

This tipsheet is intended to provide general information and is not a substitute for legal advice.

Businesses usually try to collect their unpaid accounts first by sending reminder notices. If the bills are still not paid, often the accounts are turned over to a collection agency. A collection agency collects debts on behalf of others.

Collection agencies are usually paid a percentage of the debts they collect. They make money when they get people to pay. They are often more persistent and demanding than the businesses who hire them.

Collection agencies appear to be very powerful. Actually, they do not have any more authority to collect debts than any other business. The creditor gives them the authority to collect debts. In most cases, the final decision about how the debt is handled is made by the creditor, not the collection agency.

After reading this tipsheet you will know:

- who has to follow these rules,
- what collection agencies can and cannot do,
- how you can protect yourself, and
- where to go for help if you are in debt.

### Who has to follow these rules?

The *Fair Trading Act* and the Collection Practices Regulation apply to companies and people working for them who are in the business of collecting debts or locating debtors for others. The Act requires all collection agencies and the collectors working for them to be licensed. The Act and regulation provide some protection from abusive collection practices.

The Act and regulation do not apply to businesses or people collecting their own debt, a lawyer who is collecting a debt for a client, a civil enforcement bailiff or agency while seizing security, and people working while licensed under the *Insurance Act*.

### What collection agencies can and cannot do

- Collection agencies may contact you at home or at work to try to collect a debt. However, they may phone only between 7 a.m. and 10 p.m.
- Collection agencies cannot call you or your family so often that the number of calls received could be considered harassment.
- Collection agencies can only discuss the details of your debt with you and the creditor.
- Collection agencies cannot contact your friends, neighbours, family or employer unless it is to have the employer verify employment, or to find your address or phone number.
- Collection agencies cannot continue to contact you at work if you have asked them not to. However, you must make other arrangements to discuss the debt, and you must keep those arrangements.
- If you tell a collection agency that you are not the debtor, the agency should not continue to contact you unless the agency, after investigation, is convinced you are the debtor.
- Collection agencies cannot give any false or misleading information including representing themselves as a lawyer or as being from a legal department.

- Collection agencies must get permission from your creditor to take you to court. Lawyers may handle this part of the collection process. Because going to court is expensive, it is usually done when all other methods of collection have failed.
- Collection agencies must give you a statement of account if you ask for it. The statement will show the amounts received and paid out on your account, and the balance owing as of the statement date. Agencies only have to give this to you every six months.

If you think the action of a collection agency may be illegal under the *Fair Trading Act*, contact Alberta Government Services, Consumer Services Branch. A collection agency may be fined if it does not follow the Act, or its licence may be suspended or cancelled.

#### Other

- Collection agencies may not suggest that a friend, spouse or other relative is responsible for your debt, or ask that person for money, unless he or she has accepted responsibility (for example, if he or she cosigned a loan).
- Collection agencies may not threaten to physically harm you, your family or your property. If any agency does this, charges may be laid under the *Criminal Code of Canada*. If this happens, call the police.
- Collection agencies do not have the authority to take your property if you do not pay your bill. Your property can only be seized by a civil enforcement bailiff who works for a civil enforcement agency. Usually, you have been sued and the court has made a judgement against you before a bailiff attempts to seize your property.
- Collection agencies cannot bring in the police or send you to jail. The police do not become involved in debt collection matters.

### How you can protect yourself

Keep track of how much you have paid on your debts. When you make payments to a creditor, use cheques or get receipts when you pay cash.

If you are having problems paying your bills, contact your creditors as soon as possible. Try to make arrangements with your creditors before your account is turned over to a collection agency.

Creditors may take action to seize your property through a civil enforcement agency without the need for a judgement if:

- you have bought items through a time sales agreement,
- the creditor is secured by a chattel mortgage, or
- the debt is rent owed to the landlord.

Some specific debts -- alimony, child support, and those arising from fraud -- may lead to jail terms. Writing a cheque when you know you do not have enough money in your bank account to cover the cheque (an N.S.F. cheque) is a criminal offence. The police may become involved in such cases.

Remember, some credit grantors have their own staff who try to collect their own accounts. Their actions are not governed by the *Fair Trading Act*. If you feel that you have been unfairly treated by a business's own collection staff, ask the collector for his or her full name and the supervisor's name. Then contact the supervisor to discuss your concerns.

### Help for debtors

Alberta Government Services' tipsheet *What Creditors Can Do if You Don't Pay Your Debts* has information about the legal steps creditors must take to collect a debt.

Credit Counselling Services of Alberta offers a variety of services including:

- assessment of your debt situation and possible alternatives,
- a self-help information package,
- the Orderly Payment of Debt program, and
- information on how to deal with creditors .

Debt counsellors will work with you to explore your options for dealing with debt. All services are confidential.

## **Where to get more information**

Alberta Government Services  
Consumer Services Branch  
Edmonton (780) 427-4088  
Toll-free in Alberta 1-877-427-4088  
[www.gov.ab.ca/gs](http://www.gov.ab.ca/gs)

Credit Counselling Services of Alberta  
Calgary (403) 265-2201  
Edmonton (780) 423-5265  
Toll-free in Alberta - 1-888-294-0076  
<http://www.creditcounselling.com/>

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A current version of this tipsheet and other tipsheets are available at the Alberta Government Services Web site at [www.gov.ab.ca/gs](http://www.gov.ab.ca/gs). Most public libraries have Internet access available if you don't have access at home.

If you need more copies of this tipsheet you have permission to photocopy. Please call our office to make sure you have the most up-to-date copy.