



CONSUMER FACT SHEET AND ADVICE GUIDE – TRACING

- In 2009 it is estimated that up to 70% of all instructions to collect debt will require a trace
- Last year, collection agencies conducted more than 9 million trace investigations

What is trace?

When a debtor cannot be found, usually because they have moved home without advising their creditor, then a 'trace' may be required. A trace uses information from various sources including, client information, publicly available databases, and credit reference agency data to locate a new address, by matching the exact name and date of birth of the subject to an individual at another address other than the one supplied.

What can go wrong?

A 'trace' can only be as good as the information provided. Unfortunately, because of the sheer size of data being collated, mistakes can occur. Data can become corrupted, if, for example, the name and date of birth of an individual is attached to another with the same name by mistake, or a date of birth is inputted in a different format (i.e. 9/11/75 September 11th 1975). Problems also arise when only initials, rather than full forenames, are given, or of course if an individual has become the victim of identity fraud.

There is no process by the Credit Reference Agencies which verifies data being supplied to them by lenders when credit files are updated. Credit Reference Agencies will then 'sell on' this unverified data to subscribers, including debt collection agencies, who then often find themselves involved in a complaint if the initial data was incorrect.

What the government says.

The majority of complaints levied at the debt collection industry stem from cases where a trace has gone wrong. In nearly all examples, the reasons why a 'mis-trace' has occurred are easy to explain, but nonetheless upsetting for the individual concerned.

To attempt to reduce the incidences of mis-traces, the Information Commissioner's Office (ICO) states that collections agencies and specialist trace companies must make 'reasonable checks' to ensure the right subject is traced before a contact is made. The problem is that there is no published definition of what a 'reasonable check' should be.

What the industry says.

The industry recognises that tracing is an issue, and that access to quality data holds the key to dramatically reducing the likelihood of something going wrong.

The industry believes that the credit reference agencies need to be more robust in the information that is provided, and how it is processed. The industry believes also that lenders need to be more realistic in what collectors can achieve when the information provided is poor. Put another way, they need to be prepared to pay more when a collector is obliged to validate the information that has been given.

It is interesting that the UK is the only country in Europe (with the exception of Greece) where there is no formal national address register. It is interesting too that collection agencies are being denied access to the electoral roll, and may soon be denied access to even the edited electoral roll, in order to cross reference names and address details.

There is also a strange anomaly in the Consumer Credit Act that obliges collectors to contact debtors at their last known address, even if they KNOW that the debtor has subsequently moved on. Not only does this suggest issues around data protection, but it also runs the risk of generating more complaints from the 'new' householder receiving correspondence chasing a debt that isn't theirs.

What should you do if you are the object of a 'mis-trace'?

Given the statistic that 70% of all current cases handled by the collections industry require a trace, the size of the issue is considerable, and further mistakes are likely to occur.

There are practical steps a consumer can take, however, to protect themselves. Firstly, you should obtain a copy of your credit file to ensure its accuracy, and if there are any discrepancies, to have them removed. This will also help detect whether you have already been the victim of identity fraud.

Secondly, you should consider subscribing to services provided by the Credit Reference Agencies (Callcredit, Equifax, Experian etc) which alerts you to any change in your credit file, such that again you can ensure that your details/data have not been incorrectly linked to another.

The CSA recognises that any form of contact from an agency to an individual in pursuance of a debt can be distressing. There are strict rules laid down in the CSA's own Code of Practice that expressly forbids the use of any threatening or intimidating language, but ANY correspondence sent to an individual who is not the genuine debtor being pursued can cause offence.

In the first instance, therefore, you should contact the debt collection agency immediately. The agency will have a complaints procedure to deal with your enquiry, and ensure that you are no longer chased for a debt until the complaint has been resolved. The agency will complete its own checks, and once the facts have been established, a note will be attached to your file to prevent future correspondence being repeated.

We would recommend that you raise your issue with the various Credit Reference Agencies and the CSA also has a procedure for investigating complaints against their members.

In all cases we would urge you to be as helpful as possible, albeit that we understand and recognise the affront that may be felt. Unfortunately, whilst you may be the innocent party, there are thousands of debtors who are similarly telling our members that they have 'got the wrong man' when they haven't.

Will that be the end of it?

The vast majority of cases will be quickly and speedily resolved. There are exceptional cases where problems can still occur, especially if the real absconder with whom you have been confused has multiple debts outsourced to multiple agencies for collection, and who may all be using the same original incorrect 'source' data.

Systems are now being developed so that amendments/corrections made by the collector can be referred back to the original data supplied, and updated accordingly. This will mean that any subsequent third-party acquiring such data will not make the same mistake twice.

FOR FURTHER INFORMATION PLEASE CONTACT THE CSA – 0191 286 5656

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