



This publication is intended to provide general information only and is not a substitute for legal advice.

Payday Lending

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What is a payday loan? A payday loan is a loan of \$1,500 or less. The term of the loan must be between 42 and 62 days. The maximum fee a payday lender can charge is \$15 per \$100. This includes all fees and charges related to the loan.

ABOUT THE REGULATION

The *Consumer Protection Act* and Payday Loans Regulation apply to every payday lender who offers, arranges, or provides a payday loan to a borrower in Alberta. The regulation applies whether the payday lender operates from a business location or on the Internet. All payday lenders must have a Payday Loan licence.

You can check to see if a payday lender is licensed at <http://servicealberta.ca/find-if-business-is-licensed.cfm> on the Service Alberta website. You can also call the Consumer Contact Centre at 780-427-4088 (Edmonton) or toll free in Alberta 1-877-427-4088.

Agreements signed before August 1, 2016 are subject to the previous Payday Loans Regulation, which set a maximum rate of \$23 per \$100.

REPAYING THE LOAN

You may repay the full amount of the loan at any time. The payday lender may not charge you any penalty fees for repaying your loan before it is due.

HOW TO CANCEL A LOAN

The *Consumer Protection Act* gives borrowers a two-day cancellation period after signing a loan agreement. During this time you may cancel the loan and return the money without paying any additional fees. If the payday lender is not open for business on the second day, you may cancel the loan on the next business day.



CONSUMER TIPS

When you enter into the agreement, the lender must also give you a cancellation notice form. If you wish to cancel your loan, you must complete the form and return it to the lender, along with the money. You may also cancel the loan by writing a letter to the lender stating that you wish to cancel the agreement. You must sign the letter and return it to the lender, along with the money, within two business days of receiving a copy of the agreement.

Once the lender receives the cancellation notice from you, the lender must give you a receipt. The receipt means that the lender accepts your cancellation of the loan.

The lender may not charge a fee for cancelling a loan during this time.

Consequences of non-compliance

If a payday lender was not compliant at the time of the loan, fees cannot be collected if:

- the lender tried to collect a debt in a way that does not follow the rules set out by the *Consumer Protection Act* and Payday Loans Regulation;
- *the lender charged a rate higher than the maximum rate set of \$15 per \$100*
- the lender did not have the required signs posted at their place of business or online at the time you entered into the agreement
- the lender was not licensed at the time of the loan
- the loan was not an installment loan with a term of 42 to 62 days

PROHIBITED PRACTICES

Payday lenders must follow certain rules of conduct that are set out in the regulation.

Payday lenders must not:

- discount the principal amount of a loan;
- grant rollover loans;
- require a loan to be due less than one full banking day after you receive your pay or other income;

- charge any other fee for the loan other than those referred to in the loan agreement;
- make unauthorized withdrawals from your account;
- accept a cheque from you that is not made out to the payday lender;
- take information from you that would give the payday lender or a third party direct access to your bank account, unless it is to be used for pre-authorized repayment of your loan;
- charge more than \$25 on a dishonoured cheque or pre-authorized debit.
- directly solicit, negotiate or enter into another agreement for credit while a payday loan is outstanding.
- market payday loans by directly contacting individuals.

Collection practices

As a borrower, if you do not repay your loan, payday lenders are allowed to call you to collect what is owed. The regulation has rules that payday lenders must follow when collecting these loans.

A payday lender may:

- contact you between 7 a.m. and 10 p.m. Alberta time;
- contact your spouse or adult interdependent partner, relative, neighbour, friend or acquaintance to confirm your residential address, telephone number or employment telephone number;
- contact your employer to confirm your employment status, business title and the address of the business or the date of the next payday;
- contact you at work to discuss your debt unless you ask them not to. If you do not want to be contacted at work, you must arrange for the lender to contact you elsewhere and you must keep the arrangement.

CONSUMER TIPS

Payday lenders may not:

- make unauthorized withdrawals from your account;
- use threatening, profane, intimidating or forceful language;
- discuss your debt or the existence of your debt with any person except you, a guarantor of the debt, or someone you have identified in writing as your representative. The payday lender may contact another person in regards to your debt if you choose, but you must give your express consent and provide that person's current address and telephone number;
- call you or members of your household, relatives, friends, neighbours or your employer so often that the number of calls received could be considered harassment;
- threaten or state an intention to proceed with any legal action where the lender does not have the legal authority and consent to do so;
- give any misleading or false information;
- enter into or arrange wage assignments with you or your employer;
- publish or threaten to publish your failure to pay;
- charge more than \$25 for an NSF cheque or pre-authorized debit.

Please see the **Consumer Protection Act** and **Payday Loans Regulation** or contact Service Alberta for a full list of prohibited practices.

Record keeping

All payday lenders must keep any records relating to payday lending for a minimum of three years after the loan has been fully repaid.

CASH CARDS

A payday lender may offer you the option of a cash card so that you may access your loan immediately. If you wish to cancel your loan within the two day cooling off period, you must return the cash card along with any money that you withdrew from it.

If there is money left on the card at the end of your loan period, you are entitled to receive the balance left on the card. If the balance on the card is less than \$25, the payday lender must pay you the balance in cash. If you have repaid the loan in full and have returned the cash card, the payday lender must pay you whatever balance is left on the card in cash. You need to ask the payday lender if you want to do this.

IF YOU CAN'T PAY BACK YOUR PAYDAY LOAN

If you are having problems paying back your payday loan, contact the lender as soon as possible. Payday lenders have the right to sue you for the amount owed, plus interest and any related court fees. They may also turn your account over to a collection agency. Collection agencies can file a writ against you that may result in the seizure of property, and / or garnishment of wages, bank accounts, or accounts receivable. Try to make arrangements with them before any of these things happen.

CONSUMER TIPS

FOR MORE INFORMATION

Consumer Contact Centre

Edmonton: (780) 427-4088

Toll-free in Alberta: 1-877-427-4088

Publications

You may find these publications contain useful information:

- *What Creditors Can Do if You Can't Pay*
- *Bill Collection and Debt Repayment*
- *Filing a Consumer Complaint with Service Alberta*

For more information on debt repayment options contact:

Money Mentors

Toll-free in Alberta: 1-888-294-0076

www.moneymentors.ca

A current version of this and other consumer publications are available at the Service Alberta website www.servicealberta.ca. Most public libraries have Internet access if you don't have access at home.

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