

November 2006

## Fair Trading Act

### Debt Repayment Agency Licence

#### **Definition:**

A debt repayment agency is defined as a collection agency that carries on the activities of:

- Offering or undertaking to act for a debtor in arrangements or negotiations with the debtor's creditors or receiving money from a debtor for distribution to the debtor's creditors in consideration of a fee, commission or other remuneration that is payable by the debtor

#### **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 debt repayment agency business you must provide the following:

1. Completed [Application](#) for Debt Repayment 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 Debt Repayment Agent's Licence. Fee of \$72 for each debt repayment agent.
3. Security in the amount of \$20,000. You may get this security in one of two ways:
  - [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, 3<sup>rd</sup> 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
5. A copy of the written agreement entered into by the debt repayment agency and the debtor.
6. Include the address information for all offices that will be conducting debt repayment activities in Alberta or contacting Albertans.

### **General Information:**

Debt Repayment agencies should pay particular attention to the following sections:

- Section 12.1 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, 15, 16, 17, 18, 19.1, and 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 23 of the Collection and Debt Repayment Practices Regulation regarding reports to debtors
- Section 23.3 of the Collection and Debt Repayment Practices Regulation regarding retaining records

### **Agreement Requirements:**

A copy of the written agreement will be required. The agreement must:

- a) have places for the signature of the debt repayment agency and the debtor and the date the agreement is entered into,
- b) have places for the name, address and telephone number of the debtor and the name, address, telephone and, if available, fax number and e-mail address of the debt repayment agency,
- c) describe all services that are to be provided under the agreement,
- d) state all fees, separately itemized, that are to be paid by the debtor,
- e) have a place to list all creditors as disclosed by the debtor to whom payments will be made under the agreement, and
- f) Have a place to state the total amount owed, the payment amount, the schedule of payments to be made and the total number of payments for each listed creditor.

**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.**