

Collection Agencies and You
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When people fall behind in their bills, creditors sometimes turn to collection agencies to collect the debt on their behalf. A creditor can be a company or person that people owe money to. A debtor is a person who owes the money. A collection agency is an organization that a creditor hires to collect debts that are owed to the creditor. A creditor may do this for various reasons. Some reasons can be that the creditor lacks expertise to collect the money, or they are unable to provide employees to collect on their behalf, or they feel that they will be paid quicker if they hire a collection agency.

However, a collection agency cannot just call the debtor and demand payment. There are rules set out in legislation that govern the behaviour of a collection agency when trying to collect money on behalf of a creditor. The rules are set out in the *Credit Collections Act*, R.S.O. 1990, Chapter C.14 and its accompanying regulation, R.R.O. 1990, Regulation 74.

For example, the collection agency cannot just demand payment or try to collect money that is owed. The rules state that the collection agency must send the debtor, by ordinary mail, a private written notice setting out the name of the creditor, the balance owing on the debt, the identity of the collection agency who is demanding payment and the authority of the collection agency to demand payment of the debt. Only after waiting six days after sending out this notice can the collection agency call the debtor. If at the time of the call the debtor still has not received the notice, the collection agency must send another notice to the address provided by the debtor and wait another six days before demanding or trying to collect payment.

Many people are concerned that a collection agency may contact their employer or neighbours. The rules state that a collection agency can only call an employer once to confirm the debtor's employment, the debtor's business title and the debtor's business address unless there is a court order or judgment in favour of the collection agency and only if it concerns payment of the debt. Relatives and neighbours can only be contacted if they have guaranteed to pay the debt or the debtor has requested the collection agency to discuss the debt with that person. The only other reason relatives and neighbours can be contacted by the collection agency is to obtain the address of the debtor when the collection agency does not have one on file.

A collection agency is also limited to the time of the day they may call. For example, they are limited to calling on Sunday's between the hours of 1pm and 5pm (local time) and during the week between the hours of 7am and 9pm. And the collection agency cannot call more than three times in a seven-day period on behalf of the same creditor.

If you feel you are being treated unfairly by a collection agency, remember that they are there to provide a service to creditors and the rules are there to provide a standard to which they must follow.

NOTE: This is not a legal opinion. For more specific information please consult a lawyer who practices in this area of law.