

November 2006

Fair Trading Act

Collection Agency Licence

Definition:

A collection agency is defined as a person, other than a collector, who carries on the activities of:

- collecting or attempting to collect debt or debts from a debtor in Alberta under any name that differs from that of the creditor to whom the debt is or was originally owed, regardless of to whom or where the payment is made,
 - on behalf of another person, or
 - where the person has purchased a debt or debts that is or are in arrears
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- Unless they are collecting a debt of which they are the original creditor or owner, acquired the debt through a merger, the acquisition of another business, the seizure of accounts receivable under a security agreement, or were assigned the debt for the purpose of financing the transaction. Specific information on the exemptions can be found in section 1(b) of the Collection and Debt Repayment Practices Regulation.

Licensing Requirements:

PLEASE NOTE: Failure to provide complete information will delay processing of your application and may result in a refund of your fees and closure of your file.

To get a licence for a collection agency business you must provide the following:

1. Completed [Application](#) for Collection Agency Licence. A licensing fee of \$168 for the agency. Your cheque should be made payable to the Minister of Finance. If you are applying in person, you can also pay this fee using Visa, MasterCard or cash. This fee is for a one-year licence. Licences take effect the date they are issued. The department will send you a notice and the appropriate form(s) before your licence needs to be renewed. Licence holders must notify Alberta Government Services in writing if the address on their business licence changes.
2. Completed [Application](#) for Collector's Licence. Fee of \$72 for each collector.
3. Security in the amount of \$15,000. You may get this security in one of two ways:
(Security does not apply to agencies that are only collecting debts that they have purchased.)
 - [General Surety Bond](#)
 - [Cash Security Agreement](#) accompanied by
 - an [Irrevocable Letter of Credit](#), or
 - cash (including payment by bank draft, money order, certified cheque – all of these are payable to the Minister of Finance), or

- a term deposit or other similar instrument in the name of the Minister of Finance, c/o Alberta Government Services, 3rd Floor, 10155 – 102 Street, Edmonton, Alberta, T5J 4L4, in trust for (name of licensee).

* Note: The amount of security given is a minimum security requirement. The amount could increase at the discretion of the Director of Fair Trading. When setting the security amount, the Director can consider the following: the department's previous history with the business and its partners or directors, the business's financial history, and criminal convictions.

4. Completed [Trust Account Information](#) Form
(This form is not required if the agency will only be collecting debts that they have purchased.)
5. Include the address information for all offices that will be conducting collection activity in Alberta.
6. The Director must approve all first part collection where the agency will be contacting debtors in the name of the client.

General Information:

Collection agencies should pay particular attention to the following sections:

- Section 12 of the Collection and Debt Repayment Practices Regulation regarding knowledge of the legislation and prohibited collection practices
- Section 13 of the Collection and Debt Repayment Practices Regulation regarding advertising
- Sections 14 through 20 of the Collection and Debt Repayment Practices Regulation regarding maintaining a trust account
- Section 21 of the Collection and Debt Repayment Practices Regulation regarding issuance of receipts
- Section 21.1 of the Collection and Debt Repayment Practices Regulation regarding settlement agreements
- Section 22 of the Collection and Debt Repayment Practices Regulation regarding reports to creditors
- Section 23.1 of the Collection and Debt Repayment Practices Regulation regarding credit reporting
- Section 23.2 of the Collection and Debt Repayment Practices Regulation regarding complete accounting of a debt to the debtor
- Section 23.3 of the Collection and Debt Repayment Practices Regulation regarding retaining records

Legislation:

[Fair Trading Act](#)
[Collection and Debt Repayment Practices Regulation](#)

Copies of legislation can be obtained from the [Queen's Printer Bookstore](#) at:

Park Plaza
5 floor, 10611-98 Avenue
Edmonton, Alberta
T5K 2P7
Telephone: (780) 427-4952

To call a Government of Alberta office toll free (in Alberta), dial 310-0000 and follow the instructions.