

The Collector Chronicle

NORTH AMERICAN RECOVERY

July 2022

America's Collection Authority

LAST MONTH'S LUCKY WINNER

The lucky winner of our client prize for June is Wolfnest Property Management. They have been using our agency for three years! We will be sending them a gift basket from the Chocolate Covered Wagon. Enjoy!



THIS MONTH'S PRIZE

This month we will be giving away a gift basket from the Chocolate Covered Wagon. Each client who sends new accounts during the month of July 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 basket!

***Don't miss out on your chance to win!
Send new accounts before the
end of the month!
Good luck!!***



**CHOCOLATE
COVERED
WAGON**

LEGAL ACTION: EXPENSIVE BUT WORTH IT

By DAVID J. SAXTON

President, NORTH AMERICAN RECOVERY

The last thing we want to do is take legal action against a consumer. In fact, our collectors are trained to do everything possible to work with a consumer before ever considering legal action. If they are willing to pay, we are more than happy to set them up on a reasonable repayment schedule. Doing this results in many a satisfied consumer. — Click on this link to listen to a real-life call from a truly happy consumer: [Consumer Compliment](#).

We only use legal action as a last resort. Sadly, it's a fact of collections: some consumers won't pay unless they are sued. Even though we would prefer to collect every account without using legal action, the fact that we are willing and ready to do so when necessary helps us achieve a recovery rate of more than triple the national average.

One of the reasons we prefer to collect an account without legal action is the cost. It's very expensive. "How expensive?" you ask. Well, that's what I'm going to discuss in this month's article.

I'll start with the amounts our primary law firm, Olson Shaner, charges. They have two different rates: \$225 per hour for work performed by an attorney and \$75 per hour for work done by a paralegal.

When we forward an account to them, they immediately start charging fees. The first thing they do is have an attorney review the file. Next, they prepare a summons and send a complaint out for service. Once it has been served, the complaint is filed with the court. If the consumer doesn't respond to the complaint within the allowed time, a default judgment is submitted, and when granted, our attorney's office sends a copy to the consumer.

The Collector Chronicle

NORTH AMERICAN RECOVERY

July 2022

America's Collection Authority

So, from the moment they receive the account until they obtain the default judgment, our law office will incur a minimum of \$250 in attorney's fees. But those aren't the only fees we must pay. In addition to the attorney's fees, we have two other fees we must pay. We pay a fee to have the consumer served with the complaint—this ranges from \$45 to \$100 or more. The court also charges a fee to file the complaint—this costs between \$90 and \$375, depending on the amount owed.

When we add the service fee and complaint-filing fee to the attorney's fees, we end up with a minimum of \$385 in costs and fees just to obtain the judgment! And that's the minimum. Some accounts end up with almost \$1,000 in attorney fees and legal costs when it's all said and done.

The fees can go even higher if the consumer disputes the debt or raises a defense. For example, if the consumer calls our attorney's office to dispute the bill, files an answer to the complaint, or does anything else that requires a response by our law firm, they add additional fees for the extra work.

Some consumers are confused about how things work and usually ask our attorney for legal advice. Since our law firm is representing us, it would be a conflict of interest for them to advise consumers of their rights or tell them how to respond to legal documents. Our attorney's office can only tell consumers to pay or advise them to hire their own attorney. This is frustrating for some consumers, but our law firm is representing us—and in turn, representing you—so they are looking out for our collective best interests.

As mentioned earlier, we would prefer that consumers pay voluntarily and avoid the need for legal

action. But we are ready and able to move forward with a lawsuit and invest in the process if necessary.

How much does a wage garnishment cost? The costs vary from state to state. Let's look at what it costs in Utah. We start by paying the consumer's employer \$25 for their time. The court filing fee is \$50, depending on location, and the process server charges \$45–100 as a service fee—for a total of up to \$120.

A garnishment brings our minimum cost up to \$505! That's expensive! But we don't let that stop us from suing a consumer if he or she refuses to pay in full. In fact, 75% of our revenue comes directly from our legal accounts. Since it's so expensive, we take great care and make absolutely sure that we can recover these costs.

Generally, if there isn't a signed agreement and the amount owed is less than \$1,000, we can't pass these costs on to the consumer, and we won't be able to sue the account because it will be too expensive. You should still send these accounts to us because we will report the debt to the credit bureaus. However, if the consumer refuses to pay, we won't be able to sue the account.

As mentioned earlier, we would prefer that consumers pay voluntarily and avoid the need for legal action. But we are ready and able to move forward with a lawsuit and invest in the process if necessary.

Thanks for reading. Have a great month!

— Dave



The Collector Chronicle is published monthly by NORTH AMERICAN RECOVERY for prospective and current clients. Please direct questions or comments to the editor, Dave Saxton, at DaveSaxton@North-American-Recovery.com

1600 WEST 2200 SOUTH, SUITE 410, WEST VALLEY CITY, UTAH 84119 • 801-346-0777
www.North-American-Recovery.com