

Payday lending

This publication is intended to provide general information only and is not a substitute for legal advice.

What is a payday loan?

- A payday loan is an unsecured loan of \$1,500 or less with a term of 62 days or less.

What are the rules for payday loans?

- Payday loans must have a term of between 42 and 62 days and a schedule of payments with at least two installments.
- The maximum fee a payday lender can charge is \$15 per \$100. This includes all fees and charges related to the loan.
- Payday lenders cannot roll-over a payday loan or issue any other credit to a borrower with an outstanding payday loan.

How do I know if a payday lender is licensed?

- Anyone offering payday loans in Alberta must be licensed to do so, including online lenders.
- You can check this link: <http://servicealberta.ca/find-if-business-is-licensed.cfm>.
- You can call the Consumer Contact Centre at 780-427-4088 (Edmonton) or toll free in Alberta 1-877-427-4088.

Can I repay a payday loan anytime?

Yes, you can repay a payday loan at any time. The payday lender may not charge you any penalty fees for repaying your loan before it is due.

Can I cancel a loan?

You have a two-day cancellation period after signing a loan agreement. During this time, you may cancel the loan and return the money without paying any additional fees. If the payday lender is not open for business on the second day, you may cancel the loan on the next business day.

When you enter into the agreement, the lender must give you a cancellation notice form. If you wish to cancel, you must complete the form and return it to the lender, along with the money. You may also cancel the loan by writing a letter to the lender stating that you

wish to cancel the agreement. You must sign the letter and return it to the lender, along with the money, within two business days of receiving a copy of the agreement.

Once the lender receives the cancellation notice from you, the lender must give or send you a receipt. The receipt means that the lender accepts your cancellation of the loan.

What are some things a payday lender is not allowed to do?

Payday lenders must not:

- discount the principal amount of a loan;
- grant rollover loans;
- require a loan to be due less than one full banking day after you receive your pay or other income;
- charge any other fee for the loan other than those referred to in the loan agreement;
- make unauthorized withdrawals from your account;
- accept a cheque from you that is not made out to the payday lender;
- take information from you that would give the payday lender or a third party direct access to your bank account, unless it is to be used for pre-authorized repayment of your loan;
- charge more than \$25 on a dishonoured cheque or pre-authorized debit;
- directly solicit, negotiate or enter into another agreement for credit while a payday loan is outstanding; and,
- market payday loans by directly contacting individuals.

What if I can't pay back the loan?

If you are having problems paying back your payday loan, contact the lender as soon as possible. Payday lenders have the ability to take legal action against you if you don't pay. They may also turn your account over to a collection agency. It would be best to make arrangements with the lender before any of these things happen. If you do default on a payment, a lender can only try processing your pre-authorized debit one additional time.

For more information, call the Service Alberta and Red Tape Reduction Contact Centre at 1-877-427-4088

Keep in mind, when trying to collect a payment, a payday lender is not allowed to:

- make any call in person or by telephone to collect an outstanding payment except between 7 a.m. and 10 p.m. in Alberta;
- contact someone other than you for the purposes of collecting or attempting to collect a payment;
- contact your place of work for the purposes of collecting or attempting to collect a payment;
- attempt to collect an outstanding loan more than three years after the date of the last payment or your written acknowledgment;
- communicate information about the existence of a payday loan to anyone without your express consent;
- enter into or try to arrange wage assignments with you or your employer;
- publish or threaten to publish a notice of a failure to pay.

Investigation and enforcement

You may be able to file a complaint with the Consumer Investigations Unit (CIU) of Service Alberta and Red Tape Reduction, if you suspect the business is not following the requirements of the legislation.

CIU investigates potential violations of consumer protection laws. Consumers may submit a complaint when they feel that a business has breached these laws.

Instructions for filing a complaint with CIU can be found at: <https://www.alberta.ca/file-consumer-complaint.aspx>.

If your complaint is advanced to investigation, you will be contacted by an investigator. You may be required to provide further detail or documentation.

At the conclusion of the investigation, the investigator may:

- issue a warning to the business or individual.
- make recommendation for actions such as licence suspension, director's order, or administrative penalty.
- file charges in court.

To view previous enforcement action, visit the [Business Enforcement Search Tool](#).

You can view [Appeal board decisions](#) relating to enforcement.

You may also want to view [Consumer Alerts](#).

For more information

Consumer Contact Centre

Edmonton: (780) 427-4088

Toll-free in Alberta: 1-877-427-4088

<https://www.alberta.ca/file-consumer-complaint.aspx>

Alberta King's Printer

[Consumer Protection Act, Part 12.1](#)

Publications

You may find these publications contain useful information:

- [What Creditors Can Do if You Don't Pay](#)
- [Bill Collections and Debt Repayment](#)
- [Filing a Consumer Complaint](#)

For financial literacy resources or more information on debt repayment options contact:

Money Mentors

Toll-free in Alberta: 1-888-294-0076

<http://www.moneymentors.ca>

For more information, call the Service Alberta and Red Tape Reduction Contact Centre at 1-877-427-4088