

# Consumer FAQs

## **I am being contacted about a debt that does not belong to me. What should I do?**

When the debt collection agency was instructed to collect a debt, they may have been given incorrect or out-of-date information by their client. If you have been contacted by an agency, the first step we would suggest taking is to contact them and let them know that they have the wrong address/number/person. This can be done by:

- Returning any mail to the debt collection agency, with the envelope marked “not known at this address”.
- Calling the company directly. Please note that the company may require some additional information to help them verify that they have contacted the wrong person and to enable them to take the necessary steps to ensure that you do not receive further contact. This information will be requested purely to verify whether they have the correct person or not.

Alternatively, this may be the result of a mistrace, where a company has carried out tracing activity to locate the account holder but the information that they have obtained has led them to believe your contact details are those of the account holder. More information and guidance on how to deal with this can be found in our [Tracing information sheet](#).

If there is information that has led them to believe that you are the account holder, we would encourage you to engage with the company so that it can be addressed and corrected quickly.

The third possibility is that this is the result of fraudulent activity, where an account has been opened fraudulently using your details. If you believe this to be the case, alert the agency so that they can advise of the fraud investigation procedures of their client – it will be the client that needs to investigate this, because they were involved in the opening of the account, not the debt collection agency. You may also want to take a look at the [Action Fraud website](#) where you can report instances of fraud to the police.

## **How do I remove incorrect information connecting me to a person in debt?**

The FAQs section of our [Tracing information sheet](#) has useful guidance about how to correct any inaccurate information, as well as explaining how this may have been caused.

## **I have received a letter from a company that I have never heard of chasing me for a debt – can I trust them and how do I know that they are a legitimate company?**

If you are concerned about a company that has contacted you in relation to an outstanding debt, you can check whether they are members of the Credit Services Association (CSA) using the Members List section of our [website](#). Alternatively, you can contact the [membership team](#) to find out if a company is a member. Some debt collection agencies will also be registered with the Financial Conduct Authority (FCA) and you can find out how to check if they are at the following link:

### **[Financial Conduct Authority – consumer credit register](#)**

Please note that not all debt collection agencies will be registered with the Financial Conduct Authority, as registration depends on the type of debt you collect. Not all companies collect the same kind of debt, which means that not all companies need to be registered with the FCA.

Generally, creditors should provide notification to customers when they are passing an account to a debt collection agency (DCA), so that the customer can expect contact. However, there may be instances where the customer does not receive this notification for some reason, and it is therefore understandable that a customer may be confused or concerned by contact from a DCA. For this reason, you may want to use the above checks to see if the company is registered with a particular organisation.

You can be reassured that all CSA Members must sign up to our professional [Code of Practice](#). If a member is acting in breach of this, we have a complaints procedure available so that such allegations can be investigated. Those that are registered with the FCA must also comply with the [FCA Handbook](#), particularly their Rules for Consumer Credit.

### **Can my creditor sell my debt to a debt purchasing company?**

In accordance with the Law of Property Act 1925, a debt can be sold to a debt purchasing company. In order to confirm the sale, the purchasing company must provide the customer with a Notice of Assignment, a letter explaining what has been purchased. The debt purchasing company may then seek to recover the outstanding balance through their own collection company, or they may choose to outsource the recovery to a third party debt collection agency.

If the purchased account was defaulted, the purchaser will take over reporting information to the Credit Reference Agencies. This means that the default will change to their name and the original creditor should remove their default.

Although it may not seem like it, debt sale can be a positive thing if you are struggling to meet payments as purchasers have the flexibility and resources to come up with a payment plan to suit you and your own personal circumstances, providing peace of mind and a resolution that suits everyone. In some instances, they may also look at freezing interest and charges on the account to assist in the repayment (however, this may not always be the case).

Section 9 of the Association's Code of Practice sets out best practice for debt sale and debt purchase.

### **My debt has been sold, does this affect my rights?**

No, you have exactly the same rights against the purchaser as your original creditor.

### **I have read online that if I ignore a debt collection company they have no way of making me pay the debt that I owe – is this true?**

It is a common misconception that if you choose to ignore a debt collection agency's letter or phone call they will stop trying to contact you or that your outstanding debt will be written off. This is not the case and communicating directly with the debt collection agency is the quickest and easiest way to come to a resolution that suits you and your personal circumstances.

The debt collection agency contacting you will have a number of questions so, if possible, have any paperwork you have received available at the time of the call. If you are unclear at any time of what

is being asked of you there are a number of organisations who can provide you with [free and impartial advice](#).

### **If a debt collection company believes a person in debt lives at my address will my house be blacklisted?**

No, there is no such a thing as an address blacklist. All records are held against an individual's credit file. Even if your address is linked with a person who has had an outstanding debt this should not affect your ability to obtain credit.

### **Can a debt collection agency threaten me with legal action?**

A debt collection agency can inform a person with an outstanding debt of the consequences of non-payment, which may include legal action. Section 10 of the Association's Code of Practice sets out best practice for members considering (and carrying out) legal action.

Legal action is a legitimate method of recovering an outstanding balance however, many companies would prefer to reach amicable arrangements for repayment.

### **Can a debt collection agency enter my property and repossess goods?**

No, this is a common misconception and this is the action that an enforcement agent can take. Enforcement action and debt collection are completely different. Before goods can be repossessed by an enforcement agent a court judgment must have been granted. Many enforcement companies are registered with the Civil Enforcement Association (CIVEA) and more information can be found about them on their [website](#).

Debt collection agencies may send a doorstep collector to a property however, the doorstep /field collector is only there to discuss the outstanding balance and to try to arrange repayment. A doorstep/field collector is not an enforcement agent - they cannot repossess goods.

### **I think I have been mis-sold Payment Protection Insurance (PPI). Can my loan be written off?**

If your Payment Protection Insurance (PPI) has been mis-sold to you, you may be able to claim a refund for the monies paid for the PPI only. Therefore any loan amount would still be outstanding.

For more information please visit the [FOS website](#).

### **I note that the copy of the credit agreement must be a 'true copy', what does this mean?**

A true copy does not have to be an exact photocopy of the signed agreement. This is preferable if it can be located, however a reconstituted agreement for that product which includes the original terms and conditions from the time the loan was taken out would satisfy the requirements of the Consumer Credit Act 1974. This does not have to have your signature on.

### **Does the copy agreement have to be an exact copy of my agreement?**

No, please refer to the question above.

### **My creditor cannot provide a copy of the agreement and has now said they will write the debt off. However, they will not remove the default from my credit file or refund monies paid, is this correct?**

Yes. If a creditor cannot supply a copy of the agreement, the agreement is considered 'unenforceable'. However, this does not mean that the debt never existed. Reporting information, such as a default, to the Credit Reference Agencies is not considered 'enforcement' of the agreement and creditors will therefore continue to report defaults even if the agreement cannot be provided.

Similarly, payments made towards the debt are still valid payments. The failure to provide a copy agreement does not mean the debt did not exist and those payments are therefore legitimate and there is no obligation for them to be refunded.

### **What happens if no agreement was signed?**

Then no agreement needs to be provided. Not all debts require signed agreements. Debts such as utilities and overdrafts taken out before May 2010, or non-credit contracts do not require a signed agreement or do not fall under the Act which requires agreements to be given upon request. We do expect members to do their best to comply with reasonable requests for information.

### **I have sent in a Subject Access Request, what should I receive back?**

Any data the company holds about you should be returned. You will not be entitled to a complete history of the debt if the debt used to be or is currently owned by a different company.

If a company is acting as a Data Processor, they may ask you to submit your request to the Data Controller (their client), as the Data Controller has ultimate responsibility for the data.

The Information Commissioner's Office (ICO) has produced a [Code of Practice for Subject Access Requests](#) which will give an idea of what can be expected when submitting such a request.

### **I have received an arrears notice despite the fact that I have kept to my repayment arrangement with the debt collectors.**

If the arrears notice has on it 'this notice was sent under the Consumer Credit Act' or words to that effect then simply ignore it. It is a legal requirement for a creditor to send this notice based on the original contract and not any repayment arrangement.

## **I have received a notice of default sums despite the fact I have kept to my repayment arrangement with the debt collectors and/or the debt collectors have promised not to apply any default sums.**

If the default notice has on it 'this notice was sent under the Consumer Credit Act' or words to that effect then it may be the case that no sums have been added. It is a legal requirement for a creditor to send this notice based on the original contract and not any repayment arrangement. You should contact your creditor if this is the case to see if they are adding the charges. Even if they are not they will have to show them in future statements.

## **My debt was purchased; can I know how much it was purchased for?**

No, this is commercially sensitive information so purchasers are not obliged to divulge this. It is not the case that a debt purchased for less than the outstanding amount reduces; the full amount is still legally outstanding therefore knowing the purchase price does not make a difference.

## **What happens if a Member breaches the Code of Practice?**

A consumer or client can make an official complaint to the CSA. Details of the process can be found on the CSA website at the following link:

[Credit Services Association – Complaints Procedure](#)

## **How do I make a complaint?**

You can make a complaint by completing our [complaints form](#). Please ensure the last page is signed by the complainant. Please note that unfortunately the CSA cannot comment or act on complaints made by email or telephone - complaints must be made in writing, using the official CSA complaints form. Please also include copies of all relevant documentation as this will help us with our investigations.

## **I have repaid my debt to the original creditor but I am now being contacted by a debt collection agency. What should I do?**

If you have received contact from a debt collection agency about a debt that has already been repaid to the original creditor, making contact with the agency in the first instance to explain this would be the best approach. If you have evidence to support this (e.g. bank statement, letter from creditor confirming account settled), this would also be helpful to resolve the matter quickly, as the debt collection agency will probably need something to go back to their client with.

It may also be useful to contact the original creditor and ask them to inform the debt collection agency about the payment. The debt collection agency will be acting on the instruction of the original creditor, so the original creditor needs to notify them as soon as possible if the account has been repaid.

All members are expected to investigate valid disputes in accordance with our Code of Practice and should do so in such cases. If you believe that the member has not done so, you may wish to utilise the complaints procedure mentioned above.

# Contact us

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