

# Credit Counselling Society Presents

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## Financial 1<sup>st</sup> Aid for Service Providers

[nomoredebts.org](http://nomoredebts.org) | [mymoneycoach.ca](http://mymoneycoach.ca)

We Help. We Educate. We Give Hope.



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[mymoneycoach.ca](http://mymoneycoach.ca) | 1.888.527.8999 | [nomoredebts.org](http://nomoredebts.org)



# Top Reasons We See for Financial Trouble

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1. Unemployment / Underemployment
2. Excessive use of Credit or Using Credit for Living Expenses
3. Injury / Illness
4. No Budget / Lack of Financial Education
5. Separation / Divorce and Family Expenses
6. Failed Business/Used Credit for Business Expenses
7. High Housing Costs

# Agenda



- Signs of financial crisis
- Basic rights and responsibilities
- Collection practices
- Dealing with debt
- Call to action

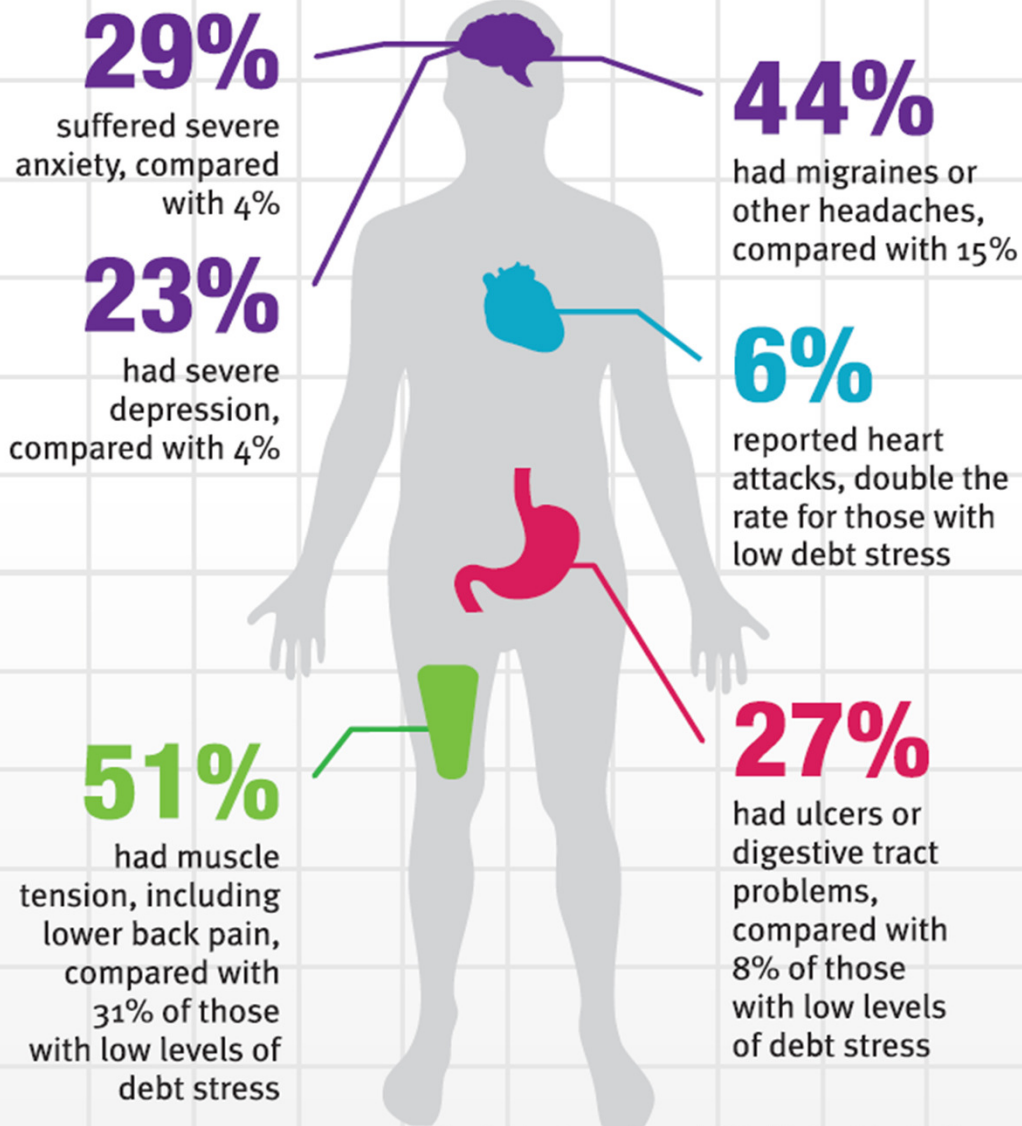
# Objectives



By the end of this session, you will be able to:

- Recognize the signs of financial distress
- Provide information to clients on their rights and responsibilities regarding their debts
- Find the resources you need to support your clients

## People with high debt stress



Credit: Employee Financial Well-being / Frank Wiggnton

# Signs and Symptoms



- Declined for any type of loan or credit request
- Collection calls
- Non-sufficient funds (NSF) fees
- Considered or has taken a payday loan
- Extremely stressed about money, losing sleep and affecting other parts of life

# Actions Consumers Take



- High interest consolidation loans
- Payday loans
- Cash chequing stores
- Opening credit for someone else
- Ignoring communication with creditors
- Falling victim to scams



# Cheque Cashing Stores



- Will cash a customer's cheque for a fee (typically 3%)
- Customers can be easily tempted into getting a payday loan at the same place

E.g., \$1000 cheque will cost  
 $\$30 \times 26 \text{ paydays in 1 year} = \$780$

# Banking



- Consumers have the right to open a bank account even if:
  - They don't have a job
  - Don't have money to put into account
  - They have been bankrupt
  - Exceptions include being a suspect of a crime related to any bank (e.g. fraud), harassing or threatening a bank employee, or false ID

# Interest Rate Comparison



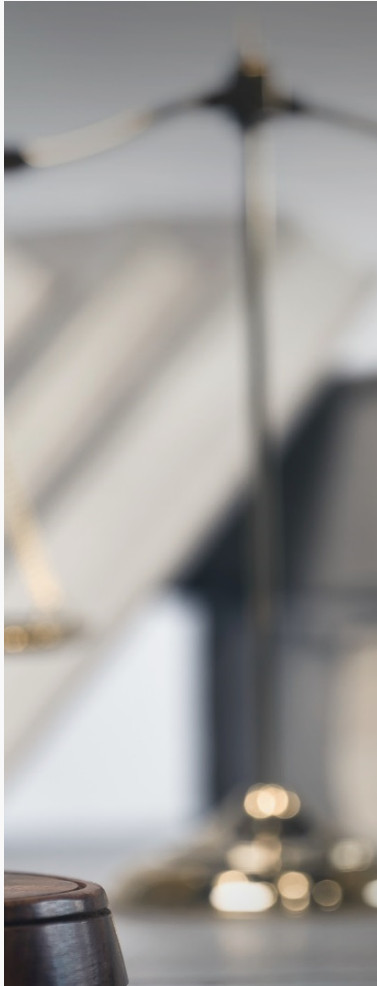
- Line of Credit: 2% - 20% APR
- Credit Cards: 0% - 40% APR
- Bank Overdraft: 21% APR
- Pay day loans: 15% (over 2 weeks)
  - Converted to APR = 390%

# Desperate Measures



- Loan Sharks
  - [www.justice.gc.ca](http://www.justice.gc.ca)
- Cheque Kiting & Cheque Fraud
- Fraudulent loan applications, overdraft, and card fraud
- Money laundering
- Scams and Identity Theft
  - [www.canada.ca/en/services/finance/fraud](http://www.canada.ca/en/services/finance/fraud)

# How to Report



- Report criminal activities:
  - To your local police department
  - Contact Canadian Anti-Fraud Centre
    - 1-888-495-8501
    - [www.antifraudcentre.ca](http://www.antifraudcentre.ca)

# Collection Agencies: Rights



- They are approved to try to collect on a debt in default
- They can make contact at certain times of day with:
  - The consumer, family, friends or employer
- They want to establish contact and get current contact information

# Collection Agencies: Rights

Province	Monday to Friday	Saturday	Sunday	Statutory Holiday
<b>Alberta</b>	7 am – 10 pm	7 am – 10 pm	7 am – 10pm	<b>7 am – 10pm</b>
<b>BC</b>	7 am – 9 pm	7 am – 9 pm	1 pm – 5 pm	<b>Cannot call</b>
<b>Manitoba</b>	7 am – 9 pm	7 am – 9 pm	No calls	<b>Cannot call</b>
<b>Ontario</b>	7 am – 9 pm	7 am – 9 pm	1 pm – 5 pm	<b>Cannot call</b>
<b>Saskatchewan</b>	8 am – 9 pm	8 am – 9 pm	No calls	<b>Cannot call</b>

# Collection Agencies: Responsibilities



- Cannot collect more than is owed
- Must have a valid debt collection agent license
- Must not call on a debt disputed in writing, or, where a request to only be communicated in writing is made
  - Must provide mailing information to debtor



# Unreasonable Collection Practices



- Charges or threats
  - unrelated to collecting the debt
  - abusive calls
  - anything that causes distress or humiliation
- Asking employer for more than confirmation of:
  - employment
  - contact information
- Giving alleged court documentation

# What to Do



- Stay calm
- Speak to a manager
- Contact provincial consumer protection agency
- Send a letter requesting communication in writing
  - Provincially-based

# Creditor Protected Assets



- Assets generally protected against creditor collection actions
  - Registered retirement savings (RRSP)
  - Deferred profit sharing plan (DPSP)
  - Pensions
  - Life Insurance
- Funds withdrawn from these assets are no longer protected

# Creditor Protected Income



- Income provided by government to ensure your well being:
  - Canada Pension Plan and Old Age Security
    - Both could be accessed by CRA in the event of tax arrears
  - Guaranteed Income Supplement (GIS)
  - Social Assistance
  - Government Disability payments\*

# Seize and/or Sue



- Every province has their own Seize/Sue law regarding secured debts
- In Seize or Sue provinces (BC, MB), a creditor will either seize the asset (e.g. vehicle) OR sue the consumer
- In Seize and Sue provinces (AB, SK, ON), a creditor will seize the asset, sell it and sue the customer for the difference

# Statute of Limitations



- Laws that prescribe the period of time a creditor is able to pursue certain types of legal action
  - Can be “restarted” by certain actions associated with the debt by:
    - paying even \$1
    - verbally acknowledging the debt
- Statutes vary by province

# Call to Action



- If a legal action or judgement has been made, seek advice as soon as possible from:
  - Provincial legal aid service
  - Non-profit credit counsellor

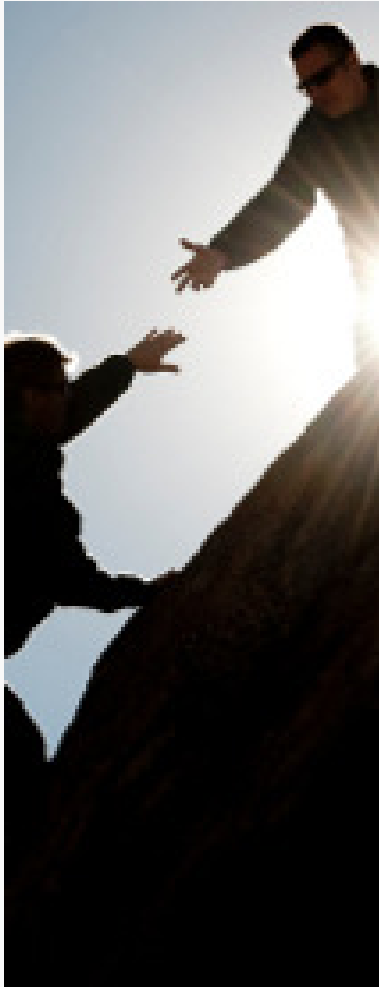
# Dealing with Debt



- Consider the current circumstances
- Do NOT ignore the debt!
- Seek reliable advice about the debt
- There are more options if help is requested sooner rather than later



# Actions a Consumer Can Take



- Communicate with creditors
- Change bank account if right of offset applies
- Establish a relationship with a bank
- Find ways to increase income
- Get help by speaking to a credit counsellor at a non-profit agency

# Right of Offset



- Creditors have the right to offset your bank account if you're behind on credit card payments
  - E.g., CIBC Visa can offset a customer's CIBC bank account for payment
- Creditors can only offset their own accounts
  - E.g., CIBC Visa cannot offset a BMO account

# Self-Administered



- Talk to your financial institution
- Consolidation loan, refinance mortgage
- Ask for lowered interest
- Ask family and friends for help
- Sell assets

# Insolvency



- A legal process in which you receive relief from your debts
- Required to surrender certain assets
- Can include some government debts
- It is not free
- May be required to make payments
- Impacts your credit negatively for a period of time and leaves a permanent record

# Debt Management Program



- A voluntary repayment agreement between you and your creditors
- Creditors reduce or eliminate interest
- Unsecured debts are consolidated in a single monthly payment
- Has a temporary impact on your credit with no permanent record

# Seeing a Credit Counsellor



- Appointments can be in person or via phone
- You will receive a full, financial analysis
  - Income, assets, liabilities, monthly expenses and debts
- Your counsellor will review your options

# Finding the Right Advice



- Not all help is in your best interest
- Watch for predatory practices
  - Debt settlement companies
  - Debt brokers
- Not all help is free
- Look for an accredited member of Credit Counselling Canada

# Call to Action



- Determine what the situation is
- Provide information on rights and responsibilities
- Refer to the Credit Counselling Society or another non-profit credit counselling agency



# When to Refer to CCS



- Does the client have non-creditor protected income?
- Can the client repay the debt?
- Is the client in a financial crisis?
- Is there a question you can't answer?

# Conclusion



Now you are able to:

- Recognize the signs of financial distress
- Provide information to clients on their rights and responsibilities regarding their debts
- Find the resources you need to support your clients
- Free tools and resources available at: [mymoneycoach.ca](http://mymoneycoach.ca)

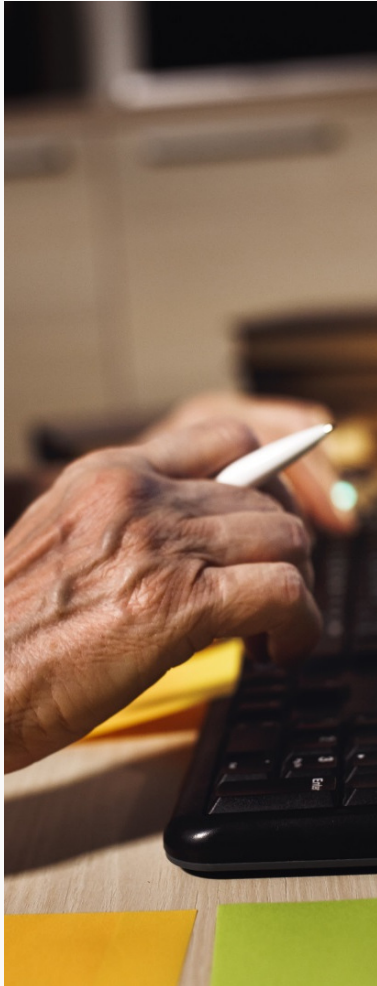


# ADDITIONAL RESOURCES

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Some helpful  
resources for  
you to get  
started

# Learn More



## #LearnWithCCS

 Facebook - @MyMoneyCoach.ca

 Twitter - @MyMoneyCoach\_ca

 Instagram - @MyMoneyCoach

- Sign up for our monthly newsletter
- Check out our social media for daily tips/articles
- Subscribe to our blog
- Follow us on Social Media

# How We Help



Book a free financial consultation with  
one of our Credit Counsellors

**1-888-527-8999**

Message us through our online chat

**[nomoredebts.org](https://nomoredebts.org)**