



Debt Collection Agencies

What can they *really* do?

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When you owe money and fall behind on your payments, your creditor might pass your details to a debt collection agency to collect what is owed.

This can sometimes happen when you have not made payments in a long time. Many creditors do not want to deal with defaulted accounts that are in long-term arrears and they usually pass to collection agencies to collect. Collection agencies are companies that specialise in buying and collecting debts. They can either buy the debt from the original creditor or are paid a percentage of the amount they collect.

Once a debt passes to a collection agency you pay them direct. In most cases, the agency can stop interest and charges, although this is not guaranteed and can vary from agency to agency. There is no guarantee that they will agree to suspend interest and charges. You can still arrange an affordable monthly payment at this stage and you must stick to any offer you make. Remember to consider all your payments together.

Collection agencies do not have any more legal powers than the original creditor. They can contact you by letter or telephone and in rare cases may call at your home. Collection agencies still have to follow Office of Fair Trading (OFT) guidelines on fair debt collection.



These guidelines explain that your creditor and the debt collection agency are not allowed to harass you. See the OFT website www.offt.gov.uk



If you receive any letters from an unfamiliar company relating to arrears or unpaid debts, check the small print...

Home visits

It is possible for a debt collector to call at your house in person; however this is rare as home visits are more costly for the collection agency than letters or telephone calls.

Debt collectors cannot:

- Enter your house or take any goods. You do not have to open the door to them or speak to them if you do not want to
- Discuss your account with anyone else in your house and they must leave if you ask them
- Act in a way that is threatening or intimidating and should always carry photographic identification

You can arrange to make a payment over the phone or by letter and you do not have to open the door to debt collectors if you prefer to pay another way.

Home visits are more likely from debt collectors who provide doorstep loans or other forms of credit where you are dealing with an agent or local branch rather than a national collection department.

If you think, they are treating you unfairly, please contact Advice NI immediately.

Do I have to pay the debt if I haven't made a payment for a number of years?

The Limitations Act sets out time limits that creditors/debt collection agencies have to collect the money that you owe them. As a result of this, in certain circumstances you may no longer have to pay. If you have been contacted recently about a debt that you had forgotten about or haven't made payment to in several years, you may be outside the time limits.

Please contact Advice NI for further information **BEFORE** you contact the creditor.

Are debt collection agencies always a different company to the original creditor?

No.
Sometimes creditors will send letters that seem to be from a debt collection agency but are actually the same creditor using a different trading name.

If you receive any letters from an unfamiliar company relating to arrears or unpaid debts, check the small print on the the back of the letter. This may confirm that the company is a trading name of the original creditor.





You have the right to accurate information about alleged debts you owe.

Can a debt collector visit me at my workplace?

No.

The Office of Fair Trading (OFT) guidelines confirm a debt collector can only visit you at work with your permission.

If a creditor threatens to visit you at work, tell them very clearly that you do not want them to do this. Send them a letter stating you are refusing them permission to do this, making sure you send the letter by recorded delivery and keep a copy for yourself.

If a creditor does call at work after you have told them not to, contact your local Trading Standards on: **0845 6006262.**

Who can I speak to if I have a complaint about a debt collection agency?

To make a complaint about a debt collection agency you should complain to them directly in the first place.

You can also contact the original creditor to complain.

Collection agencies must have a consumer credit licence to trade, so if your complaint is not resolved within eight weeks you can contact the Financial Ombudsman Service **www.financial-ombudsman.org.uk** who can investigate the matter on your behalf.

Many collection agencies are also members of the Credit Services Association **www.csa-uk.com** who have their own complaints process.

Why is a collection agency contacting me about a debt that is not mine?

If the debt relates to a previous occupier in your property, contact the creditor and tell them the person no longer lives there.

Sometimes debt collection agencies try to find debtors using public records such as the electoral roll. If you have similar details, they may try to contact you about someone else's debts. Write to them and explain they have mistaken you for someone else and ask them to stop contacting you.

In both cases, creditors may expect some proof that you are not the person they are looking for. If you have any problems, make a complaint to the creditor.



Debt Collection Agencies - Some basics you should know:

- A You have the right to know who you are speaking with
- B You have the right to a civil conversation
- C You have the right to be called at an hour of the day when you can speak
- D You have the right to accurate information about alleged debts you owe
- E You have the right to dispute the amount owed if it is incorrect

*For further help and advice including
information on Debt Advisors in your area
contact:*

Debt Action Northern Ireland
www.debtaction-ni.net



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Registered Charity No. XR16104
Company Registration No. NI071966

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