

The Collector Chronicle

NORTH AMERICAN RECOVERY

November 2012

Utah's Collection Authority

LAST MONTH'S PRIZE

The lucky winner of our client prize for October is Country Hills Eye Center. Congratulations!! We have been collecting for Country Hills for 15 years and will be sending Patti, our contact in their office, a gift certificate for dinner at the Ruth's Chris Steakhouse.



THIS MONTH'S PRIZE

This month we will be giving away two tickets to an upcoming Utah Jazz or Denver Nuggets game. Each client who sends new accounts during the month of November will have their name entered into a drawing. At the end of the month we'll draw a name and, if it's yours, you'll win the gift certificate.

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



Excuses, Excuses

BY DAVID J. SAXTON
PRESIDENT, NORTH AMERICAN RECOVERY

We hear excuses all day long; it's part of the job when you're a bill collector. But what is an excuse? Well, the three definitions that relate to collections are:

1. Something offered as justification
2. An expression of regret for failure to do something
3. A note of explanation

As a collector you hear excuses ALL DAY LONG, and you're tempted to lump them into the first category: *something offered as justification*. It's easy to think that everything a debtor says is an attempt to justify non-payment. But a successful collector must learn to "read between the lines" and understand what a debtor *means*, in spite of what is said.

Let me give you an example of an excuse we hear while collecting a medical or dental bill. When a collector calls the debtor, he will introduce himself, tell the debtor why he is calling, explain that we've been instructed to collect the bill in full (using legal action if necessary) and ask the debtor if he wants to pay to avoid legal action. The debtor will respond with something like, "I have 100% coverage so you need to call my insurance company." or "Why didn't they bill my insurance company?" or "My insurance already paid so why are you calling me?"

On the surface these sound like legitimate questions, and an inexperienced collector might begin to question the validity of the debt and wonder if he should really be calling. But our collectors understand that even though these excuses sound like definition number one: *something offered as justification*, they really belong under definition number two: *an expression of regret for failure to do something*.

Why? It's because the debtor hasn't taken a proactive approach to his situation; he sat back and let everyone else deal with the debt. When the doctor's office sent a statement detailing the charges and informing him his insurance company was billed, he reviewed the statement and, seeing his insurance company had been billed, thought that he was absolved of any further responsibility. Then, over the next few months, when he continued to receive bills, he didn't even look at the statements because "his insurance was going to pay." If he had taken

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the time to really understand what was happening he would have seen that the insurance company was going to pay 80% of the bill (after applying \$250.00 to his deductible) and the remaining balance would be his responsibility. If he would have called the doctor's office and asked questions, he would have understood what was happening and the debt wouldn't be in collections.

When we finally contact him he is surprised because he truly thought that he was justified in not doing anything, and we get the excuses. But our collectors understand the big picture and know how to respond to situations like this.

We continually provide training and education on how our clients operate. A collector knows that our client has taken the necessary steps to bill the debtor's insurance, and it's the debtor's responsibility to call the insurance company if they have a question. If the debtor persists, the collector has access to the billing details. He can view the history of the debtor's account and explain that the insurance company was billed, they paid the amount that his plan allowed minus his deductible, and the remaining balance is the debtor's responsibility. The collector can even offer to send the debtor a copy of the itemized statement for his records. This explanation puts an end to the initial excuse, and the collector moves on to making an arrangement for payment in full.

The ability to instantly access the debtor's transaction history and understanding what a debtor *means* when he gives an excuse allows our collectors to respond in the most effective way. This skill is one of the reasons our recovery rate is more than double the national average. (And why our collectors actually like their jobs.)

What about the excuses that have to do with money? (For accounts other than a dental or medical bill?) Well, it requires the same process, reading between the lines and understanding the real reason for the excuse. When we hear things like, "I can't pay because my next check is already spent on rent and my car payment...". We realize the debtor is actually telling us that this bill is at

the bottom of the list, and it isn't going to be paid until everything else is (including the cable, TV, and, cell phone bill).

On the surface, this statement sounds like definition number three: *a note of explanation*, but the debtor is really saying that he has failed to budget properly. Even if he truly can't afford to pay the full balance, a proactive approach by him would have prevented the account from being sent to collections. He would have called the client and worked out a modified payment plan. This excuse is another example of definition number two: *an expression of regret for failure to do something*.

When our collectors hear this excuse they realize what the debtor's financial situation is and know just what to do. The collector discusses ways the debtor can pay. Suggestions include borrowing from a family member, a post dated check loan, paying with a Visa, or even changing the priority of a few bills so the one we are collecting is paid. When the appropriate solution is found, the collector makes an arrangement to have the account paid within 60 to 90 days.

Now what about the debtors who don't give us an excuse because they truly can't pay? Well, if a debtor doesn't have a job, is on welfare or disabled, there is nothing we can do to force them to pay. In these cases we have to accept whatever they offer.

On the other hand, if a debtor refuses to make their bill a priority and they have a job or own a house we will send the account to our attorney for a lawsuit. After the attorney obtains a judgment, we'll have him garnish the debtor's wages or execute on the debtor's personal property. One way or another, we will collect the account.

So, to sum it up, when a collector knows the difference between a debtor making excuses and one who truly can't pay, and he or she reads between the lines and understands what the debtor is really saying, arguments are avoided, we collect accounts quicker, and everyone (except maybe the debtor) is happy.



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