

SA-VIT COLLECTION AGENCY TIPS OF THE MONTH ARCHIVES



December 2006

Getting the Balance Paid in Full

Start by asking the debtor to pay the full amount owed **today**.

Have the debtor put the full balance on his/her credit card or debit card. You do not need a signature as long as you get the necessary card information and agreement as to the amount of payment. You will definitely get some payments. In some cases, the debtor will tell you he/she prefers to pay by check, and will mail in the full payment. Great!

But you may very well get a response that payment in full is not possible right now. The debtor will indicate that he/she needs to make an arrangement to pay the balance owed. You are now in control of the negotiation.

When making arrangements, ask how much time the debtor needs to pay the account in full. You should even suggest a time period of two or three months, thus putting the debtor in the position of knowing what you expect. **Never** ask how much the debtor can afford to pay, as that immediately puts the debtor in control. In most cases you will end up with a satisfactory short-term payment schedule.

Be sure to close the deal by asking that the first payment be sent immediately. Then ask the debtor to include the remaining payments in post-dated checks meeting the schedule agreed to. If you get a stall, remind the debtor that this is your policy, and that your office is not in the billing or credit business.

You can also use credit cards in a similar way. Again, advise the debtor that this is your policy. Process the first payment. Then mail a pre-printed form letter with the terms agreed upon (dates and amounts to process future credit card payments), and ask the debtor to sign the agreement and mail it back to you. Be sure to **include a stamped return envelope**, which will greatly increase the probability of completing the deal.

Failure of the debtor to live up to the agreement will give you an early indication that you may well have a delinquent account to deal with. And the earlier you find this out, the quicker you can react to prevent a possible loss.