



## Debt collection

### Debt collection: the basics

When you don't pay for goods or services the creditor (person or company you owe money to) will probably chase you up to get the money back.

Even if you are sure you can pay the bill or keep up with payments it is worth checking what will happen if you can't pay. The creditor may have included in the contract a right to repossess the goods if you stop paying.

Under the Credit Reporting Privacy Code you have the right to have your information recorded correctly. You can check your credit file for free.

Repossessions must follow an exact process and can only happen if the right to repossess has been written in your contract

### Before you buy, check the debt collection policy

Even if you are sure you can pay the bill or keep up with payments it is worth checking what will happen if you can't pay.

Accidents, emergencies or losing your job could mean you don't have as much money as you expected. Compare different companies' debt policy and choose the one that's best for you.

Your contract with your creditor will probably include what will happen if you don't pay. If you had to sign or accept a contract before you got the goods or services you can check the contract to see what you agreed to.

[Find out what to ask when borrowing money or buying goods on credit.](#)

### Your rights with debt collection

Debt collectors can only repossess your goods or charge late fees if it is included in your contract. Debt collectors must follow the Credit Reporting Privacy Code.

### Is the debt from a credit sale or a loan?

If you borrowed money or bought goods on credit, for personal or household use, you are covered by the Credit Contracts and Consumer Finance Act.

### If the creditor had security over your property

Creditors may have taken security over your property in your contract with them. If they have security they have probably included in the contract a right to repossess the goods if you stop paying.

Repossessions must follow an exact process.

[Find out what stage you are up to and about your repossession rights and options.](#)

### Court fines

Court fines are different, the Ministry of Justice is responsible for collecting court fines.

[See the Ministry of Justice's fines website](#), or call them on 0800 658 952.

### Late fees and collection fees

The creditor can charge you late fees and collection fees if they told you about the fees before you made the agreement with the creditor. These cover the costs of contacting you and trying to collect the money. These fees should be reasonable.

### Court fees and legal costs

It is up to the Court to decide if you will have to pay Court fees and the creditor's legal costs. If a creditor tells you that you will have to pay them then they are misleading you and may have breached the Fair Trading Act.

### Checking your credit record

Any debts or missed payments will probably be recorded on your credit record. Credit records are used by creditors to make a decision about lending you money. Under the Privacy Act the information that agencies hold about you must be correct. You have a right to access this information and if anything is incorrect you can make a written application to the agency for the incorrect information to be corrected.

[For more information about privacy visit the Privacy Commissioner's Office website](#), or call 0800 803 909.

Credit record agencies must provide this information for free unless you need it within 5 days and then they can charge you a reasonable fee. Below is the contact information for the two main credit reporting agencies.

#### **Dun and Bradstreet**

PO Box 9589 Newmarket

Telephone: 0800 733 707

Website: [www.dnb.co.nz](http://www.dnb.co.nz)

#### **Veda Advantage (NZ) Ltd**

Private Bag 92156 Victoria Street

Auckland

Telephone: 0800 692 733

Website: [www.mycreditfile.co.nz](http://www.mycreditfile.co.nz)

## **Got a problem with debt collection?**

If you don't think you owe the creditor tell the debt collector. If you are having trouble paying debts you can discuss your options with a budget advisor.

### **What can I do if I don't think I owe them?**

If you don't think you owe the creditor, or you don't think you owe that much, you need to do something about it. Tell the debt collector or the creditor that you don't agree with the debt. The debt collector may decide not to pursue you while the dispute is being sorted out.

If you can't resolve the disputes you can go to the Disputes Tribunal to ask for an order to say you are not responsible for the debt.

[Find out more about making a claim at the Disputes Tribunal.](#)

### **The debt's not mine**

The Privacy Commissioner's office has an example of a debt collection agency who incorrectly chased the wrong person for an outstanding debt.

[Read the case here.](#)

### **I think the fees are too high**

You can ask the creditor or debt collector to explain the charges and you can compare them with how much other creditors or debt collection agencies charge. If the fees aren't reasonable, you can go to the Disputes Tribunal to try to get the fees reduced.

### **I am having trouble paying debts**

If you are having trouble paying debts you can discuss your options with a budget advisor. Contact details of your local budget advice service are in the White Pages, online or you can call 0508 BUDGETLINE (0508 283 438) to talk with a trained budget advisor.

[Visit the Budget Advice Service website.](#)

### **I have debts that I can't pay back**

If there is no way that you can pay your debts then you may be able to apply for a Summary Instalment Order, a No-Asset Procedure, or Bankruptcy.

For more information about these options, contact the Insolvency and Trustee Service on 0508 INSOLVENCY (0508 467 658).

[Visit the Insolvency and Trustee Service website.](#)

### **The creditor is taking my property**

Repossessions are only legal if they follow an exact process and you gave the creditor the right to repossess in your contract.

[Find out more about your repossession rights and options.](#)

## **My credit record is wrong**

Under the Credit Reporting Privacy Code you have the right to have your information recorded correctly. Make a written application to the agency for the incorrect information to be corrected.

[For more information about the Credit Reporting Privacy Code visit the Privacy Commissioner's Office website](#), or call 0800 803 909.