

# The Collector Chronicle

NORTH AMERICAN RECOVERY

June 2012

Utah's Collection Authority

## LAST MONTH'S LUCKY WINNER

The lucky winner of our client prize for June is Ogden Orthopaedics in Ogden, Utah. Congratulations!! We have been collecting for Ogden Orthopaedics for over ten years and will be sending Renee and Vicki, our contacts in their office, a gift certificate for dinner at the Cheesecake Factory in Salt Lake.



## THIS MONTH'S PRIZE

This month we will be giving away a gift certificate for \$100 to the department store of your choice! Each client who sends new accounts during the month of June will have their name entered into a drawing. At the end of the month we will draw a name, and if it's yours, you'll win the gift card.

*Don't miss out on your chance to win; send new accounts in June!*



## WHY WON'T THEY PAY?

**BY DAVID J. SAXTON**

President, NORTH AMERICAN RECOVERY

Why won't a debtor pay? This is arguably the most intriguing question in the collection industry. When I started collecting nearly 25 years ago, I was astounded at the number of people who didn't pay. Maybe it was due to my naiveté (being only 19) or maybe it was because of my upbringing. Whatever the reason, I was very surprised to be dealing with so many people who didn't pay their bills.

In my early years, I remember asking myself, "Why won't they just pay their bill?" But alas, a simple answer was never found. Then, when I started my own collection agency, my clients started asking me why people didn't pay and I would tell them that I'd given up trying to figure it out; it's just the way things are.

This month I thought I'd share with you some of the **real** reasons people don't pay their bills and some of the excuses they use.

I'll start with the most common response we hear: "I have insurance so I don't have to pay that bill." When a debtor has health or dental insurance they think that their bill will be "covered" and that means they don't have to pay. We will then explain how insurance really works and the debtor will usually pay. Then the debtor asks their insurance agency to reimburse them (if applicable).

The next most common reason a debtor doesn't pay is because he or she has poor financial management skills and hasn't budgeted properly. These debtors have jobs and a steady source of income but don't know how to manage their finances. They will pay whoever makes the most noise. (The squeaky wheel scenario.)

There are, of course, debtors who are unemployed and there's not much we can do to collect from them. We have to wait until they return to work before we can make any progress.

Okay, so those are examples of why people don't pay. There are other legitimate reasons, but these are the main ones. The other category, excuses, are what we hear when the debtor knows that he or she has to pay, but for whatever reason hasn't. Some examples are:

- "My car broke down and I had to pay for repairs."
- "I never got a bill."
- "The quality of the product/service wasn't acceptable."
- "I just don't have the money to pay you right now."

And of course in December we're told, "I can't pay because it's Christmas". The Christmas excuse makes some sense, but one October, a debtor told a collector that she couldn't pay because of Halloween. (Maybe she has a lot of trick-or-treaters at her house . . . I don't know.)

Every once in a while we hear an excuse that's really out there. Like the lady who came into our office to pay her

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apartment bill—we'll call her "Ann". When Ann moved out of her apartment she still owed for rent and cleaning charges. The apartment complex billed Ann, and when she didn't pay, they sent the account to us. But when Ann came into our office to pay, she had a different story. With a straight face, she claimed the reason her account was sent to collections was because the ladies in the management office were jealous because she was so "young and pretty and they were old and ugly." After making this outrageous statement, Ann went ahead and paid her bill. I guess she just wanted us to know the "real" reason she was sent to collections. (Whatever!)

Other debtors have interesting ways of making a statement when paying. One example was the "penny debtor." We'll call her Jan. I was lucky enough to talk to Jan when she called our office, and when she came in to make her \$100 payment she was going to show me!

When Jan arrived at the front desk, she dropped a bag containing 200 rolls of pennies on the counter and told our receptionist that she wanted to pay me personally. She said that I would have to open each roll of pennies and count them! (That's ten thousand pennies.) I was out of the office at the time so our receptionist told the debtor that we weren't going to open each roll. Jan then produced a slip from the bank proving that she did in fact have \$100 worth of pennies. It turns out that she had taken time to stop by the bank and exchange her \$100 cash for rolled pennies before coming to our office.

Jan's behavior was a bit extreme, but the most dramatic example of odd behavior came from a mother-daughter duo. Our attorney's office was in the same building as ours, and one Friday just before 5 p.m. I received a call asking if I could please talk to a debtor that was being very difficult.

On this particular Friday I happened to be wearing a black shirt that had NORTH AMERICAN RECOVERY printed in gold lettering on the chest. (I'm telling you this because we found out later that the debtor and her mother thought I was "security.") I took the stairs to the 7<sup>th</sup> floor where I found a mother and daughter waiting for the elevator. I asked them if they had been in our attorney's office and if they would like to speak with me. The mother seemed VERY upset and said, "NO! WE ARE LEAVING!"

The daughter said she would like to talk, but the mother was not going to have any of that. She said to the daughter, "Let's just go!" But the daughter, who was trying to tell me what her concern was, and even showed me several hundred-dollar bills, wanted to stay and talk.

The mother, however, was determined to leave, and as the elevator doors opened, she forcefully told the daughter to get in the elevator. The daughter ignored her and continued talking to me, but the mother had decided that enough was enough! She began pushing the daughter into the elevator, and as the daughter resisted, the mother used more and more force. As the struggle escalated, the mother decided to pick the daughter up and carry her into the elevator! (The daughter was about four inches taller and had about twenty pounds on the mother.)

What happened next was almost surreal. As the daughter resisted the mother's attempt to pick her up, she tripped and fell. When she hit the ground, two \$100 bills were knocked out of her hand. The bills slipped into the opening between the elevator car and the floor. The daughter was in shock. She fell to her knees, peered down the elevator shaft, and cried out, "Oh no Mom... Look at what you've done!" The mother glared at me, and with an accusing tone asked, "What are you going to do now?" (As if I was to blame for the whole incident!)

I was still trying to process the images I'd just seen (and I was also imagining two \$100 bills floating down the elevator shaft) but after a few seconds I directed her to the fifth floor, the building management office, and told her to ask the receptionist to contact the building engineer and see if he could assist them in recovering the cash.

As I left the building thirty minutes later, the mother and daughter were in the lobby with the engineer still trying to find her money. They eventually recovered the bills, and the daughter paid without further confrontation. That incident ranks as the most interesting exchange I've ever had with a debtor.

So there you have it, a few reasons why debtors don't pay and some examples of strange behavior when they do.



**The Collector Chronicle is published monthly by NORTH AMERICAN RECOVERY for prospective and current clients. Please direct questions or comments to Dave Saxton at the address or number listed below.**

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