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News Release

# Ontario Protecting Consumers Seeking Financial Help McGuinty Government Taking Steps to Regulate Debt Settlement Companies

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Ontario intends to regulate debt settlement companies to protect consumers from exaggerated claims and abusive practices.

Through new regulations, the government will:

- Ban debt settlement companies from charging up-front fees
- Limit the amount of fees consumers are charged
- Require clear, transparent contracts
- Implement a 10-day cooling-off period.

The government has posted [regulatory proposals](#) for public comment.

Taking strong action to protect Ontario consumers is part of the McGuinty government's commitment to educate and protect Ontario families by ensuring a fair, safe and informed marketplace.

### Quick Facts

- Ontario is joining other provinces like Alberta, Manitoba and Nova Scotia, which have introduced regulations to crack down on debt settlement companies.
- There are over 20 debt settlement companies operating in Ontario
- The Ontario Association of Credit Counselling Services receives over 100 complaints about debt settlement companies a month.
- Average consumer debt in Ontario is up to \$25,447 in the second quarter of 2012, compared to \$24,721 in the second quarter of 2011.
- For every dollar Canadians earn, they have \$1.64 in unsecured debt: Statistics Canada.

### Quotes



“There is evidence of harmful practices used by some debt settlement companies and that is why our government is taking steps to protect consumers. We want to put a stop to abusive practices in the marketplace. Consumers should know their rights before they sign contracts and they should not make any payments until they get results.”

**Margarett Best**  
Minister of Consumer Services

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### Multimedia



### Background

#### Real Consumer Experience With Debt Settlement Companies

An Ontario consumer approached a debt settlement company to help negotiate an affordable monthly payment program to settle debts of about \$11,000 with his creditors. The debt settlement company said it negotiated a settlement of about \$4,700 and charged the consumer a fee of about \$2,500.

[Read Backgrounder](#)

#### What People Are Saying About Regulating Debt Settlement Companies

"I applaud the Government of Ontario for their efforts to help consumers who use debt settlement services to get their finances in order. Banning high up-front fees, limiting fees and giving consumers clear information upfront is a strong step forward for indebted families in Ontario." --Laurie Campbell, CEO, Credit Canada Debt Solutions

[Read Backgrounder](#)

### Learn More

[Get tips on dealing with debt settlement companies](#)

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[Learn more about the Ministry of Consumer Services](#)

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