in dealing with your debts is to recognize the warning signs. You know you have a problem when you:

- pay bills late
- bounce cheques
- pay only the minimum amount you owe every month on your credit card
- take money from one credit card to pay another
- receive a call from a collection agency
- often ask friends or family for loans
- have your utilities cut off (telephone, hydro)
- cut back on expenses such as recreation and regular items such as clothing and food

There are many things you can do to deal with your debt problem. What you choose depends on your personal situation. Some of these are listed on the next page.

Budget or Credit Counselling

If you are in debt, talk to a budget or credit counsellor. Anyone can use a budget or credit counselling service. Your counsellor can help you make a plan for managing your money. They can also offer suggestions to help you get out of debt. Budget /credit counselling service is offered by many types of organizations such as provincial governments, non-profit groups and private companies. Talk to your provincial or territorial consumer affairs office, or a consumer organization in your area for help finding a budget /credit counsellor.

Following are some of the things that a credit counsellor may advise you to do.

Rework your budget

Prepare a budget and stick to it. For example, if your budget does not include a plan to buy a new couch, then don't. By following your budget, you will find it easier to control your spending. You will learn to pay for essentials such as food before anything else. You will also free up some money each month to repay your debts.

Combine your debts

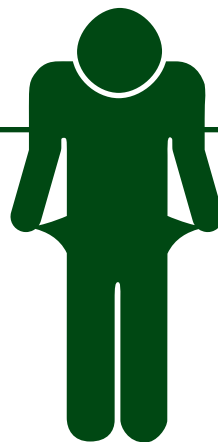
You may choose to combine your debts into one single loan. You can then use this loan to pay back the money you owe to some or all of your creditors at once. You are then left with only one unpaid loan and one monthly payment. Be sure to work with a bank, credit union or other financial institution that you know you can trust.

Contact your creditors

Making payment arrangements with your creditors can make it easier for you to repay your debts. Make a list of your creditors and then contact each one separately. For example, you can ask to reduce your payments. You can also ask to put off your debt for a time, or to pay less interest. You can even propose all three options. You may also ask a credit or budget counsellor to do this for you, as they have experience talking with creditors.

If you are in debt, talk to a budget or credit counsellor. Anyone can use a budget or credit counselling service.

Making payment arrangements with your creditors can make it easier for you to repay your debts.



Sell something you own

An asset is something that you own fully (you do not owe any money on it). It is not always easy to do, but selling an asset can help you pay back some of your debt. The asset you sell could be your car, or even your television or computer.

If none of the above options works for you, there are other steps you can take. These include filing for bankruptcy or taking a legal course of action called a consumer proposal. For more information on these options, visit “Take Charge of your Debts!” at www.ConsumerInformation.ca and click on “‘Last Resort’ Options.”

Information on Collection Agencies

A collection agency is a company that works to get back money owed by people in debt. Your creditors pay these agencies to get back the money you owe them. Here are some useful tips about collection agencies:

- If you receive a notice that explains your debt has been given to a collection agency — don’t panic — the agency is trying to get back the money you owe its client.
- If possible, pay the amount you owe.
- If you are unable to pay it all at once, contact the agency and explain your situation.
- If you reach an agreement with the agency about the method you will use to pay, get it in writing.
- Never send cash. Always get a receipt for your payment from the agency.
- Check with your province or territory if you have any questions or concerns about an agency.

A collection agency is a company that works to get back money owed by people in debt.

Know your rights!

Do you feel you have been treated unfairly by a collection agency? Collection agencies have rules they must follow. For example, a person from a collection agency must not make frequent and aggressive telephone calls to you or your family. These rules differ slightly across Canada.

For more information on what collection agencies can and cannot do, visit “Take Charge of your Debts!” at www.ConsumerInformation.ca. Click on the link for collection agencies. You may also call your provincial or territorial consumer affairs office.

Your Credit Report, Credit Score and Credit Rating

Your credit report

Your credit history is kept in files held by one of Canada’s three major credit-reporting agencies. These files are called credit reports. They are a “snapshot” of your credit history. Agencies then use this report to create credit scores or ratings. Lenders can then look at these scores and ratings to decide if lending to you would be a risk.

Your credit score

Your credit score tells you about your financial health. It shows how much of a risk you could be to a lender, compared to other consumers. There are many different ways to work out credit scores. Some credit-reporting agencies use a scale from 300 to 900. You want to get a high score on this scale.

Your credit rating

Some credit-reporting agencies rate each of your credit history items on a scale of 1 to 9. This rating shows whether or not you pay your bills on time. A rating of “1” means you pay your bills within 30 days of the due date. A rating of “9” means that you never pay your bills at all.

How do I get a copy of my credit report?

How often should I see it?

You should get a copy of your credit report every year. This will allow you to keep track of your credit history. You can get your report for free by mail once a year, or you can get it online for a fee as often as you wish. Contact one of the credit bureaus in Canada:

Equifax: 1-800-465-7166

www.equifax.ca

Trans Union : 1-800-663-9980 (outside of Quebec)

1-877-713-3393 or 514-335-0374 (within Quebec)

www.transunion.ca

Northern Credit Bureau: 1-800-532-8784

www.creditbureau.ca



For more information on credit, visit “Take Charge of your Debts!” at www.ConsumerInformation.ca and click on the “Credit and Credit Repair” link.

Canada



Ontario

Québec



NOVA SCOTIA

New Brunswick
Nouveau Brunswick

Manitoba



BRITISH COLUMBIA



PRINCE EDWARD ISLAND
CANADA



Government of Saskatchewan

Alberta

Newfoundland
Labrador

Yukon
Government



Northwest Territories



Nunavut