



Quick Tips: Calling Off a Collection Agency©

■ REGULATING COLLECTION AGENCIES

- Financial setbacks (such as loss of employment), poor repayment habits, lack of money-management skills, and dissatisfaction with a product or service can all lead to unmanageable debt and run-ins with a collection agency.
- In Ontario, collection agencies are governed by the *Collection Agencies Act*, and regulated by the Ministry of Consumer Services.
- A collection agency is an independent business that attempts to collect unpaid debts on behalf of others.
- Collection agencies must register with the Ministry before starting business.
- Regulated and licensed professions such as lawyers, insurance agents, brokers, credit unions and bank, and in-house agencies like GMAC are exempt from the *Collection Agencies Act*.



■ AVOID THE COLLECTION AGENCY ALTOGETHER:

- If you are having problems paying your bills, talk to your creditors.
- Creditors want to hear from you, and they are more likely to work out a payment plan if they can discuss the matter with you directly.
- Ignoring the debt can result in the creditor turning it over to a collection agency; when this happens, you have lost your best opportunity for a reasonable repayment schedule.
- You must be notified in writing (at your last known address) when a creditor turns your account over to a collection agency, and the collection agency may not contact you until 6 days have passed since the notice was sent.

■ WHAT CAN YOU DO WHEN THE COLLECTION AGENCY STARTS CALLING?

- If you agree that you owe the debt:
 - contact the agency and try to make payment arrangements;
 - deal only with the agency when making payment arrangements;
 - confirm the payment arrangements in writing; and
 - get a receipt for all payments (cancelled cheque, written receipt).
- If you dispute the debt:
 - notify the agency and the original creditor of the mistake, in writing;
 - explain the error and why you don't owe the debt (for example, the amount is wrong, or this is not your debt, or it has already been paid, etc.);
 - follow up to confirm that the debt has been removed from your record;
 - never make a payment if there is a genuine dispute over the amount owed;
 - a collection agency may not continue to demand payment once it knows that there is a dispute over the amount owed.

■ WHEN ATTEMPTING TO COLLECT A DEBT, A COLLECTION AGENCY:

- May not start legal action (such as a Small Claims Court action) to collect a debt without first notifying you that it intends to do so.
- Must give you enough information to ensure you that the account information being used by the agency is correct.
- May not add its charges or the creditor's charges for use of the agency to your debt, and nor may either the agency or the creditor collect or attempt to collect these charges from you.
- May not communicate with you using any means by which the cost of the communication becomes payable by you (e.g., text messages).
- May not make telephone calls of a nature or frequency that constitute harassment, and may not use threatening, profane, intimidating, or coercive language.
- May not contact you more than 3 times in any 7-day period.
- May call only between the hours of 7:00 a.m. and 9:00 p.m., Monday to Saturday, and between the hours of 1:00 p.m. and 5:00 p.m. on a Sunday, and may not call on statutory holidays.
- May contact someone other than the debtor only if that person has guaranteed to pay the debt, or solely for the purpose of obtaining the debtor's home address or telephone number.
- May contact a debtor's employer only if the employer has guaranteed the debt, or for the purpose of confirming the debtor's employment, or pursuant to a wage assignment or court order in favour of the collection agency.

■ WHAT CAN YOU DO IF A COLLECTION AGENCY IS VIOLATING THE LAW?

- Contact the head of the collection agency and attempt to resolve the matter with the agency.
- If contacting the collection agency does not resolve the problem, file a complaint with the Ministry of Consumer Services.
- The Ministry has additional information and complaint forms on its website at http://www.sse.gov.on.ca/mcs/en/Pages/Personal_Finance_Collection_Agencies.aspx.
- If a collection agency is harassing a debtor with telephone calls or other contact that is particularly abusive or threatening, contact the police to see if the agency is violating the Canadian *Criminal Code*.
- A debtor may also consider filing a private lawsuit; a number of recent decisions have been issued where collection agencies have been successfully sued for engaging in abusive practices in violation of the *Collection Agencies Act*.
- For more information on this and other consumer protection issues, view the Community Law School webinars online at www.yourlegalrights.on.ca/training-topic/consumer-law. Updated information on collection agency law and related issues can also be found on our Bulletin Board at www.communitylawschool.org, Bulletin Board link, topic: Consumer Protection Laws.

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