

When a Claim Goes to Court

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When a creditor places a delinquent receivable with a certified commercial collection agency for collection, the creditor may authorize the agency, when necessary, to retain an attorney in the area where the debtor is located. The attorney is selected by the creditor and/or the agency with a specific provision that a lawsuit will not be filed without the creditor's prior authorization. It is incumbent on the creditor to determine whether the likelihood of recovery on the claim, and the probable amount of recovery, will justify the time and expense of litigation. Consultation by an agency and attorney can assist in that task. The agency and attorney can evaluate the claim for suit worthiness, establish the viability of the corporate entity (and personal guarantor, if applicable), determine if the statute of limitations has expired, examine the risks of initiating a lawsuit and discuss the willingness to defend a counterclaim if brought against the creditor.

Agencies forward claims to a network of attorneys across the United States and abroad. The advantage of using an agency's network is that attorneys receive many claims in their locale from the agency and represent many of the agency's clients. A tenured, certified commercial collection agency has long-standing relationships with attorneys who specialize in creditors' rights within each state. These relationships ensure that the attorneys handle each matter in an...

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