

Common Myths in Collecting Delinquent Accounts

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Common Myths in Debt Collection

Myths abound in the information age about every topic under the sun, and debt collection is no exception. In this article, we will point out a few of those myths, and in future articles we will take a closer look at each one. Check back soon!

1. The Partial Payment Myth: As a creditor, I will waive my right to sue the borrower if I accept a partial payment.

Fact: A creditor generally has the right to reject a payment less than the amount agreed upon, but a creditor is not *required* to return a partial payment. The best practice is to reassert the creditor's right to full payment in writing to the borrower to avoid being deemed later to have agreed to a new lower payment amount.

2. The Disputed Debt Myth: As a creditor, if a borrower disputes a debt, I must cease collection efforts.

Fact: A creditor does not have to cease collection efforts when a borrower disputes the validity of a debt. The creditor may proceed with collection efforts including suing on his own behalf or referring the matter to a collection law firm or agency. The distinction often overlooked is that between a 'creditor' and a 'debt collector'. If the borrower requests evidence of the debt, in writing, a *debt collector* must suspend its collection efforts until the debt is validated. After that, the debt collector may continue collection efforts, including the immediate filing of a lawsuit.

3. The Stop Calling Myth: As a creditor, if a borrower tells me to stop collection efforts, I must stop as requested.

Fact: A creditor does not need to ask permission to pursue delinquent accounts and a creditor is likewise not required to cease collection efforts simply because a debtor demands it. The creditor may proceed with a lawsuit, or refer the matter to a law firm or collection agency. With very few statutorily created exceptions, a creditor may pursue collection of a debt by any and all legally permissible means, including outsourcing collection efforts to a professional [debt collection law firm](#).

4. The Charged Off Account Myth: Charged off accounts cannot be collected.

Fact: Charged off accounts can be collected, and collection activity is often outsourced to a [professional debt](#) collection law firm for charged off accounts. All types of creditors, including banks, medical service providers, credit unions, and other institutions may charge off bad debt in the regular course of maintaining company records, but that does not mean they can no longer try to collect the delinquent accounts.

5. The Identical Twin Myth: All [debt collectors](#) are the same.

Fact: All debt collectors are NOT the same, and like members of most other professions, they come in all shapes, sizes, and abilities. The general phrase ‘debt collector’ often refers to a third party who regularly seeks to collect debts owed to another party, as contemplated by Section 803 of the [Fair Debt Collection Practices Act](#). Two very different types of ‘debt collectors’ are professional debt collection law firms and typical collection agencies. The two vary in many ways, but the most obvious distinction is that litigation is a law firm’s primary strategy for collecting bad debt for clients. In contrast, a typical [collection agency](#) generally cannot and does not itself sue a borrower on behalf of the creditor.

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About Seidberg Law

Unlike a “collection agency”, a professional debt collection law firm will work both in and out of the court system to help collect money owed. At [Seidberg Law](#), we will first exhaust all non-judicial means to encourage delinquent customers to pay. If that doesn’t work, we can engage the legal process to seek payment of unpaid accounts.

Don’t let outstanding debt bankrupt your business. Call the professional debt collection attorneys at [Seidberg Law](#) for help. Centrally located in Phoenix, Arizona, Seidberg Law can help recover delinquent debts from debtors throughout Arizona. Call Seidberg Law today at (623) 258-4397 or visit us online at www.seidberglaw.com.