

Get Paid Using Debt Collection Agencies

Debt collection agencies are often a viable option for receiving payment on overdue bills. Here you can learn how debt collection agencies work and what to look for in reputable debt collections agencies. Using outside collection agencies to pursue delinquent accounts may seem distasteful, sometimes even downright objectionable. You may be picturing Tony Soprano, baseball bat in hand, using unprofessional means to harass struggling debtors. As a creditor, when you hire a collection agency, they are assigned the job of collecting the debt. Normally, if the agency is successful in debt collection the collection agency will retain a percentage of the amount collected as payment for services. Typically, collections agencies do not take over the debt. The debtor does not actually owe them money. It still owes to the creditor. But the collections agency will provide evidence (known as debt validation) that they have been empowered to collect the debt on behalf of the creditor. In reality, for many years the collections industry has boasted high-quality, professional collections agencies that have learned how to partner with clients and represent them in a manner consistent with the client's values - without damaging the reputations of the businesses they collect from. Using professional collections agencies can actually help your business grow.

Shopping For Debt Collectors When looking for collections agencies to serve your business start by asking for some references. Debt collectors offer different fee structures. Most debt collection agencies work your accounts for a percentage of what they collect. Average collections agencies commissions run between 30 percent and 50 percent, but sometimes they charge a low flat fee per account. Occasionally, collection agencies will purchase the debt from the creditor. However, usually all that the collections agencies acquire is the right to carry out the process of debt collection. All collections agencies are governed by federal laws and no collection agency is, or wishes to be in, the business of collecting fraudulent debts. However, when acting on behalf of a legitimate creditor they will take all legal steps to enforce the collection of badly overdue accounts, if necessary going to court on behalf of the creditor. Usually the larger, national agencies flat rates, charging you a single fee per account turned over. This method brings at least two advantages: 1) The collections agencies give every account equal treatment. They have no incentive to "skim" the larger balances with a bigger pay-off for the debt collector. 2) You can feel more comfortable turning over larger accounts to these agencies, since it won't cost you any more than the smaller ones. Remember, your ability to partner effectively with collections agencies depends on how soon you turn the account over and how professional they will represent your business when collecting for you. Never forget that the debt collection agencies you choose are reflection on you!

About the Author

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