

Collection Agencies



Collection agencies act on behalf of **creditors** – people trying to collect money from you, such as a bank, credit card company or other lender. You are the **debtor** – the person who owes money to the creditor.

In Alberta, the *Consumer Protection Act* and the *Collection and Debt Repayment Practices Regulation* governs collection agencies. The law says that collection agencies must be licensed and follow rules about how and when they interact with you. These rules include identifying themselves when they contact you and using only the name on their license.

Collection Agency Practices

Collection agencies **cannot**:

- contact you more than three times in seven days on behalf of the same creditor, except by mail
- visit or telephone you between 10pm and 7am
- contact you, anyone in your household, or your employer, neighbours, friends, relatives or acquaintances in a way that could be **harassment**
- charge fees beyond what you owe the creditor
- agree to accept less money from you than what you owe the creditor, unless the creditor approves
- give you or anyone else false or misleading information, including references to the police, a law firm, credit history, court proceedings or a **lien** or **garnishment**
- contact your employer except to confirm your employment
- contact your spouse, adult interdependent partner, relative, neighbour, friend or acquaintance except to get your home address, personal phone number or work phone number
- continue to communicate with you or collect from you if you have said you are challenging the debt and taking the creditor to court
- give information about the debt to anyone except you, your debt **guarantor** or your chosen representative without your express consent
- fail to leave a contact number if using an automated call system
- cancel or change a debt repayment agreement if you are following the agreement
- misrepresent what the creditor's rights and powers are, your legal obligations or the true nature of the terms of any agreement to repay.



A **lien** is a claim against a debtor's property until the debtor repays a debt.

Garnishment is a legal process that allows a creditor to seize money directly from you, your bank or employer. For example, a creditor may garnish your wages or money in your bank account.

A **guarantor** is a person who guarantees (agrees to be responsible for) repayment of a debtor's debt.

Debt Repayment Agencies

A **debt repayment agency** is a type of collection agency that acts for you, the creditor, in negotiating with your creditors. You must pay a fee or commission to a debt repayment agency to act on your behalf. The debt repayment agency cannot collect any fees from you until you agree in writing (either a written agreement or signed written authorization).

A written agreement must:

- be dated and signed by you and the debt repayment agency
- include your name and contact info
- include the debt repayment agency's name and contact info
- describe the services to be supplied
- state all fees you are to pay
- list all creditors to be paid
- state the total amount owed, the payment amount and the payment schedule

The fee charged by the debt repayment agency depends on the arrangement:

- If you have a debt repayment agreement with a schedule of payments, the fee cannot be greater than the sum of a one-time administration fee less than or equal to the average monthly payment AND 15% of the scheduled payment amount received from the debtor
- If you are making a one-time payment to creditors, the fee cannot be more than 10% of the debt owing
- If you have an agreement for the debt repayment agency to negotiate with the creditor on your behalf, the fee cannot be more than 10% of the debt owing.

Questions or Concerns?

If you think a collection agency is not following the law or is harassing you, you can file a complaint with Service Alberta's **Consumer Investigations Unit**. The unit can investigate your concerns. If Service Alberta finds the collection agency has broken the law, it can issue fines or orders against the collection agency. You still have to repay the money you owe.



For more information about the complaint process, **contact Service Alberta** at 1.877.427.4088 or visit <https://www.alberta.ca/file-consumer-complaint.aspx>

Get More Help

Visit the **Government of Alberta** website for more information about debt and debt repayment options: <https://www.alberta.ca/information-collection-agencies-debt-repayment.aspx>

Money Mentors is a non-profit agency based in Alberta that offers credit counselling, debt consolidation and financial education. It offers the Orderly Payment of Debts (OPD) program. The OPD program is a debt consolidation program created under Canada's *Bankruptcy & Insolvency Act* and monitored by the Province of Alberta.

For more information, call 1.888.294.0076 or visit www.moneymentors.ca

You should not rely on this publication for legal advice.