



Keeping up with Collection Agency Compliance within the Health & Fitness Industry



We don't expect the health & fitness industry to worry too much about Compliance, but if you are a gym operator, it is a subject that requires your immediate attention. A lot has changed in the Collection Industry over the past 12 months and these changes may have a direct impact on the future health of your business. The "Old School" collection agencies should be a thing of the past, and an agency (big or small) that fails to follow **ALL of the RULES** will be forced to fold up shop within the next several months/years as they may not possess the required resources or proper strategies to handle the challenges our industry faces. Even an agency that "appears" to do everything the right way may not have the back-office support to meet all of the qualifications set forth by the CFPB.

CFPB: Congress established the Bureau of Consumer Financial Protection (CFPB) through the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act). Your Agency must develop a consistent process to handle Disclosure and Delivery Requirements that meet specific guidelines set forth by CFPB. Your agency must educate you on the importance of MEMBER DATA SECURITY and compliant COMMUNICATION STRATEGIES, as faulty practices by you or your agency may lead to costly lawsuits that can destroy the business you try so hard to protect. Finding an agency with secure integrations built into your Club Management Software Company is an absolute must in this current environment.

CFPB Requires Collection Agencies to adhere to the very stringent rules and regulations of the following Acts. It is your agency's responsibility to implement programs and processes guaranteed to protect your members from being treated unfairly.

- FDCPA- Fair Debt Collection Practices Act
- TCPA - Telephone Consumer Protection Act
- GLBA - Gramm-Leach-Bliley Act
- ECOA - Equal Credit Opportunity Act
- FCRA - Fair Credit Reporting Act
- UDAAP- Unfair, Deceptive, or Abusive Acts or Practices
- SCRA - Service Civil Relief Act



For more detailed information on the above listed Acts you can review:

http://www.consumerfinance.gov/askcfpb/search?selected_facets=category_exact:debt-collection

Management: Agencies must employ a full-time Compliance Manager and Staff dedicated to building processes to streamline customer communication and accurate reporting. “Debtors” have a lot of rights that require consistent follow-up and 100% accuracy. The Compliance Management Team should also employ an effective communication strategy with the Executive Staff of the agency to ensure proper compliance is followed within all Agency Departments. The Compliance Manager is responsible for developing consistent educational platforms to keep **ALL** employees up to speed on any and all changes that are expected in the future.



Cell Phone Calling Strategy: Your agency must have a process in place to handle high volumes of cell phone calling, because it is illegal for an agency to contact any debtor's cell phone using a “robo-dialer”/ “Predictive Dialer”. A majority of all phone numbers obtained by health clubs are Cell Phones, so if you hope to communicate your message to a debtor, an agency must have alternative methods of communication outside of traditional calling practices. Does your agency have a process in place to scrub all member phone numbers to ensure no cell phone numbers fall through the cracks? It is the agency's responsibility to know which numbers are cell phones.

State Bonding and Licensing: State laws vary widely on the licensing of collection agencies. Some states do not license debt collectors, but instead rely on federal and state consumer protection laws to prosecute wayward and non-compliant collectors. Collection agencies are obligated to comply with the federal Fair Debt Collection Practices Act (FDCPA) regardless of the state, or states, in which they are licensed. The FDCPA restricts debt collectors from engaging in abusive or deceptive debt collection tactics, which can include impersonating a lawyer, making illegal or empty threats against debtors, or violating a debtor's privacy. Many states require each call center location to apply for a separate license or bond, so if an agency is calling from multiple locations, you should

ask for license copies detailing each call center. Collection agencies that violate FDCPA rules are subject to lawsuits and license suspension or revocation. To ensure compliance you should ask your agency to submit a copy of each license in the states they are collecting for your organization.

Each state has the right to authorize its own set of collection laws and requirements. For agencies seeking nationwide compliance, this creates a barrier of regulations that is not only confusing, but can prove costly if misunderstood or neglected. Not all states issue debt collection licenses, but there are over 35 jurisdictions that do require licensing and/or bonding. Even if your agency is licensed in your home state it does not give them the authority to contact a member that moved to a different state, as additional licensing may be required. You can find out if a license or bond is required in your state by going to: <http://www.cornerstonesupport.com/LicensingStatutes.html>

You Can Trust a “CFPB Compliant Agency” to Handle Your Collection Process Properly

In summation, Please take Agency Compliance very seriously and find a reputable collection partner who is dedicated to following all of the Compliance Standards set forth by CFPB, and don't allow your agency to cut corners. Your reputation and protection should never be put at risk. Ask your agency about their CFPB Compliance Strategy, Data Security, Licensing, and Insurance Standards. Ask for copies of State Bonds and Licenses. Ask to speak with the Compliance Manager about process standards. This is a daunting task for an agency, so please realize that many collection agencies will try to find ways to cut costs, and uncover shortcuts to work around the system..., but your business and reputation are far too valuable to place in the wrong hands. Ask the right questions, and feel good about the agency you choose to partner with. As a gym operator, you shouldn't have to worry about any of the items listed above, as long as you are represented by an agency that is eager to share their CFPB Documentation and Processes with you.



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CREDIT SERVICES

*This article was written by Bill Jackson FCS VP (wjackson@firstcreditonline.com) and Francesca Nelson FCS Compliance Manager (fnelson@firstcreditonline.com). **About First Credit Services (FCS):** FCS is a “CFPB Ready” Collection Partner to the Health & Fitness Industry representing thousands of Health & Fitness clients throughout North America. FCS is the Preferred Partner to many of the most prominent brands in the health & fitness industry. Established in 1993, FCS focuses on Member Retention and Customer Service Driven Collection Processes. www.firstcreditonline.com*

