



THE CONSUMER PROTECTION ACT DEBT COLLECTING

The Consumer Protection Act prohibits businesses from misleading and deceiving consumers. It says you must not make a false or misleading representation about your or anyone else's rights.

Section 13(j) states:

*"A person shall not in trade or commerce as a supplier make false or misleading representations concerning the **existence**, **exclusion**, or **effect** of any condition, **warranty**, **guarantee**, **right**, or **remedy** relating to goods or services".*

As a business:

If you wish to recover additional costs from your customers in the event they do not pay for goods or services you provided, you must inform them of these additional costs when they agree to the supply of goods or services. You could:

- display a notice clearly informing customers that they will be liable for collection fees and late payment fees if they do not pay for your services by the agreed date;
- Provide customers with a written explanation of your terms of trade when they order your goods or services. It should clearly explain that customers will be liable for collection fees and late payment fees if they do not pay within the specified time.
- Have customers endorse cheques agreeing to be liable for collection costs should the cheque be dishonoured.

A statement on an account sent after the service or goods have been provided is not enough to enable you to demand these extra costs.

As a debt collection agency:

Only demand additional costs where the business for which you act has expressly advised that their debtors were informed of these additional costs at the time they ordered the goods or services.

When acting on behalf of creditors ensure they understand the circumstances in which you can demand any additional recovery costs on their behalf.