

Feature: Collection Matters

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On January 1st 2004, two very important pieces of legislation came into effect. These new laws have an impact on the way you should deal with customers when you are granting them credit.

Limitations Act, 2002

As of January 1st 2004, the Limitations Act has been changed from six years to two years. This means that if you grant credit to a person or entity and you do not take steps to recover the amount owing to you within two years of acknowledgment of the debt by your customer, then your customer may be legally exempt from payment. To read the details of this new legislation, see the following website:

http://www.e-laws.gov.on.ca/DBLaws/Statutes/English/02124_b_e.htm.

It is now more important than ever to place your accounts for collection quickly when payment becomes a problem.

The Personal Information Protection and Electronic Documents Act

It establishes the following principles to govern the collection, use and disclosure of personal information: accountability, identifying the purposes for the collection of personal information, obtaining consent, limiting collection, limiting use, disclosure and retention, ensuring accuracy, providing adequate security, making information management policies readily available, providing individuals with access to information about themselves, and giving individuals a right to challenge an organization's compliance with these principles.

Under the PIPEDA, your company or organization will be required to:

Obtain the individual's consent when you collect, use or disclose personal information, except in some circumstances, such as

information needed for an investigation or an emergency where lives or safety are at risk.

With the implementation of this legislation on January 1, 2004, it is important that your organization obtains your customer's consent to collect and use personal information about your customer. Your customer's name and address is not considered personal information, however, birth dates and SIN numbers are considered personal information. *The best place to obtain your customer's consent is likely on your credit application form or any other application form used in connection with selling your customer goods or services. We recommend that you add a phrase such as the following in any customer application.*

"The undersigned hereby consents to the collection and use of personal information about me in accordance with The Personal Information Protection and Electronic Documents Act."

An organization may disclose personal information without the knowledge or consent of the individual only if the disclosure is... among other things...

...for the purpose of collecting a debt owed by the individual to the organization;

To read the details of this new legislation, see the following website:
http://www.privcom.gc.ca/legislation/index_e.asp.

There is no doubt that the world is becoming more complex when it comes to dealing with customers to whom you grant credit. For this reason, it is important that you hire trusted companies with experience to assist you in recovering delinquent accounts. Credit Bureau Collections Ltd. has been serving the creditor community for over twenty years and we keep abreast of today's changing environment.

We Collect Accounts.