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## Newsroom & Publications

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## Brochures and Pamphlets

### A Consumer's Guide to Collection Agencies

There are many reasons people don't pay their debts—financial setback, poor repayment habits, overspending or sometimes they're just not happy with a product they bought.

Whatever the reason, it's important to communicate with the person who is owed money. When creditors understand the problem, chances are they will work out a reasonable, manageable way for the consumers to repay debts.

On the other hand, consumers who don't co-operate with their creditors may find their accounts turned over to collection agencies.

#### What is a collection agency?

A collection agency is an organization that obtains or arranges for payment of money owed to a third party; this could be a person or a company.

#### Why do businesses use collection agencies?

Collection agencies provide a service to businesses that:

- are too small to have a collection department of their own
- lack the expertise to collect the money themselves
- want to protect their company image
- think a collection agency will get faster results.

#### How do I deal with collection agencies?

If you've been notified in writing that an account has been turned over to a collection agency, don't panic. The agency isn't in business to make life unbearable for you—its management just wants to collect the money you owe its client.

#### What should I do?

- If possible, pay the money you owe. You won't have to deal with the agency once the account has been cleared.
- If it's impossible for you to pay the full amount at once, contact the agency, explaining why. Offer some alternative method of repayment, either in a lump-sum or a series of monthly payments. Follow up in writing and, if possible, enclose

a good-faith payment.

- Never send cash. Always make payments in such a way that you have a receipt — either a cancelled cheque from your own bank or a receipt from the agency.
- Once the account has been officially turned over to a collection agency, you'll be dealing only with that agency when making arrangements for payment. Don't contact the original creditor—this just creates confusion—unless there's an error in the account. If that's the case, advise both the creditor and the collection agency.

**Remember:**

- Your attitude towards paying the debt has a lot to do with how co-operative the agency will be. For example, when making payments to the agency, be sure not to bounce cheques and miss payments. However, if your financial circumstances change, contact the collection agency and explain your current status and follow up in writing.
- Debts should not be treated lightly. They can result in court action, which could lead to money being taken from your paycheque (garnishee) or seizure of your assets.

**If I feel I'm being treated unfairly by a collection agency, what can I do?**

The Collection Agencies Act sets out a code of ethics for Ontario's collection agencies.

Ontario's consumer ministry worked with the industry to put this law into place to be sure all collection agencies and collectors follow the same set of rules. The public also has a better understanding of what collection agencies can and can't do. The regulations forbid collection agencies from:

- trying to collect a debt without first notifying the debtor in writing, at the debtor's last known address, that they have been assigned to the account
- recommending or initiating legal or court action on the collection of a debt without first notifying the debtor and obtaining the creditor's written permission
- making telephone or personal calls of such a nature or frequency to constitute harassment of the debtor or the debtor's family
- calling to collect a debt on a Sunday, statutory holiday or before 7 a.m. and after 9 p.m.
- implying or giving false or misleading information to any person that could damage the debtor or debtor's family
- demanding payment of a debt without giving the name and authority of the creditor, the collector and the balance of the money owed
- continuing to demand payment from a person who claims not to owe the money, unless the collector has tried every way to ensure the person actually is the debtor
- taking over a debt from a creditor without first advising the debtor.

**Also:**

Collectors are not, generally, allowed to contact a debtor's friends, employer, relatives or neighbors for information other than the debtor's telephone number or address. The only exceptions are contacting a person about a debt they've guaranteed to pay for the debtor or contacting an employer about payment connected with a wage assignment or

a court order, or to confirm employment.

If you believe any of the above regulations have been breached by a collection agency, contact the head of the agency. If you're still not satisfied, contact the ministry at (416) 326-8555 or 1-800-268-1142.

### Financial problems?

If your financial problems are getting out of hand, you should consider contacting a credit counselling service for help.

Assistance is offered, in many cases for a nominal fee, by member agencies of the [Ontario Association of Credit Counselling Services](#). Credit counselling, available from more than 27 member agencies across the province, helps more than 20,000 Ontarians a year find the road to financial health.

For the telephone number of the Credit Counselling Service nearest you, call toll free 1-888-746-3328.

### Be an informed consumer

The Ontario Ministry of Consumer and Business Services has published a number of other booklets covering a wide range of consumer topics.

For further information or to obtain copies of the ministry brochures call or write to:

General Inquiry Unit  
Ministry of Consumer and Business Services  
250 Yonge Street  
Toronto ON M5B 2N5

(416) 326-8555  
1-800-268-1142  
TTY (for the hearing/speech impaired) (416) 326-8566  
E-mail: [InfoMGS@mgs.gov.on.ca](mailto:InfoMGS@mgs.gov.on.ca)

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Telephone Service: For general ministry information, call (416) 326-8555 or Toll free 1-800-268-1142 (in Ontario).

For consumer information and advice: (416) 326-8800 or Toll free 1-800-889-9768.  
TTY/Teletypewriter users only: (416) 325-3408 or Toll free 1-800-268-7095.

Please send your comments, feedback and inquiries to: [InfoMGS@mgs.gov.on.ca](mailto:InfoMGS@mgs.gov.on.ca)

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