

# Top 10 Ways to Choose a Good Collection Agency

Choosing a collection agency is a very important decision and one that must be made with careful planning.

Here are 10 things you should consider when choosing a collection agency.

**Does the collection agency have licenses in the states your debtors reside?** Each state has different rules about licensing collection agencies. Make sure that the agencies you consider have the proper licensing for the location you are in.

**Check out the form letters your clients will be sent.** Make sure you are comfortable with the wording and that it works for the type of accounts you want collected. Make sure the letter reflects the urgency, yet professional attitude you want to portray without offending your clients.

**Check out the training the phone representatives receive to prepare them to call your clients.** Make sure you are comfortable with their phone manners and voice. If they have an IVR system, see what that message says.

**Cost is important but must be weighed against the percentage collected.** If you have two agencies and you're paying one significantly more than the other on a monthly basis, is it because rates are different, or simply because one is significantly outperforming the other?

**Does the collection agency have experience in your type of accounts?** For instance, if you are a hospital, does the company have specialized training and experience with hospital collections? This can be a very important factor in the selection process and must not be overlooked.



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**How does the agency handle skip tracing?** Skip tracing is the name for finding debtors who have changed addresses and phone numbers. A good agency has large data repositories to help them find and contact your debtors.

**A good agency has an Errors and Omissions Liability insurance policy.** This protects both of you should your client file harassment charges against you or your agency for your collection efforts. More courts are finding the companies that retain agencies doing illegal collection activities are just as guilty as their agency.

**It is illegal under the FDCPA to send the same account to different agencies.** However it is good business to split your bad debt accounts with two agencies and see who performs best for you. This is a great way to try out the services and performance of each agency before you settle down with just one.

**Make sure you get references for the agency and check if they have any unresolved complaints or open claims against them.** Also ask for the typical success rate they have with the accounts that the agency handles for them. Especially check with companies similar to your own.

**Make sure your agency is a member of a respected association.** With more than 5,000 members, ACA International is the one national association that provides training and standards for the collection industry. Make sure your agency is an active and participating member, utilizing collector training and certifications.

*Hiring a Collection agency is a big decision and must be made with care. These 10 things will help you choose a good collection agency for your business needs.*



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