

WHAT ARE ONLINE COLLECTION TECHNIQUES?

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What are online collection techniques?

Online collection techniques are skills and techniques used by collectors on the internet to locate debtors to try and collect on a debt.

In late 2007, the Federal Trade commission convened a public workshop to evaluate the need for changes in the debt collection system, included the FDCPA in order to protect consumers better. Based on this workshop the FTC concluded that the debt collection legal system needs to be reformed and modernized to reflect changes in consumer debt, the debt collection industry and technology, while protecting consumers and without unduly burdening the debt collection industry.

The goal of this two-day workshop was to explore changes in the collection industry and examine their impact on consumers and businesses.

In my experience, technology continues to change the debt collection environment by solving problems, enhancing a process and automating functions. Most technology strives to make processes more cost effective and efficient, the internet and online technology has forced collectors to be educated and actively involved online.

Some examples of types of online collection websites would be skip tracing websites, such as searchamerica.com, Merlin data, court records or anything on line that can help a collector locate a debtor.

Consumer credit is a critical part of today's economy, good or bad. Credit allows consumers to purchase goods and service for which they are unable or unwilling to pay the entire cost at the time of their purchase. By extending credit, creditors take a risk that the consumer will not be able to re-pay all or part of the money they owe. If consumers do not pay their bills, creditors will become less willing to take on that risk by extending credit to consumers or may increase the cost to extend credit.

E-learning & Training

A benefit of e-learning or training is that collectors can utilize e-learning at their convenience. They can learn at their computer, when

they have the time. There is no travel involved, it can be done from home or work or anywhere they have access to a computer. Anything can be taught with e-learning, cooking, gardening, business topics and debt collections. Anything you can learn at a seminar can be provided via a webinar, tele-seminar, or e-course.

Another way collectors use the internet to help them with collections is utilizing e-learning and training. With the economy in such a bad state, more and more people are doing less traveling and using online learning tools to help keep them in compliance and up to date on new techniques while saving a lot of money.

There are a few different types of e-learning. Some e-learning examples are webinars and tele-seminars where you call in on the phone and watch a presentation on your computer screen. Another example is e-courses, a benefit about e-courses is that since they are online they can be updates as laws change and be current at all times, unlike text books that would have to be re-printed.

When choosing online learning opportunities, you need to decide what would benefit your business the most. Figure out what the problem is that you need help with, and then look for a course that specializes in your topic of interest.

When choosing to educate yourself and/or your collectors with online education tools, check around; check pricing and what types of benefits you will gain. Prices for online learning are all over the place, and depend on your niche or specialized course. Some classes are one hour, some are one day some are spread out over 5-7 days and some are even longer depending on the amount of learning you will be doing.

Online skip tracing or locating debtors

Many collectors use social networks to find debtors, many debtors have public profile pages on social sites and a collector can find a mailing address, phone number, place of employment and other contact information by searching those sites.

Social media tools are used every day by collectors as skip tracing tools more than as a way to collect a debt from someone. Social networking sites such as Twitter, Facebook, or LinkedIn may help

someone to locate a debtor; however, using any one of those websites' to announce any type of pending or ongoing collection activity would violate the FDCPA in a multitude of ways.

There are many databases out there where you can join and use their services to locate debtors, and other databases provide information on bankruptcy filings or if a debtor might be deceased.

Accepting debtor's payments online

Accepting payments utilizing the internet is a smart way to accept payments. Many debtors are embarrassed by the fact that they may owe money, many are just very busy and will appreciate the fact that they can avoid talking to a collector and just go online to take care of a bill with no conflict or confrontation. It is easy, painless and fast.

The internet has changed how people pay their bills, many use online bill paying or services such as paypal. These are all new ways to pay since the FDCPA was enacted over 30 years ago. Some collectors utilize online debt negotiations and payment of those debts. According to the FTC, in all consumer transactions, e-payments have been used more often than paper check payments since at least 2003. In 2006, more than 2/3 of all non-cash payments were e-payments.

Consumers pay their bills today through a wide variety of online methods, including credit and debit cards, remote checks or demand drafts, electronic transmissions through a service such as ACH, paypal or bill pay. Electronic payment methods allow collectors to lower operating costs and improve efficiency, and consumers seem to like these types of payment options, as it saves them money in postage, saves them time and eliminates the need to receive a bill in the mail, open it, write out and mail a check, as well as making notations in their checkbook and then mailing those payments.

Credit Reporting

Reporting debts to the credit bureaus has never been easier. You can visit a credit bureaus website 24/7 to report debts (good and bad) or to check credit.

Emailing debtors

Collectors are eager to use new technologies, such as email, instant messages, and texting as a tool to provide collection notices, verification and messages to debtors. According to the ACA "there is a tension between email and the FDCPA's requirement that communications about a debt not be disclosed to a third party". Because someone other than the debtor could view that email. In response the FTC stated that they are not aware of any data bearing on the extent to which 3rd party collectors have access to debt collection emails, texts or instant messages. The FTC further states that they are not aware of any information demonstrating that 3rd parties have greater access to debt collection messages conveyed through online methods rather than traditional means. The FTC considers, phone calls and letters traditional means. Additionally, the FTC does not believe that the imposition of any special limitations on debt collector's use of email and instant messages is justified BUT they do feel that if a third party becomes aware of a debt through any method, such as email or instant messaging, the collector is and will be held liable for violating Section 805(b) of the FDCPA.

Some debtors are more receptive to emails as a form of communication and will make that known to you as the collector. As more and more people spend time on their computers or have emails going directly to their cell phones many ask you to communicate this way with them.

If a debtor states that this is their preferred way of communication and provides you with their email address, just be sure to keep that information in writing on their file. Also, include the Mini Miranda if you are a third party collector at the end of each email message.

Invoices

I am told that in Romania you can send unpaid invoices through email or in some businesses, customers have the ability to find an unpaid invoice on the web. On the other hand, if you are in the United States, we are using online websites for skip tracing and since agencies I have talked to started doing this they have improved their results with more than 25-30%

Debt verification

Some collectors send emails to debtors only in reply to an email received by a debtor and only if the debtor is asking for a copy of an invoice, a release or paid in full letter or some other document. When they do this, they follow up with the debtor within 30 minutes of sending the email with the attachment with the requested information.

Collectors have a legal obligation to provide information to support a debt or claim of a debt they make to a consumer.

Dunning

Imagine the benefits if we could communicate via email. Stamps are p to \$.44, and the aspect of becoming greener by communicating via email would be great. There seem to be many advantages but with many sue happy consumers or attorneys out there, I would be leery of doing this until laws are changed and specific regulation are in place regarding online communications with debtors in any form.

Instant messages

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Text messages

The FDCPA prohibits causing charges or fees to be made to any person for communications by concealment of the true purpose of the communication, such as but not limited to, collect telephone calls, telegram fees or a text where a debtor could be charged to receive or read that text.

Commercial vs. Consumer debtors

Online debt collection agencies may be one of the most overlooked debt collection techniques available. If your business is a business to business (B2B) then online collections can be very effective in making collections on accounts receivable that are less than 90 days old. These agencies are relatively inexpensive to use and give the business owner more control over the collection efforts. Frequently you can apply or fill out an application on line. Once you are accepted, you would need to upload your delinquent accounts receivable information to the collection agencies data base. Fees are based on each contact that is made.

I recently had a collector email me asking me what the law is on emailing debtors regarding overdue accounts. They say many of their clients have given them email addresses, but they aren't sure if they can legally communicate this way.

Another collector said they receive email addresses from consumers as well and they strongly advise against communicating via emails, but especially unsolicited communications. Some collectors advise consumers that ask to be contacted by email that they are not able to accommodate their request by law. If the collection issue is a commercial collection, many collectors will communicate via email.

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