

# The Collector Chronicle

NORTH AMERICAN RECOVERY

JANUARY 2018

AMERICA'S COLLECTION AUTHORITY

## LAST MONTH'S LUCKY WINNER

The lucky winner of our client prize for December is Smith's Food King. They have been using our agency since 1994! We will be sending Jenny a gift card to The Cheesecake Factory! Enjoy!

*The  
Cheesecake  
Factory*

## THIS MONTH'S PRIZE

This month we will be giving away a gift card to the Darden restaurants!

Each client who sends new accounts during the month of January will have their name entered into a drawing. At the end of the month, we will draw a name. If it's yours, you'll win the prize.

*Don't miss out on your chance to win.  
Send new accounts in January!  
Good Luck!!*

*The Olive Garden  
Longhorn Steakhouse  
Bahama Breeze  
Seasons 52 Fresh Grill  
Yard House  
Red Lobster*

## CHANGING A NAME

**BY: DAVID J. SAXTON  
PRESIDENT, NORTH AMERICAN RECOVERY**

When a customer is set up in your system, they are assigned an account number. But when an employee needs to access that account, they probably look it up by name. Even if you have additional responsible parties on the account, the original customer is usually the "name" on the account.

When an account is assigned to our office, we do the same thing. We set up the account as being owed by John Q. Consumer, and if there is a co-signer, a Mary Jane Consumer for example, we will add her to the appropriate fields. When we acknowledge the assignment, we list both names; however, any additional reports, including our monthly statement and status reports, will only list the main consumer's name: John Q. Consumer.

This is pretty basic stuff, but sometimes we encounter situations where we need to "switch" a consumer and a cosigner or remove the original consumer completely. I thought I would discuss the reasons these changes might happen in this month's article.

First, I'll start with the most common reason: bankruptcy. When a consumer files bankruptcy, we must stop the collection activity on ALL parties. If the bankruptcy is a chapter 7, and the consumer does not reaffirm the debt, we will end up writing off the entire balance. However, if there is a cosigner, we can start collecting from him or her after the discharge (usually 90 – 150 days after filing date).

When it's a chapter 13, we can ask the bankruptcy court for permission to collect from the cosigner, and, if granted, go after him or her. In either instance, we will remove the original consumer from the account and send a letter notifying you of the change. The letter will tell you why we removed the consumer and the name of the cosigner (which will now be the "consumer") so you can make a corresponding change in your system.

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It is important you make the necessary changes to your records because when we start sending you payments that we've collected from Mary Jane Consumer, it could cause some confusion and frustration if your computer still shows that the debt is owed by John Q. Consumer.

Another situation we deal with has to do with healthcare bills and divorced couples. Here's what happens: one parent brings the children in for service, but they don't carry insurance, the other parent does. If the mother brings the children in, she will list the father as the responsible party, and when the healthcare provider sets up the account, the father is listed as the "consumer." When we receive the account, we have to collect from the person who signed the financial agreement. So we will add the mother as the consumer. For this reason, it's important you check your acknowledgements closely to ensure the name we listed matches the name you sent.

A second issue we see on healthcare accounts has to do with an adult child who is still covered under his or her parent's insurance. The child (who is over 18) goes into the provider's office, sets up his own account, signs a financial agreement, but lists his father or mother as the responsible party. The client will set up the account under the parent's name for insurance billing purposes, but when collecting, we must go after the adult child (one more reason why it's important you check acknowledgements closely).

The last example on a healthcare debt has to do with collecting a "family" account. If the mother signed the financial agreement but listed the husband as the responsible party, the client will send the account to us with the husband listed as the "consumer". But we will collect from the wife because she signed the financial agreement.

The next example can happen on any type of account. (Thankfully it doesn't happen very often.) If a consumer passes away and we aren't able to collect anything from his estate, the account is a loss. If, however, there is a cosigner on the account, we will remove the consumer's name and replace it with the cosigner's. This change will again result in us sending a letter explaining what happened.

The final example occurs during the legal process. If we are collecting from two consumers (a consumer and a cosigner for example), and they live at different addresses, we will attempt to have both parties served with the lawsuit. If, however, we are unable to serve the consumer but we are successful in serving the cosigner, the judgment will be granted in the cosigner's name only. When this happens we must "flip-flop" the name of the consumer and the cosigner so the additional legal action will properly reflect the name of the judgment consumer. As with the other instances, we will send you notification of this change so you can modify your records to match ours.

These changes might seem like a lot of effort, but we believe it's worth it. Staying on top of these changes has allowed us to collect several accounts that we wouldn't have otherwise. So keep this in mind when you notice that we've changed the name of a consumer, and call us if you have any questions.



*The Collector Chronicle* is published by NORTH AMERICAN RECOVERY for prospective and current clients. The owner, David Saxton, welcomes your questions or comments.

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