

Responding to Debt Collectors

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If you receive a letter of demand from a debt collector, you might be wondering what you should do and whether you should respond to the debt collector. We have set out four helpful tips below which might assist you to respond to debt collector correspondence.

1. Do not ignore the debt collector!

Whilst it might be daunting or scary receiving a letter of demand from a debt collector, you must ensure that you read the letter of demand and consider the claim being made against you. If you do not respond to the demand, it is likely that the debt collector may proceed with commencing proceedings against you. Debt collector proceedings and judgments can have unintended consequences, including being recorded on your credit profile, or leading to bankruptcy, so it is important that you take steps to deal with the debt collector's claim as soon as possible.

2. Speak to the debt collector

When you first receive a debt collector's claim, if you have any questions about the nature of the claim or how the debt was incurred, you should contact the debt collector and request more

information. If you are going to respond to the debt collector's claim, you will need to have all of the details regarding the nature of the claim and the documents which the debt collector is relying on in support of the claim. If you have any difficulty getting assistance from the debt collector to understand the nature of the claim, you may need to consider seeking legal advice.

3. Consider defences to the debt collector's claims

When you receive a demand from a debt collector, if you believe you might have a defence to the debt collector's claim or a cross-claim, you should let the debt collector know as soon as possible. If you are uncertain as to whether you do have a defence or a cross-claim, then you may need to consider seeking legal advice, to assist you to respond to the debt collector's claim.

4. Negotiate with the debt collector

Often debt collectors, especially in the current circumstances, will be prepared to negotiate some form of settlement or payment arrangement with you in relation to the debt. Whilst you might believe you have a good defence to the debt collector's claim, litigation can often be expensive and time consuming, which is why a settlement might be a good option for some people. Whilst you might be able to negotiate the terms of the settlement yourself, if you have any difficulty negotiating with the debt collector, you may want to consider seeking the assistance of a lawyer to negotiate the terms of the settlement and ensure you are protected from future claims in relation to the same debt.

If you have received a letter of demand from a debt collector and you would like legal advice regarding the demand and how you should respond, Matthews Folbigg's debt recovery team can assist you and act on your behalf to resolve or defend the demand.

If you would like more information or advice in relation to insolvency, restructuring or debt recovery law, contact Bonnie McMahon at bonniem@matthewsfolbigg.com.au or a Principal of the Matthews Folbigg Insolvency, Restructuring & Debt Recovery Group:

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