

## BACKGROUNDER: DEBT COLLECTION IN BC

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### OVERVIEW

Consumer Protection BC is responsible for regulating and enforcing BC's laws that address the business practices of debt collectors, bailiffs and debt repayment agents. Whether operating in BC or communicating with BC consumers, all debt collectors, bailiffs and debt repayment agents are required to be licensed with Consumer Protection BC and meet the requirements of the [Business Practices and Consumer Protection Act](#) and the [Debt Collection and Repayment Regulation](#). These laws are in place to protect consumers a variety of ways, including regulating communication practices and safeguarding consumer money.

### THE DEBT COLLECTION LAW IN BC

BC's debt collection laws, administered by Consumer Protection BC, speak to the responsibilities of debt collectors as well as to consumer rights. These laws are in place to ensure debt collectors treat consumers in a fair manner, following set communication rules and procedures. For example, debt collectors are prohibited from harassing debtors and must follow specific collection practices (such as calling only at permitted hours). It's important to know that these laws apply to debt collectors who are located in British Columbia as well as to debt collectors who are contacting BC consumers about debts owed.

Effective April 1, 2016, BC's debt collection law was amended to reflect the present-day collection and credit industry and align with other Canadian jurisdictions. Its name was also changed to the Debt Collection and Repayment Regulation to include the licensing and regulation of the debt settlement sector. The law now collectively refers to debt poolers and debt settlers as "debt repayment agents".

### 2014 - 2016: DEBT COLLECTION BY THE NUMBERS

*\*Please note that both the 2014 and 2015 statistics do not capture the debt settlement industry as they weren't regulated prior to April 1, 2016.*

#### **Licensed places, activities and occupations:**

- 2014: 4,689 BC-licensed debt collection agencies, collectors, or bailiffs.
- 2015: 4,410 BC-licensed debt collection agencies, collectors, or bailiffs.
- 2016: 4,324 BC-licensed debt collection agencies, collectors, repayment agents or bailiffs.

#### **Consumer inquiries:**

- 2014: 1,729 inquiries about the debt sector, representing 17% of all calls and emails (10,079). Topics of interest included general inquiries (23% of debt sector-related inquiries), debt in dispute (22%) and frequency of calls (17%).
- 2015: 1,258 inquiries about the debt sector, representing 14% of all calls and emails (8,777). Topics of interest included general inquiries (29% of all debt sector-related inquiries), debt in dispute (17%) and collector behaviour (13%).

- 2016: 1,388 inquiries about the debt sector, representing 13% of all calls and emails (10,882). Topics of interest include collector behaviour (17% of debt sector-related inquiries), general inquiries (16%) and debt in dispute (12%).

#### ***Investigations:***

- 2014: For the 37 debt-related files that concluded with an outcome, voluntary compliance was achieved 43% of the time (16 instances); topics of investigation included communication with debtor, licence requirements and collection for a person not liable for the debt; and enforcement action was taken 57% of the time (21 instances).
- 2015: For the 19 debt-related files that concluded with an outcome, voluntary compliance was achieved 68% of the time (13 instances); topics of investigation included licence requirements, communication with a debtor, and false or misleading representations; and enforcement action was taken 32% of the time (6 instances).
- 2016: For the 17 debt-related files that concluded with an outcome, voluntary compliance was achieved 59% of the time (10 instances); topics of investigation included licence requirements, communication with a debtor and false or misleading representations; disclosure requirements; and enforcement action was taken 41% of the time (7 instances).

### **BUSINESS OBLIGATIONS OVERVIEW**

By law, debt collectors operating in BC or communicating with BC debtors:

- Must not call on a statutory holiday or place a collect call to a debtor.
- Must not continue to contact a consumer if the debt has been properly disputed.
- Must not ask for money be sent in a way that costs the debtor money (i.e. registered mail).
- Must not continue to contact a debtor by telephone if the debtor has properly requested communication in writing only.
- Must not give the debtor a document made to look like an official court document when it isn't.
- Are only allowed to contact a consumer's employer for the sole purpose of confirming the consumer's employment status, title and business address in preparation for a legal proceeding to take place (or if the consumer has given permission).
- Are permitted to take legal action against a debtor.
- Can use email to communicate with debtors.

### **CONSUMER RIGHTS OVERVIEW**

By law, BC consumers:

- Have the right to request communication in writing only, putting a stop to telephone calls from debt collectors.
- Have the right not to be contacted about a debt that isn't theirs.
- Have the right to dispute a debt they feel they do not owe.

## CONSUMER TIPS

- 1. Understand your responsibilities.** If you get a call from a debt collector, we suggest you answer the phone and talk to the person on the other end as ignoring the calls will not make the problem go away. When you speak to the debt collector, remember you have the right to receive details about the debt. It's important to remember that debt collectors are allowed to contact you about the debts you owe (once the debt is due and payable, not before).
- 2. Put a stop to the calls.** Getting repeated calls about a debt can be stressful. By law, you can request that a collection agency only contact you in writing only. For more information visit, Consumer Protection BC's [How to Make a Complaint page](#) and access the Request for Communication in Writing Only form. (Please note that this does not change the status of your debt.)
- 3. Know where to go for help.** Consumer Protection BC licenses and regulates debt collectors within the province. If you have questions or want to file a complaint, please visit [www.consumerprotectionbc.ca](http://www.consumerprotectionbc.ca) or call 1-888-564-9963.

## ENFORCEMENT ACTIONS

All recent enforcement actions can be found online, on Consumer Protection BC's website, [www.consumerprotectionbc.ca](http://www.consumerprotectionbc.ca), and under the [Recent Enforcement Actions page](#).

## FOR MORE INFORMATION

Visit [www.consumerprotectionbc.ca](http://www.consumerprotectionbc.ca) for more information for both consumers and regulated businesses. Additional statistical information may also be available in Consumer Protection BC's [annual reports](#). Consumer Protection BC also provides up-to-date information on [Facebook](#), [Twitter](#) and [the corporate blog](#).

Questions or complaints can be directed to Consumer Protection BC's Inquiry Centre at, toll free, 1-888-564-9963 or [info@consumerprotectionbc.ca](mailto:info@consumerprotectionbc.ca).