

MEMO / NOTE DE SERVICE



To / Destinataire Mayor and Members of Council

From / Expéditeur Joseph Muhuni
Deputy Treasurer, Revenue Services,
Finance and Corporate Services
Department

Subject / Objet City of Ottawa's collection process and use of private debt collection agencies Date: March 14, 2024

The purpose of this memo is to provide further information to Council on the City of Ottawa's collection process for outstanding balances owed to the City and recent credit bureau reporting by a private debt collection agency.

City's Collection Process

The City's collection process has been in place for over twenty years and is summarized below:

- The City issues an invoice, bill, or ticket with a due date to pay the outstanding balance. A courtesy reminder is sent prior to the due date.
- If the due date is not met, the debt is referred to Revenue Services.
- Revenue Services sends a courtesy notice by mail within five (5) business days of receiving the debt, which provides an extended deadline and outlines enhanced collection methods available to the City, including referral to private debt collection agencies and credit reporting.
- If the City is unable to collect the debt after numerous courtesy contact attempts in the first six (6) months, the debt is referred to a private debt collection agency.

Private Debt Collection Agencies

Every five years, the City undergoes a competitive process to contract new private debt collection agencies. Outstanding balances are transferred to new agencies and courtesy notifications and collection activities continue. Therefore, longstanding debt owed to the City have had multiple agencies make several attempts to recover outstanding balances.

Credit Bureau Report

The most recent competitive process to contract private debt collection agencies was completed in January. One of the successful bids was Financial Debt Recovery (FDR). The company recently reported 103,000 unpaid Provincial Offences Act fines and 3,000 unpaid water bills to the credit bureau. Credit bureau reporting is a legal method and is widely used as a tool by financial institutions, lenders, and creditors to collect unpaid amounts. This can be an effective method when agencies are unable to contact the individual responsible for the debt. It is the responsibility of the public to update their address and contact information with the Provincial Offences Courts if

they have outstanding offenses and the City. Of note, a conviction for a set fine under the Provincial Offences Act has no statute of limitations.

FDR has confirmed to the City that paid debts are removed from credit records.

Those who have received a collection notice or have had an item placed on their credit report by the third-party collection agency for outstanding arrears with the City can call Financial Debt Recovery at 1-877-300-9585 to request more information or make payment arrangements.

The City encourages residents to deal with invoices, tickets, and bills promptly to avoid collections activity. Where outstanding balances remain, it is the responsibility of the individual to update the Provincial Offences Courts and the City of their contact information.

I have attached a document of frequently asked questions to this memo which provides further information.

Please do not hesitate to contact me.

Thank you,

Joseph Muhuni
Deputy Treasurer
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