

Debt collecting

Knock knock

- 1 As Britain's debt mountain swells, so does the uncollected part of it. Last year, debt collection agencies handled 20m individual cases, together worth over £5 billion (\$8.4 billion), of a total of £140 billion unsecured. Recovering credit-card debt is the fastest growing. Other unpaid bills, from bank loans to book clubs, are piling up too.
- 2 The pickings are thin, chiefly because the legal system is slow, inefficient, costly and toothless. A survey from Leeds University shows that big lenders like credit-card companies typically recover just 2-3% of outstanding balances through litigation. For debts below £1,000 going to law is often simply not worth the trouble.
- 3 Even if a creditor wins a court judgment that orders the debtor to pay up and licenses bailiffs to repossess property, the debt remains unpaid in most cases. Debtors may flit, hide, or simply turn out to have nothing worth seizing.
- 4 If litigation is mostly an empty threat, that leaves the second option: a debt-collection agency. The process starts with an intimidating letter. If that goes unanswered, the phone calls start. If the agency knows, or can find your e-mail address and mobile phone number, they can pester you at work or in the pub. There are threats of litigation, and worse – someone comes round to “discuss” the debt face to face.
- 5 But if the debtor weathers this, there is little more the collectors can do. Although often mistaken for bailiffs, they lack their powers. With a court order, bailiffs may enter private premises through open windows or unlocked doors: when collecting the state's debts, they are even allowed to force an entry.
- 6 So the debt collectors have had to adopt different, softer tactics. The larger agencies offer advice to debtors about how to pay off the money they owe. That is clever: if different collection agencies are pursuing different debts, there is a race to be paid first. In an industry that once featured bulky men with bad haircuts and no necks, over half the workforce is now female.
- 7 What that fails to collect is then sold on to agencies, at 8-17 pence in the pound, depending on its age. “Distressed” debt which is really delinquent can sell for 1 or 2p. These agencies can keep a debt alive as long as five years, sending reminders now and then in the hope that the debtor's circumstances will change.
- 8 Nick Wilson, author of the Leeds University report, says that in the current system the rational thing to do with debt-collectors is to “ignore them completely”. Though many debtors do undoubtedly want to pay off their loans, there is a strong incentive simply to unplug the telephones and ignore the doorbell. In practice, the main penalty for non-

payment is a bad credit rating and no more loans. That is not too terrible a deterrent for a debtor who has borrowed irresponsibly.

9 So long as the legal system works equally badly for everyone,

the lenders who lose out from the feckless simply shift the cost elsewhere. A sorry state of affairs, but likely to last.

The Economist

Tekst 5 Knock knock

- 1p 13 With which of the following could paragraph 2 also begin?
- A However, the pickings...
 - B Similarly, the pickings...
 - C Thus, the pickings...
- 1p 14 How is paragraph 3 connected to paragraph 2?
- A It comments critically on the situation described in paragraph 2.
 - B It elaborates on the point made in paragraph 2.
 - C It shows the consequences of the state of affairs described in paragraph 2.
- “that leaves the second option” (alinea 4, eerste zin)
- 1p 15 Waarop komt de **eerste** optie neer?
- 2p 16 Geef van elk van de volgende beweringen aan of deze wel of niet overeenstemt met de inhoud van de alinea’s 5 en 6.
- 1 A debt-collection agency needs a court order to confiscate a debtor’s property.
 - 2 Debt agencies who coach debtors on debt management, have an advantage over their competitors.
 - 3 In general, women are more successful than men in tracking down debtors.
- Noteer het nummer van elke bewering, gevolgd door “wel” of “niet”.
- 1p 17 Which of the following can be concluded from paragraph 7?
- A A debtor can be pursued for a considerable length of time.
 - B Debt collecting may attract criminally-minded people.
 - C Debts can be paid off in various ways.
- Hieronder staan vijf beweringen. Een combinatie van twee ervan vat de inhoud van de alinea’s 8 en 9 samen.
- 1p 18 Wat is de juiste combinatie?
- 1 Both creditors and debtors are victims of the weaknesses in the current legal system.
 - 2 Creditors will recover their losses elsewhere to compensate for unpaid debts.
 - 3 Money lenders have only themselves to blame if they do not get their loans repaid.
 - 4 Ultimately, debtors will find their financial options limited.
 - 5 Under the present circumstances, debtors cannot be dealt with effectively.
- Noteer de twee cijfers die de juiste combinatie vormen.

Bronvermelding

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