

by Bruce M. Lantz

Collection agencies have been around as long as property ownership and capitalism. Almost everyone is forced to deal with these organizations and everyone has an opinion about them.

Such agencies are considered to be a necessary evil that performs a function — keeping people honest toward debt payment. The GAZETTE disagrees that this is a necessary function, for it will exist only as long as individual property ownership, but we feel that people must know how to deal with them until such time as they are forced out of existence.

With this in mind we print some facts and figures and hopefully dispel a few fallacies.

The middle and lower classes are most frequently caught in the collection web; the lower classes find that they must overspend to maintain a decent standard of living, while the middle classes frequently over-reach because they are so absorbed with trying to "keep up". According to most agents the upper classes are rarely hassled because they "can make it difficult for us". They have the control and it is not worth it for an agency to push them too far.

Students are often the easiest prey for collection agents because, when the student refuses to make his payments, the agency can go to the parents, who fear to see their child involved in court actions and pay the bill themselves.

The primary customers of collection agencies are large companies; eighty per cent of their business is solicited through agency salesmen and usually continues for several years. The rate that agencies charge varies from 12 1/2 to 75 per cent, but is always larger for individual accounts than for companies; the individual charge is usually over 50 per cent.

"We can give lower rates to companies because they will be coming back to us where the individual only may use us once. With companies we make more in the long run", stated one former agent for the Federal Collection Agency in Halifax.

The standards that must be met by prospective agents vary with the company, but most ensure that the agent is aware of the legal restrictions and loopholes. Two basic requirements are the "gift of gab" and quick reaction and response. There is usually one "heavy" in the office as "people sometimes come in just to cause trouble".

The successful agent (who is often required to collect \$2000 per week) must be impersonal, able to detect lies and must be able to play upon the moral conscience of the debtor without actually condemning them. Such people are not the norm, but if one oversteps his legal grounds and any action ensues, the agency refuses to lend any support. Apparently this does not serve as a total deterrent; the game is to collect the required amount of money without getting caught.

The agents are given two weeks of on-the-job training, part of this training consists of calls to another agent who pretends he is a debtor with great knowledge of legal technicalities. With the manager listening on another phone the new agent handles the situation as though it were a real one and is evaluated on this basis.

There are three standard speeches which are taught: the collection agent, the legal department and the processing department. There are no such departments and the calls are all made by the same person. He pretends in each case that he has just come

Are you being hassled?

on the case and that he is "doing you a personal favor by giving you one more chance". By impressing the debtor with the fact that his (the agent's) job is on the line over this, he arouses compassion and usually payment.

A good agent will collect payments through eight out of every ten phone calls. One more may go to court and another is usually set aside in the "dead-beat" file, which is reviewed every six months for seven years.

After this time (according to law) bills need not be paid. During the time your case is in this file, it may be examined by anyone to determine your credit rating, at the discretion of the company. Standard procedure in collections involves alternating a notice with a phone call, with each one more strongly worded than previously.

Physical coercion is out as a method of collection, although there are no stringent regulations regarding the threat of such force. The agent may not be slanderous or accuse you of previous offences. Although Nova Scotia is one of the provinces where a collection agent may call you at work, he may not endanger your job by doing so. If you are called away from the phone he must hang up and refrain from repeated calls.

Everyone should know the lengths to which a collection agency is prepared to go and the methods for stalling and outwitting them. However, failure to make payment will result in damage to your credit rating. Even the smallest bill can ruin a credit rating, and national companies ensure that this is known in every province and often internationally (the federal collection agency is a good example).

Agencies can have you summoned from another area, whether or not they have a branch office in that location. If you must return to face court action then you must pay your own travel expenses as well.

A common method of tracing is to pose as a school friend who is only in the area for a short time. In such cases parents are usually quite willing to give the "friend" your present address. When talking to anyone other than the debtor they are not required to identify themselves as agents.

One thing to remember when dealing with collection agencies is that they never take action for a bill under \$300; court costs make such action impractical. The final decision regarding court action is made by the client not the agency, but they usually drop the matter unless it is of great significance to them. However, although the loser must pay court costs (the agency usually wins in court) the company must pay its lawyers.

It is common for an agent to tell a debtor that a summons has been issued for failure

to pay a bill and that the agency is holding off to give you a last chance to pay. This is always possible, for the agency makes out the summons, but highly unlikely. It is just an efficient way to coerce an individual to make payment.

Threats of taking furniture in lieu of payment are also groundless, unless the bill was incurred through the purchase of furniture. Then the agency may only reclaim the goods that were purchased.

No agent is permitted to inform your employer of your status except on request, and may not attempt to take any portion of your wages — except upon written authorization of the courts. Even in this case they must allow you sufficient money to live.

It is unwise to declare bankruptcy when confronted with a collection suit, because this means that you may never own anything again; the only exception is a married woman who will never own anything of her own. As soon as you purchase something or begin to work, you will be called upon to make payments.

There are certain things that may be done to get out of payments. You may stall by asking for itemized accounts of your bills, you may move (forcing them to start the process again), you may continue to promise payment if you have good reason for them to wait (this is a short-term defence), or you may pull the summons/ payment trick.

You wait until a summons is actually delivered, then rush to the agency and pay them a nominal sum on the account. When you go to court, the case will be thrown out because the owed amount shown on the summons will be incorrect. Thus another summons and trial will be necessary and the same trick may be pulled again. Again this can only be done for a short time before they catch on.

Cancellation of the account is much more difficult. Death may be proven through phoney obituaries and/ or the statement of someone else to that effect. The same holds for mental incapacity or a physical impairment that prevents working to earn money.

It is also possible to prove that you cannot pay (i.e., if you're on welfare) for a period of seven years.

The most important thing to realize is that you are dealing with a professional who has heard most of the stories that could be invented, and knows how to get around them. You must be convincing and very, very sharp to ensure that your rights are observed. If the agency can be made to feel that it is not worth their while to pursue the collection — you have won a small victory.

Of course the thing to do is to avoid credit cards and the companies that encourage crediting and loans. Collection agencies are the police force of large-scale capitalism and as such deserve no support from those they rob: all of us.

The following is a list of collection agencies in Halifax/ Dartmouth, as rated by a former collection agent in this area.

- (1) Financial Collection Agencies Ltd.
- (2) Halifax Credit Bureau Ltd.
- (3) Collection Control Ltd.
- (4) Metropolitan Credit Services Ltd.
- (5) Credit-Aid
- (6) Allied Collection Agencies Ltd.
- (7) Apex Collection Service
- (8) Eastern Investigating Bureau
- (9) Creditel of Canada Ltd.
- (10) Robert M. Douglas

The Dalhousie Gazette

CANADA'S OLDEST
COLLEGE NEWSPAPER

The Dalhousie GAZETTE, a member of Canadian University Press, is the weekly publication of the Dalhousie Student Union. The views expressed in the paper are not necessarily those of the Student Union or the university administration. We reserve the right to edit or delete copy for space or legal reasons. Deadline date is the Friday preceding publication.

Co-Editors: Bruce M. Lantz
Glenn Wanamaker 424-2507
Advertising and Business Manager:
Jim Tesoriere 424-2507
General Calls: 424-2350
Room 334 — Student Union Building