

Dealing with Difficult Debtors

It is often so easy in debt collection to swiftly categorise customers as being 'difficult'. They have not paid despite three consecutive promises that they would: difficult. They are using irrelevant excuses to avoid speaking to us: difficult. They are raising their voice and getting abusive - well is that not typical difficult behaviour?

I have always enjoyed the human interaction element of my various collections roles, and felt strongly that if I treated someone respectfully, tactfully and professionally then I could expect broadly reasonable behaviour in return. However, despite this belief and my strong collections style ('firm but fair' personified) I was still dogged by the occasional customer who did not want to 'play the game'.

common behavioural traits

I have discovered many interesting aspects of the psychology of humans when they are faced with difficult behaviour. While the examples I read about in *Games People Play* by Eric Berne M.D. were not specifically focused on the debt collection environment, the behaviours displayed certainly had a familiar ring to them:

The person with little care for authority or rules. This sounded very much like the habitual debtor who has little intention of paying or returning calls.

The person who likes to use a little knowledge of the 'system' to intimidate, threaten or coerce to get what they want. Sounds like the customer who quotes dubious 'legal' information picked up from mates in the pub or the less savoury web forums, as a way of stalling payment or endeavouring to get the debt written off for entirely unwarranted reasons.

The person who is capable of fulfilling an objective, but likes to think of reasons why they cannot do it because they actually do not want to. This reminded me of the many customers who had the means to pay, but used a 'Yes, but....' objections to every suggestion I made to facilitate them paying.

instinctive reactions to difficult behaviour

A collector's reaction to such customer behaviours will vary greatly depending on, among other things, personality, environment and stress levels, but needless to say our instinctive reaction is usually one which plays into the hands of the perpetrator of the difficult behaviour, and serves only to escalate, rather than remove, the problem.

Many have traditionally placed reactive 'bad' behaviour into two neat pigeonholes, aggressive and passive:

A typically 'aggressive' reaction from a collector faced with a difficult debtor would be to get angry, raise their voice, stop listening and lose control of the call, leaving the collector psychologically upset, and allowing the customer to believe they were justified in their behaviour. In addition, the company's reputation may be placed under threat, and/or an important piece of legislation or regulations breached.

A typically 'passive' reaction from a collector would be to let the debtor take control of the call, allow themselves to be walked over and to feel uncomfortable about assertively exercising their rights to collect the money. The result of this would include low self-esteem for the collector, a customer who is not aware of the true seriousness of the situation and is less likely to worry about future arrears and, ultimately, a company that will suffer greater bad debt.

In the book *Dealing with Difficult People* by Roberta Cava, I learned about other categories of reactive behaviour, which fall somewhere between the two extremes of passivity and aggression. Although the names of these behaviours were less recognisable to me, the characteristics of each were certainly familiar:

Passive resistance is a behaviour used by people who are trying hard to be more assertive, but doing it ineffectively. The description of this behaviour felt familiar to me personally when I recalled the times that I have lied to pushy salespeople so I did not have to talk to them, rather than informing them assertively that I did not want what they were selling. The reason for anyone to adopt this type of behaviour would be that they want exercise their rights, but are fearful of coming across as aggressive. Debt collection equivalents would be comments such as, 'Isn't there any way you could pay even a little more?', or "I could really do with that payment by Friday. Would that be ok for you?"

Indirect aggression is used by those whose instinctive reaction is towards aggression, but who would rather do it subtly to avoid the retaliation engendered by more 'in your face' aggressive behaviour. Indirect aggression usually takes the form of silent treatment or sarcasm. This was another behaviour which made me blush with its familiarity when I thought of how many loud sighs, or muttered comments, I have delivered in normal life, just slightly within earshot of someone annoying me. Collectors equivalents would be comments like, "Do you not think the credit crunch affects everyone, Madam?" or, "So it's ok to go on holiday but not to pay your credit card, is it?"

The effects of these more subtle 'cousins' of aggression and passivity can be equally damaging. Collector motivation, the business' reputation and success, and the customer's perception of the company they are dealing with and the attitude to maintaining payment in the future could all be detrimentally affected.

what do we mean by 'difficult' anyway?

Collectors will all have a different view on the 'worst' scenarios to deal with. It is easy to define an individual as being difficult when actually it is the situation, rather than the person, that is causing the frustration. Similarly, is it really the behaviour that is particularly difficult, or simply that the type of behaviour displayed is that which is difficult for us personally to deal with?

In cases where we do identify difficult behaviour, it can be all too easy to 'punish' the debtor by the way we react, even though the debtor may not be acting in a deliberately difficult way. For example, the customer who phones up in a hysterical state because a standard letter threatening court action has been sent in error may well test a collector's ability to remain fair but assertive, but it needs to be remembered that was not the debtor's intent to create this problem.

Similarly, if there is a genuine language barrier between a customer in debt and a collector, then an 'extra challenge' may well be created, and the collector will require skill, patience and tact to deal with this assertively. Once again, however, it is important to understand that it is the circumstances of the call which are causing the difficulty, not obstinacy deliberately adopted by the debtor.

TRULY ASSERTIVE BEHAVIOUR

As in so many relationships, when collecting a debt, the important aspect of the liaison between collector and debtor is an 'equality of rights'. Truly assertive behaviour is not displayed in the sarcastic remark, the raised voice or the overfriendly yet ineffective comment.

When faced with difficult situations or behaviour, whether intentional or not, we must understand that our instinctive reaction may be one which feels the most natural and rewarding instant solution, but will invariably exacerbate the already difficult call.

Yes, debtors may occasionally intend to act badly (the 'treating debt collectors fairly' policies have yet to be issued). But retaliation, however human in nature, will only justify the 'bad behaviour,' and the problem will escalate beyond control.

Sometimes truly assertive behaviour involves doing the complete opposite of what our instincts tell us. The 'fight or flight' option is one which the low intent debtor may use, but not the assertive debt collector who succeeds in achieving polite control of every call by:

Maintaining a respectful but authoritative tone of voice, irrespective of circumstance

Avoiding the temptation to make a sarcastic or defensive comment, or sound apologetic about asking for the arrears to be paid

Using polite statements of fact to advise the debtor calmly of the current situation, the options going forward and the possible consequences of non-payment

Retaining control by listening, empathising where appropriate, evaluating the possible solutions and, perhaps most importantly, understanding when the conversation needs to change from a 'statement' to 'question' strategy, and vice versa.

The collector who adopts these principles will limit their own level of stress, avoid escalated

calls,unnecessarily long conversations and avoidable complaints about attitude, whilst retaining their place as one of the most consistently high-performing collection agents.

About the author

Chris Firat is Director of Chris Firat Training, and has 24 years experience in the consumer finance industry. Chris Firat Training provides tailored collection courses to a variety of lenders, third party processors, solicitors and debt collection agencies.

Read about our debt collection training courses or get in touch to request a call or brochure at www.chrisfirat.com.