

# How to choose a debt collection agency

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When you make the decision to refer your overdue accounts to a B2B Debt Collection Agency (DCA), you are entrusting much more than just cash collection into the hands of a third party. Your own reputation with your customers is also at stake. So, you should choose a DCA that ticks all of your boxes – and the good news is it's much easier than you might expect.



## Search

First, you need an agency whose core competency is B2B collections and not B2C where the skill sets, and working practices, are often quite different. There is no better place to search for a suitable DCA than by visiting the website of the Credit Services Association at [www.csa-uk.com](http://www.csa-uk.com). The CSA is the professional body for the collection industry, and its members are bound by its Code of Practice, which dictates legal and ethical practices, high standards of business, and fairness in dealing with your customers.

## Shortlist

Now that you have your shortlist of DCAs, you can begin by testing their openness, their integrity and their customer service skills. Five useful facts about the DCA's ethos will be revealed by asking them the right questions. The questions (**Q**) is followed by the benefit (**B**), so give them a call and ask the questions:

- Q1.** Do you have customers in my particular line-of-business?  
**B1.** You want an agency with experience in your business sector, and one that understands its dynamics and nuances.
- Q2.** Are you able to offer me references that I can contact?  
**B2.** Any supplier worth their salt will have satisfied customers, so speak to a few of their customers and see how they find the service.
- Q3.** Do you operate a no-collection-no-commission basis?  
**B3.** Most agencies do. Now, ask them to support their answer by sending you a copy of their Terms and Conditions too.
- Q4.** What are your remittance rules?

**B4.** There is little point the DCA collecting your cash quickly and then remitting it slowly to you. Ask for their remittance rules and schedules.

**Q5.** Do you provide online performance reporting?

**B5.** Most agencies do. Ask to see a demonstration so that you can assess its value to you.

This is pretty basic stuff I'm sure you'll agree. However, if you can't get these basic questions answered to your satisfaction, they are probably not the right agency for you.

## Satisfy

You should now be in a position to hone your shortlist, so it's time to start considering the completeness of the service available to you. Because the accounts you plan to refer to the DCA will already be overdue, the speed of their service is going to be vital to you. So, you need to ensure you get a seamless end-to-end service and not one where the continuity of service is constantly interrupted. Now you should make an appointment with your short-listed DCAs, either at your office or theirs, and be ready to satisfy the following added benefits:

- Q1.** Does your agency have access to B2B credit information?  
**B1:** Those that do will be able to shape their collection actions to the liquidity and solvency of your customers, and offer you the best possible advice.
- Q2.** Are you providing late payment data to a credit reporting agency?

**B2.** When they are, it will provide them with added leverage to negotiate with your customer, who will be eager to protect their credit rating.

**Q3.** Do you have in-house tracing to locate absconded debtors?

**B3.** If they don't, that puts another link in their processing chain, and slows them down.

**Q4.** Do you add Late Payment Interest/Compensation to the debts referred to you?

**B4.** Government legislation gives businesses a statutory right to claim interest from other business for the late payment of commercial debt, so the DCA should try and recover it for you. When they collect it, it will also help to offset the DCAs commission charges too.

**Q5.** What overseas collection skills do you have?

**B5.** At the very least, the DCA should have the main European export market languages covered in-house, and will certainly need an established office and agent network across the world.

**Q6.** If you can't collect my money amicably, what litigation facility do you have?

**B6.** Most DCAs will have a link to a preferred solicitor and, if you accept their recommendation to 'go legal', you want to be sure that your chosen DCA will retain responsibility for liaison and reporting.

## Summary

DCAs offer third-party intervention when your best efforts have been thwarted. Their amicable 'pre-legal' debt collection is designed to protect your reputation, enhance your customer retention, and maximise your cash flow. There are many Debt Collection Agencies for you to choose from. Now is the time to find a DCA that ticks all of your boxes.

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