

07 Know your rights and options



When dealing with debt, there can be some difficult situations where you may need help.

If you are dealing with creditors, or collection agencies, there are steps you can take to ensure you are communicating clearly. It is also important to know your rights and options.

One option for taking control of your financial situation is to contact your creditors. You may be able to renegotiate the terms of your debt. The best approach is to have a plan to propose.

These worksheets were inspired by Indigenous financial wellness expert and artist Simon Brascoupé, co-creator of our Managing Your Money booklet.

[Learn more about the inception of these resources and our commitment to reconciliation.](#)

The plan should be realistic and one that you can achieve. You can ask for:

- Lower payments
- Lower interest rates or
- A longer time frame within which to pay in full

Many creditors will be willing to help and advise you on dealing with your debt. Others may be more aggressive and intimidating in the collection process.

This worksheet describes options for what to do if you need help with significant debt issues.

Dealing with creditors

Dealing with creditors by phone

Keep your temper and be polite. Ask for your creditor's help, rather than telling them what to do. If the person you talk with is not helpful, ask to speak to his or her supervisor. Try to deal with the same person each time you call. Keep in touch until the problem is solved. Ask for any agreements to be put in writing.

Speak to someone who is in charge, such as a:

- Bank or credit union branch manager, collections supervisor, or loan officer
- Finance company branch manager
- Retail or department store collection supervisor or credit manager

Keep a record of the conversation. This should include:

- Company name
- Date and time
- Phone number
- Description of what was said and any agreements.
- Name of the person you spoke to

Tips for creating a debt repayment plan

- **Be realistic.** Offer a payment that you are sure you can afford.
- **Be reasonable.** Creditors will want to get paid back within a reasonable amount of time. The longest time frames are three to five years.
- **Missing a payment could put your proposal in danger.** Don't make promises you can't keep.
- **Be specific.** Make the details of your proposal clear. Tell the creditor when you will contact them. Be sure that you follow through.

Dealing with creditors by mail or email

In a letter, you could include:

- Your reason for the letter
- Your employment status
- A copy of a recent pay stub
- A monthly expense sheet
- Your reasons why you cannot make payment
- Your proposed debt repayment plan

Remember:

- Never mail cash
- Keep a copy of all your cheques, receipts, money orders, and letters

Beware of debt settlement companies

Some for-profit companies claim they can negotiate a deal with creditors and help you deal with debt – for a fee. Watch out for:

- High pressure sales tactics
- High fees
- Unrealistic promises
- Delaying your payments to creditors
- Misleading guarantees

Dealing with a collection agency

If a collection agency is calling you, **you have the right** to:

- Be told in writing that your account has been turned over to collections
- Confidentiality: A collection agency cannot discuss your debt with anyone other than your creditor or a co-signer, unless you give them permission
- Ask to be contacted in writing only. The calls will then stop.
- Ask for a statement of account every six months that shows the amounts you have paid and the balance you owe

A collection agency **cannot**:

- Try to collect debt without writing to you first
- Discuss your debt with anyone but you
- Use threats or language to frighten and intimidate you
- Pressure you to repay the debt to the point of harassment
- Give you false or misleading information
- Communicate or attempt to communicate with you without identifying themselves, saying who is owed the money and stating the amount owed
- Pretend to be a lawyer or legal authority
- Involve police or send you to jail
- Contact you during prohibited hours (these times vary from one province or territory to another)
- Take you to court without permission from your creditor
- Take your property
- Continue to demand payment from a person who claims not to owe the money, unless the agency first takes all reasonable steps to ensure that the person does, in fact, owe the money

If you speak to someone from a collections agency:

- Ask the name of the person you are speaking with, and where they are from
- Keep a written log of all contact, when it happened, and what is discussed
- Have this information ready if you make a complaint against a collections agency

Get more help dealing with debt

If you need assistance to deal with significant debt issues, there are several options available to you in Canada.

Contact creditors yourself or with the help of a financial coach

You can call creditors yourself to negotiate your interest rate or payment terms. If you are having trouble making payments, the creditor may work out an arrangement with you that you can manage. Just remember to be realistic as to how much you can pay each month and be sure that you follow through. Make sure you get all agreements in writing.

Meet with a credit counsellor

Connect with a not-for-profit credit counselling agency in your community. They can help with budgeting, debt management or debt consolidation. Some offer free workshops on money management. There may be fees for their services - be sure to ask.

Meet with a licensed insolvency trustee

A trustee is governed by the Bankruptcy and Insolvency Act to help individuals file a consumer proposal or bankruptcy. This can help you to reduce or wipe out your debt. There are fees involved and a trustee will work with you to determine which option is best for you.

Calls are free. Before you act, call around and ask about the services each organization can provide for your specific situation. If it helps, talk to someone you trust to help make your final decision.

Beware!

Some for-profit companies claim they can negotiate a deal with creditors and help you deal with debt – for a fee. This may be a scam.

