

# How Is a Collection Agency Different from a Collection Law Firm?



If you are owed a debt that you have been unable to collect, you can hire a collection agency or retain a collection law firm to collect it for you. There are significant differences between the services the two provide, as well as the fee structure charged by each.

A collection agency is comprised of non-lawyers who make phone calls and write letters on your behalf. They contact the debtors, inform them of their delinquent obligations, and try to convince them to pay what is owed. But all they can do is request the debtor to voluntarily pay the debt.

Collection agencies typically handle a very high volume of cases for clients that have hundreds or thousands of overdue accounts. These agencies charge a lower contingency fee than a law firm does because there is far less cost for them to make calls and send letters than there is for a collection law firm to litigate or enforce judgments.

A collection law firm, on the other hand, will also make phone calls and write letters, but, in addition, they will actually sue debtors and obtain judgements. Once a judgment is obtained, the collection law firm will enforce it by garnishing salaries, seizing bank accounts, and liquidating any of the debtor's other assets.

Another benefit of retaining a collection law firm is that the calls they make and the letters they write are far more intimidating than those of a collection agency since they state that if payment is not received by a certain date, a lawsuit will be commenced.

Accordingly, if the accounts in question are likely to be paid by just a little “prodding,” a collection agency may be more cost efficient. However, if the debtors have ignored the calls and letters that demand payment, a collection law firm will enable you to obtain and enforce a judgement; and their calls and letters will be taken more seriously as a result.

If you have any questions or comments, please contact me at [peter.roach@roachlawfirm.com](mailto:peter.roach@roachlawfirm.com).

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