

## LICENSED INDUSTRY OVERVIEW: DEBT REPAYMENT 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 in a variety of ways, including regulating communication practices and safeguarding consumer money.

### THE DEBT REPAYMENT LAW IN BC

Consumer Protection BC administers BC’s debt repayment laws, which include licensing and regulating debt repayment agents (defined as anyone who charges a fee to negotiate with a creditor on behalf of a debtor). The law speaks to the business practices of debt repayment agents and requires agents to follow specific rules about how the debtor’s money is handled. For example, if a debt repayment agent collects money from a debtor to pay a creditor, the agent has five days to deposit it into a trust account.

### 2020 - 2022: DEBT COLLECTION AGENCIES, COLLECTORS, REPAYMENT AGENTS OR BAILIFFS BY THE NUMBERS

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

BC-licensed debt collection agencies, collectors, repayment agents or bailiffs	2020	2021	2022
	3,895	3,130	3,210

#### *Consumer inquiries:*

- 2020: There were 868 inquiries about the debt sector, representing 6% of all calls and emails (15,423). Topics of interest included:
  1. Debt in dispute (23% of debt sector-related inquiries)
  2. Collector behaviour (16%)
  3. General inquiry (10%)
  4. Follow up on written communication only requests (9%)
- 2021: There were 931 inquiries about the debt sector, representing 8% of all calls and emails (10,923). Topics of interest included:
  1. Debt in dispute (24% of debt sector-related inquiries)
  2. Collector behaviour (21%)
  3. Frequency of calls (10%)
  4. Collectors contacting non-debtor (8%)

- 2022: There were 795 inquiries about the debt sector, representing 9% of all calls and emails (9,314). Topics of interest included:
  1. Collector behaviour (33% of debt sector-related inquiries)
  2. Debt in dispute (28%)
  3. Frequency of calls (8%)
  4. Collectors contacting non-debtor (6%)

#### **Investigations:**

- 2020: There were a total of 11 debt-related investigation files. Of those, 7 files concluded with an outcome and 3 files were incomplete, unfounded or referred elsewhere. Of those 7 files with an outcome, 1 enforcement action was taken, and voluntary compliance was achieved in 6 cases.
- 2021: There were a total of 27 debt-related investigation files. Of those, 15 files concluded with an outcome and 12 files were incomplete, unfounded or referred elsewhere. Of those 15 files with an outcome, 7 enforcement actions were taken, and voluntary compliance was achieved in 8 cases.
- 2022: There were a total of 10 debt-related investigation files. Of those, 3 files concluded with an outcome and 7 files were incomplete, unfounded or referred elsewhere. Of those 3 files with an outcome, 2 enforcement actions were taken, and voluntary compliance was achieved in 1 case.

Contraventions when enforcement action was taken	2020	2021	2022	Total
	<b>1</b>	<b>7</b>	<b>2</b>	<b>10</b>
Harassment of the debtor	0	0	1	1
Continuing to contact the debtor despite communication in writing only request	1	1	1	3
Communication with people who are not the debtor	0	2	0	2
Debt collection from people who are not the debtor or collecting the excess amount	0	1	0	1
Use of false or misleading information and misrepresentations	0	1	0	1
Operating without a licence	0	1	0	1
Not submitting an annual financial statement	0	1	0	1

## **BUSINESS OBLIGATIONS OVERVIEW**

By law, debt repayment agents in BC:

- Must use written contracts that include specific information (such as a list of all fees that will be paid by the debtor to the debt repayment agent, the methods that will be used to arrange or negotiate the settlement of the debt and detailed information about the payments that will be made to the debtor's creditors).
- Must not charge up-front fees until a repayment proposal has been agreed to by both the debtor and at least one of the debtor's creditors.
- Must account for and pay any money collected from the debtor to the proper creditor within a specific time frame.

- Cannot give money or credit to a debtor or help a debtor with getting a loan.

## CONSUMER RIGHTS OVERVIEW

By law, BC consumers:

- Have the right to communicate directly with their creditors.
- Do not have to pay fees that are [more than what is allowed by law](#).
- Have the right to full information about the status of their debts. For example, if a creditor refuses to accept a negotiation or settlement, the debt repayment agent must share this information with the consumer within 30 days.

## CONSUMER TIPS

- 1. Be aware of upfront fees.** Remember: you can't be charged any money upfront until there is a written agreement with at least one of your creditors.
- 2. Understand what a debt repayment agent is.** Anyone who charges a fee to negotiate with a creditor on behalf of a debtor needs to be licensed by Consumer Protection BC and follow certain rules.
- 3. Check licensing status.** Visit [www.consumerprotectionbc.ca](http://www.consumerprotectionbc.ca) to ensure the debt repayment agent you're working with is licensed.

## ENFORCEMENT ACTIONS

To maintain the integrity of our investigative processes, we do not share detailed information about open files. Visit the [Enforcement Actions section of our website](#) to explore our recent licensing and enforcement actions.

## FOR MORE INFORMATION

Explore [www.consumerprotectionbc.ca](http://www.consumerprotectionbc.ca) for more information for both consumers and regulated businesses. Additional statistical information is also available in our [Annual Reports](#). We also share information and consumer tips on [Facebook](#), [Instagram](#), [YouTube](#) and in [our corporate blog](#).