

Collection Agencies and You

The law

In Ontario, collection agencies must be registered with the Government of Ontario and must follow the rules set out in the Collection and Debt Settlement Services Act. As of January 1, 2018, third-party collectors or anyone who has purchased overdue debts and is collecting them must also follow these rules.

If you're contacted

Before a collection agency can contact you they need to send you a written notice through regular mail (email doesn't count). This notice must include:

- the name of the person or business that says you owe them money (known as the creditor)
- the amount of money that the creditor says you owe
- the name of the collection agency and a statement that the creditor has asked them to collect the debt

After sending the notice, the agency must wait 6 days before they can contact you in person or by phone.

After their first conversation with you, an agency can't contact you more than 3 times in a 7-day period without your consent.

"Contact" means the agents must actually speak with you, email you or leave you a voice mail. If you don't answer the phone and the agents don't leave a message, it doesn't count as a contact. A letter sent by regular mail also does not count as a contact.

A collection agency can't:

- contact you on a Sunday, except between 1 p.m. and 5 p.m.
- contact you on any other day of the week between 9 p.m. and 7 a.m.
- contact you on a holiday
- use threatening, profane, intimidating or coercive language
- use undue, excessive or unreasonable pressure or harass you
- charge you any fees

Ask the right questions when a collection agency contacts you, such as:

- may I have your Ontario registration number?
- have you sent me a written notice with my creditor's name and the amount of money that I owe?
- how often will you be contacting me?

If you're contacted by mistake

A collection agency can't keep contacting you if:

- you send a registered letter to the agency saying that you dispute the debt and suggest the matter be taken to court
- you (or your lawyer or paralegal) send a registered letter with your lawyer or paralegal's contact information telling the agency to communicate only with your lawyer or paralegal
- you have told them that you are not the person they are looking for, unless the agency has taken reasonable steps to make sure you are the person that they should be contacting

If others are contacted about you

In general, a collection agency can only contact your employer once to get your employment information.

Otherwise, they can't contact your employer unless:

- your employer has guaranteed the debt
- it's about a court order or an automatic deduction from your salary (also called assignment of wages)
- you have given them written permission to contact your employer

A collection agency can't contact your spouse, family member, a relative, neighbour or friend except to get your address and telephone number, unless:

- the person has guaranteed the debt
- you have given permission for the person to be contacted to act on your behalf

Also, a collection agency can't:

- give false or misleading information to any person
- recommend that a creditor take legal action against you without sending you notice first

File a complaint

If a collection agency has broken the rules, you can send the agency a letter and include what you believe they did wrong and that you expect them to follow the law. If this does not resolve the problem, file a complaint. If you file a complaint, be sure to include documents and evidence to support it. For example, you can include:

- all letters, emails and faxes that you sent or received from the collection agency
- a record of the date, time and details of the phone calls or messages you received
- a photograph of your telephone display showing the collector's phone number and the time they called
- digital recordings of phone messages or conversations
- letters from your employer, co-workers, family or friends confirming that the collector contacted them

You can file the complaint online here: www.ontario.ca/page/filing-consumer-complaint or call **1-800-889-9768**

Tips to deal with debt

If you are contacted by a collection agency, try to pay the money you owe as soon as possible. Otherwise, the problem could get worse. If you can't pay the full amount that you owe at once, try to arrange monthly payments.

The person or business that you owe money to might:

- take you to court and get a judgement against you, allowing them to seize your assets or take part of your salary
- sell your debt to another person (your rights under Collection and Debt Settlement Services Act would not apply unless that person hires a collection agency)
- report the debt to a consumer reporting agency, which could lead to you having a bad credit record

When paying off your debt, make sure to:

- never send cash and always get a receipt or proof of payment
- not bounce cheques and miss payments
- contact the collection agency in writing if your financial circumstances change or you can't make payments
- contact the agency and the original creditor if there is a mistake in your account
- deal only with the collection agency to avoid any confusion, if everything is correct

Where to get help

If your financial problems are getting out of hand, consider contacting a credit counselling service for help through:

- The Ontario Association of Credit Counselling Services
- Credit Counselling Canada

Credit counsellors are different than debt settlement services. Debt settlement services will charge you a fee to help you negotiate a plan to repay your debts. Credit counsellors should always be not-for-profit organizations.

Watch out for debt settlement companies that:

- say they can reduce your debt by 50% or more
- charge large, upfront fees
- claim that if you work with them there will be no negative effect on your credit report
- claim that their program is approved by the government
- say they can get collection agencies to stop calling you

Always take the time to understand your contract. Remember that some of these companies will charge a cancellation fee if you want to end your contract before the end of its term. They may also not refund any money that you paid them.