



Credit Services Association

FACT SHEET 1

EMPLOYMENT AS A DEBT COLLECTOR:

Bad debts and late payment are one of the many causes of company failure in this country. UK firms normally trade giving 30 days credit, but may have to wait much longer to get paid.

Any business giving credit or running accounts is likely to be owed money beyond its normal credit terms. Debts can be owed by one business to another or by private individuals, for example, debts owed to credit card companies, mail order catalogues banks, etc.

Most credit grantors will, in the first instance, chase debtors themselves. Larger Companies will have an established credit control policy and a department in-house. Smaller companies are unlikely to have this facility, and credit control will be done on an ad hoc basis. Small companies will find it harder to recover debts, as staff have other tasks to perform.

Scope

The Debt Collector may be employed by the creditor company or by a third party collection agency employed by the creditor for the purpose of recovering debt.

The purpose of this description is to highlight the role of a debt collector in a third party collection agency.

There are several areas of work for debt collectors.

Consumer Debt Collection - collect from private individuals who have not paid money they owe. Consumer debt collection splits into 2 areas, recovery through office routines and recovery by personal visits (Field Collection).

Commercial Debt Collection - this involves collecting from businesses who owe money to other businesses. Here the average debt can range from a few hundred pounds to many thousands of pounds. This work is not so very different to consumer debt collection, except that the debt collector does not usually visit the debtors premises.

International Collection - This can be for creditors or agencies abroad who wish to collect debt in the UK or for UK companies wishing to collect debts from overseas customers. Debt collectors do not generally travel overseas themselves but work with their offices or agents abroad.

Legal Collection - Once debts pass into the legal recovery stage the process through the courts follows a laid down set of procedures and timetables. Debt recovery actions and direct contact with the debtor has to be within this framework and collector working in this field must have a good knowledge of court and legal procedures.

Tracing Missing Debtors - Some debt collectors may also act as, or work with trace agents, trying to locate debtors who have moved or vanished.

The debt collection process, in the first instance, usually involves contacts by letter and telephone. The collectors task is to ask for the debt to be settled, achieve a concessionary settlement, or to find out why the debt has not been paid, deal with queries or, suggest ways in which the debtor may be able to pay, such as

making extended payments. Usually the debt collector is given parameters in which to make such arrangements with the creditor.

In Consumer collections, if payment cannot be obtained by office activities, the work may be passed to a field collector who visits the debtor at home.

If the debt can not be recovered at this stage, depending on the size of the debt and circumstances, legal proceedings may be taken against the debtor. Agencies will have links with firms of solicitors if legal proceedings are necessary.

Employment in a Debt Collection Agency

There has been a decisive move in recent years to create a professional image for debt collection. The professional Association for the industry is the CSA (Credit Services Association). CSA members employ an estimated 20,000 people in either a full or part-time capacity.

Dramatic changes in technology have meant big changes to the way the credit industry, and therefore, the prevention and recovery of debt can operate. Major databases supply fast and reliable credit information on companies and individuals. Account recovery has become highly mechanised, with computers and automated dialling systems.

Personal Characteristics required

- ⇒ Excellent communication skills in both speech and writing.
- ⇒ Enquiring mind
- ⇒ Tact and diplomacy in dealing with people. Ability to be understanding, yet be assertive.
- ⇒ Good judge of character.
- ⇒ Negotiating skills in discussing with the debtor and the creditor how the debt can be paid.
- ⇒ Basic numeracy.
- ⇒ Keyboard and computer skills, as records are usually stored on computers.
- ⇒ For those working in legal collections a good knowledge of court procedures, company & common law and insolvency is essential.

Hours

Debt collectors are usually office based. Standard office hours are from 9.00 am - 5.00 pm, Monday to Friday. In consumer work however standard office hours are 8.00am - 9.00pm including Saturday. Collectors in consumer work therefore often work flexi-hours.

Field agents usually work from their own homes and visit debtors in their own homes. This type of work is generally on a self-employed basis where the collector may work for a number of agencies, possibly in addition to a full time job in an entirely different industry.

A driving licence, car & home phone are necessary for those involved in field debt collection.

Entry and Training

There are no minimum academic qualifications required. Debt collectors range from those with no academic qualifications to those with degrees.

Debt collectors in international work may need languages.

Graduates and those with professional qualifications, such as those of the Institute of Credit Management (ICM) may be recruited to train for management positions.

Initial training is usually on-the-job training at the agency. Thereafter, collectors may be required to attend seminars and courses to improve their knowledge and skills.

Both in-house training and courses will include telephone collection techniques, communication skills, negotiation, contract law, litigation, insolvency law etc.

Agencies may sponsor trainees on business studies courses.

Adult Entry

There is no upper, or indeed lower, limit for this work. Adults are often preferred because of their maturity, and experience of dealing with people is an important quality.

Opportunities and Prospects

Promotion, in the first instance, is usually from collector to section leader, managing a small team of debt collectors. From there promotion can lead to collection manager, senior collection manager, or eventually director in the agency or a branch.

Debt Collectors can move into other areas, such as sales, debt counselling, credit management, or bailiff work.

There are opportunities for self-employment, either running a debt collection agency or as a field debt collector.

Salary & Bonuses

As a rough indication, salaries could range from £8,000 to £25,000 p.a. - however, giving an accurate indication of a salary-range for a Debt Collector is difficult for several reasons:

- The term "Debt Collector" covers a variety of roles
- The format of the work varies widely
- Bonuses and Commission Rates are involved in many positions
- The employee's experience will be taken into consideration
- Location is also important; those in South East England / London are likely to earn more.

Issued by The Credit Services Association.

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