

BANKER & TRADESMAN

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COMPASSIONATE COLLECTION

BY LAURA SCHREIER | BANKER & TRADESMAN STAFF WRITER

Debt collectors have a reputation for being tough customers. But Jeff DiMatteo of Marlborough-based American Profit Recovery says his bank and credit union clients prefer a kinder, gentler approach to contacting wayward customers.

“It’s not Vinny and Guido with a baseball bat,” he said. He instead takes a “diplomatic” approach that aims to actually keep that customer coming back to the bank after the problem is resolved.

One common situation: Bank customers take out a big ATM withdrawal for money they don’t have. Because it’s often covered by overdraft protection, the customer gets the money, but then doesn’t deposit any more cash in the bank, leaving the bank out hundreds of dollars.

Instead, the customer just moves on to open a new account elsewhere. The company also works for a variety of businesses, including veterinarian or dentist offices, landscaping firms and other service companies that find their customers sometimes skipping out on the bill.

Jeff DiMatteo

Title: Owner/partner, American Profit Recovery

Age: 44

Experience: 17 Years



Q: So for banks, say a customer withdraws money and doesn't pay it back. How do you go about getting it back?

A: What we try to do with the banks and credit unions is, we try to get in there early. Typically a bank will try to [collect the debt] internally for 30, 60, 90 days, sometimes fairly aggressively, just trying to get back some of that money. And if we can get our clients to use us earlier, say after 30 days, that's when they see that we're not only recovering those fees and overdraft amounts, we're also keeping their customers for them.

Q: So these people actually go back and become good customers for the bank after all this?

A: I don't know the percentages of good customers, or what even constitutes a good customer, but [banks] know that the cost of getting a new customer is so much more than just retaining a customer.

Q: I take it that there are more debtors for you to go after since the recession hit?

A: Yes, there are more of them, and I think in the past year or two there's a different consumer that's in economic difficulties right now. There's always going to be people who don't pay their bills, so it's almost a recession-proof business....But there's a different demographic of a person that's in trouble these days. It's a person that's always had a job, and has always paid their bills and is a college grad that has never been in that situation.

Q: And do you send people out to knock on debtors' doors?

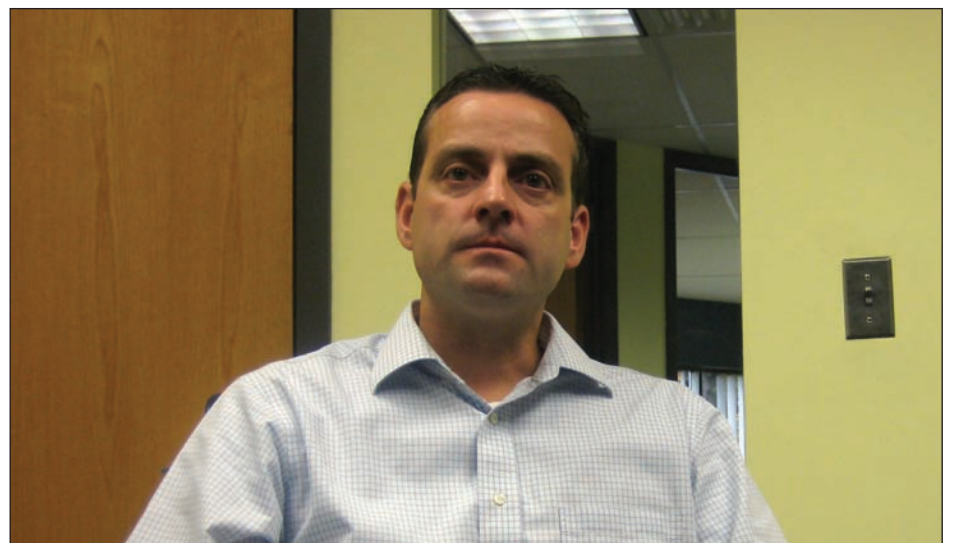
A: All the collections are done by letters and phone.... [Showing up at a person's home] isn't very prevalent anymore. We have a lot of smaller-balance [unpaid bills], so you can't send somebody out and knock on a door for a \$300 debt.

Q: It's probably not very cost-effective, and maybe goes against the more courteous attitude you're trying to convey?

A: Exactly. That's why we start off with written demands, and say, 'This is a professional courtesy on behalf of ABC bank, it may have been an oversight,' and have some communication going. We're looking to have the bill paid or at least open up lines of communication, because a lot of times when someone owes a bill, their psychology is, 'I owe this bill, I don't want to deal with it, I don't even want to take a call,' so they're kind of hiding because they're embarrassed or they have a problem that they just don't want to deal with. Or they have no intentions of paying the bill at all. And if [the banks] use us early, and it's one of those cases where they don't have any intention of paying at all, at least we know that fairly quickly, instead of waiting 12 months.

Q: If they don't pay, what do you do?

A: At that point we report it to the credit bureaus. We can sue it, but we don't do a lot of [lawsuits] because if it's an account that is collectible, we're usually going to collect it before it gets to that point.



TOP FIVE PROHIBITIONS IN THE FAIR DEBT COLLECTION PRACTICES ACT:



- 1** Collectors can only call debtors between 8 a.m. and 9 p.m. local time.
- 2** Collectors can't use "profane" or "abusive" language with the debtor.
- 3** Causing the phone to ring repeatedly with the intent to annoy or harass is prohibited.
- 4** Publishing the consumer's name on a "bad debt" list.
- 5** Talking to the debtors' friends, family or coworkers about their debt problems.