

Debt Problems...

What You Should Know

What is secured and unsecured debt?

Secured debt is debt that is secured with collateral (money or goods) like a house or car. Your collector can take the collateral and sell it if you fail to make payments. Mortgages and car loans are examples of secured debt.

Unsecured debt is debt that is not secured with any collateral. Your collector can sue you to get their money back if you fail to make payments. Utility bills and credit cards are examples of unsecured debt.



A co-signer or guarantor is someone that signs an agreement to pay back your creditor if you do not. Your co-signer or guarantor must pay or they can be sued. They will not be very happy with you!

A collector can try to collect from you and the cosigner at the same time but can only collect the amount you owe once.

What happens if I don't pay my bills?

Your creditor will hire a collection agency if you don't pay your bills. This is a business that is hired to collect money that people owe.

Collection Agencies **Can**:

- Call between 7 am and 10 pm
- Contact your employer to check that you have a job and confirm your work address
- Contact you at work to discuss your debt unless you have asked them not to and have given them another way to reach you
- Contact your spouse, partner, relative, neighbor, or friend to confirm your contact information

Collection Agencies **Cannot**:

- Use threatening, profane, intimidating or forceful language
- Call you or anyone else so often that it could be considered harassment
- Talk about your loan with anyone else unless you give them permission
- Give any false or misleading information
- Talk about your debt with anyone but you and your cosigner or guarantor unless you give them permission
- Cancel or change a repayment plan if you have been paying on time



If you do not pay off your debt, your creditor can sue you in court. If they do this, you will be notified and given a copy of the court document starting the legal claim. Do not ignore your creditor's claim in court against you - seek legal advice immediately.

If you do not respond to a claim your creditor can get judgement and then garnish your wages and bank account or seize your property.

What can I do if I can't pay off my debt?

You should pay off your debt as soon as you can. If you can't pay it back:

- Try to make an agreement with your creditor without going to court. Do this as early as possible
- Explore other options like debt consolidation, debt counselling, and bankruptcy. Be careful! There is no easy fix and there are often long term side effects and large fees
- If the debt was secured give your creditor the collateral that was promised

Learn more about debt and debt repayment options on the Service Alberta website:

www.servicealberta.ca



For information on debt repayment options contact:

Money Mentors

Toll free in Alberta 1 - 888 - 294 - 0076

www.moneymentors.ca