



Credit Services Association

FACT SHEET 3

FOR INTERNATIONAL STUDENTS & RESEARCHERS FREQUENTLY ASKED QUESTIONS ABOUT UK DEBT COLLECTION PRACTICES

1. How is Debt Collection organised in the UK?

When first receiving a debt an agency will usually send a number of collection letters, followed by/or interspersed with telephone calls to try and obtain payment or arrange a payment plan.

An area of collection which is very specific to the UK is that of regular door step collections. This means a collector calls at pre-arranged intervals, mostly weekly, to collect (usually small) sums of cash. It is an expensive way of collecting and generally is only carried out when all other avenues to collect, including legal action, have been exhausted.

2. What Licensing is required to set up in business as a Collection Agency?

Collection Agencies, as anyone else dealing with consumers in any way, including Credit Grantors, must obtain a Consumer Credit Licence from the Office of Fair Trading (OFT). The OFT is a government department. The licence issued by them is however more like a registration, no demonstration of knowledge or skills are required from the applicant.

3. How many Debt Collection Agencies are in the UK and how much debt is collected each year?

There are no published records but we estimate that there are some 400 agencies. Some of these are very small indeed. The CSA itself has over 200 members including all the leading Agencies in the UK. Some £5 Billion in debt is referred to members annually. This represents around 25 Million individual cases. Please visit the CSA website at www.csa-uk.com for a summary of the CSA's Debt Survey - a comprehensive study into the Debt Collection market.

4. Where can I find information on Legal Action?

Visit the Court Services website at www.courtservice.gov.uk

5. Has European law already influenced Debt Collection Agencies?

Yes, in commercial collections the EU Directive on Prompt Payment in Commercial Transactions. This was implemented in the UK in 2002. For details look at the website of the Better Payment Practice Group at www.payontime.co.uk

6. Are there any other websites useful for background information?

Yes visit:

Government Departments:

www.dataprotection.gov.uk
www.ofc.gov.uk

News, Media:

Credit Today Magazine

www.credittoday.co.uk

Institute of Credit Management

www.icm.org.uk