

Collecting debts from consumers



Things to know

- Provincial and federal legislation regulates the collection of debts from consumers (even if an organization is collecting debts from its own consumers).
- The legislation primarily covers licensing obligations and “prohibited practices”:

Licensing:

- If a person is carrying on business as a collection agent or agency, that person must generally be licensed or registered.
- Licensing or registration may impose restrictions and conditions on applications, bonds, trust accounts, employees, statements of account, forms, and other matters.
- A person is exempt from the licensing requirement if that person is collecting its own debts, but very few provinces expressly exclude from the licensing requirement an entity collecting debts on behalf of an affiliate.

Prohibited practices:

- With few exceptions, the prohibited practices apply to anyone collecting or attempting to collect a debt (including an organization collecting its own debts).
- There are detailed restrictions on harassment, disclosure, misrepresentation, and communication with debtors (including acceptable days, times, persons, frequency and locations for communicating with debtors).
- No person may contractually waive or release their rights, benefits, or protections under the provincial legislation.
- There are significant potential penalties for non-compliance, including fines (sometimes up to 3 times the amount of the debt), director and officer liability, and (in some provinces) imprisonment.
- It can be an offense for an organization to engage an unlicensed collection agency.

USEFUL RESOURCES

Government of Canada

- [Dealing with a Debt Collector](#)

Provincial Governments

- AB: [What Creditors Can Do If You Don't Pay](#)
- BC: [Debt Collection](#)
- MB: [Collection Practices](#)
- NL: [Collection Agencies](#) and [Frequently Asked Questions](#)
- NS: [Collectors](#)
- ON: [Collection Agencies](#)
- PEI: [Collection Agencies – Rights and Responsibilities of Consumers](#)
- QC: [Recouvrement de dettes par une agence \(French only\)](#)
- SK: [Problems with Collection Agencies](#)

Things to do

- Determine whether your collection activities trigger any licensing requirements.
- Determine which requirements apply to your activity (by determining, for example, in which province the activity takes place and who's doing the collecting).
- Ensure that you have processes and procedures in place to avoid prohibited practices.
- Provide proper training to your collections staff to avoid prohibited practices.

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