

# The Province

OLYMPIC GIFT TO  
VANCOUVER YET  
TO BE UNVEILED

Statue was donated by Greek city  
of Olympia in 2010 **NEWS A6**

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## LIFE AND DEBT IN B.C.

More than half of young  
British Columbians say they  
will work in remote areas or  
in another province to repay  
their debts, which are the  
highest in the country.

First in an exclusive  
three-part series **NEWS A4-5**



# Dealing with Debt

SUSAN LAZARUK  
THE PROVINCE

Half of the young people struggling with debt enough to contact a bankruptcy trustee would consider leaving Metro Vancouver to improve their financial outlook.

And half said they've delayed major life events, such as house ownership or children, according to a survey for The Province.

"That's not surprising because anecdotally over the past five years, seven or eight of my friends went to Alberta or Ontario because they wanted to start a family with kids," said Blair Mantin of bankruptcy trustee Sands and Associates, which surveyed 1,100 debtors.

The survey results were divided into three age groups, under 30, 31 to 54 and 55 and over.

"There's a generational divide," he said. "The different groups are very different in what caused their debt."

Half the youth owed \$10,000 to \$24,000 before getting professional financial help.

Like all three groups, they blamed their indebtedness on overextension of credit and poor money management, but almost 20 per cent had trouble paying off student loans, unlike older debtors.

More than one-in-four said they couldn't pay their bills because they had trouble finding or keeping a job or had their wages cut.

And a surprising 54 per cent were prepared to move, maybe to less costly provinces or to get a job in the oilpatch in northeastern B.C., Alberta or Saskatchewan.

That's backed up by B.C. Statistics numbers showing that B.C., in 2011-12 had a net loss of 4,648 residents to other provinces and Metro Vancouver lost 2,058 residents to other parts of the province.

Two-thirds of youth surveyed tried to work longer hours or get a second job to deal with their debt and half borrowed from family or friends.

Some 56 per cent of the respondents declared personal bankruptcy and another 31 per cent filed "consumer proposals," through which they'd pay for one-third of their debt.

But 82 per cent of youth debtors were optimistic their financial situation would improve.

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Doreen Chin has two jobs, rarely goes out with friends and still has trouble making ends meet. JASON PAYNE/PNG

## Easy credit often leads to danger

Here's how two young workers learned the hard way what it's like to be buried by debt

SUSAN LAZARUK  
THE PROVINCE

Doreen Chin and Evan Dyck have had a taste of being in debt and are making sure they don't go there again.

The two workers who are 30-and-under know what it's like to feel snowed under by debt and can relate to respondents of the Sands and Associates survey, even though neither had to declare bankruptcy.

Chin, 30, who moved to Vancouver from Calgary, had almost \$10,000 in student loans plus a car to pay off years ago, and today she works two jobs and doesn't go out as much as her friends so she can live within her means.

She doesn't see that changing unless

she leaves Vancouver.

"I'm not in any debt now, but I'm not able to save anything," she said. "I have two huge bills, my rent and my credit card. It's what I use to survive in-between paydays."

Chin works as a youth worker at a Vancouver shelter and supplements her income working as a bartender/food server.

"It gives me extra money for shopping," she said. "But I often have to tell my friends I can't meet them for a beer."

She said having a student loan caused her a lot of stress.

"That's something I don't want to have again," she said. "So I'm more inclined to pay off my credit card."

Like other respondents to the Sands survey,

Chin has had in the past to borrow money from her parents.

"When I first moved to Vancouver, I heard how expensive it is, but when you get here you realize how much more it costs to live here (than in Calgary)."

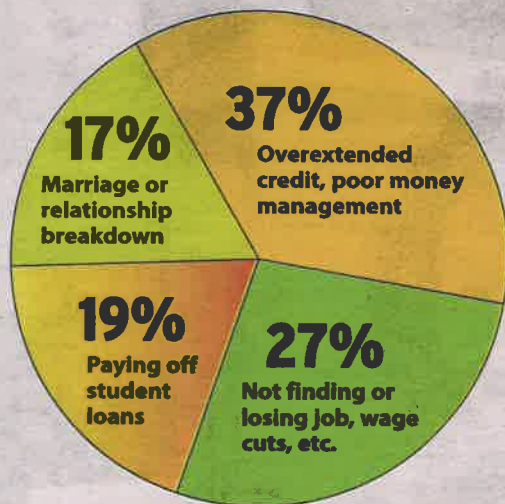
She said she would like to settle down and start a family and would consider moving to the land of more affordable housing.

"I never want to have massive amounts of debt," she said. "If I have to leave Vancouver, that's just the way it has to be."

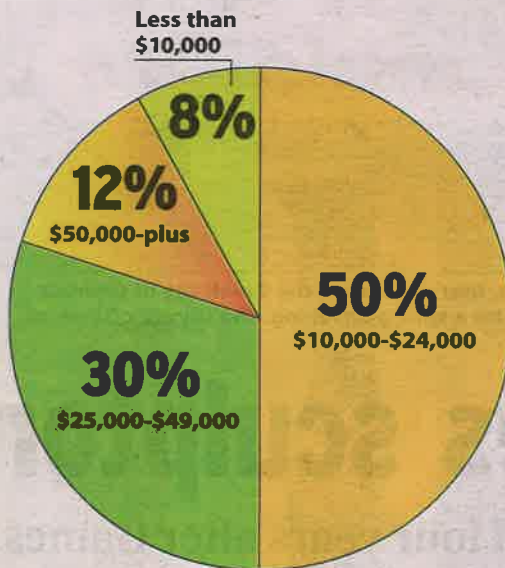
Dyck, who's 22 and lives in Surrey, said his problems started when he got a job as an electrician's apprentice.

The money was good and the credit offers flowed freely.

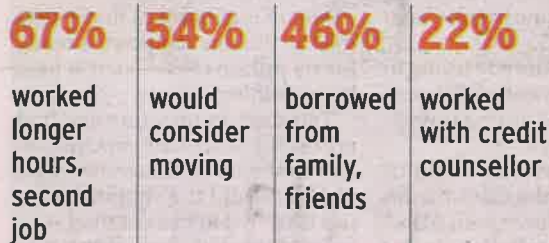
### Why people age 30 and under went into debt



### How much they owed



### Attempts to try to pay down debt\*



\*Multiple choices were allowed.

# B.C. 'late to act' on new rules

A year after the B.C. government promised new regulations for "debt settlement," the companies that have had consumer alerts issued about them and have had their misleading advertising curtailed in other provinces still continue to be allowed to operate in B.C.

"It's a horrible situation," said bankruptcy trustee Blair Mantin of Sands and Associates. "B.C. is really late to act on this. I see vulnerable people in debt paying these companies \$3,000 to \$5,000 and getting no help. They end up in worse debt than they started."

The companies, which charge upfront fees for a promise to negotiate reduced debt repayment with creditors, but which they can't guarantee, a year ago were the subject of a federal government warning.

The Financial Consumer Agency of Canada warned Canadians of companies using high-pressure tactics, unrealistic claims, misleading information and false claims of government involvement and requesting upfront fees.

Alberta, Manitoba and most recently Ontario passed tougher regulations against

debt-settlement firms, something B.C. promised a year ago.

Consumer Protection B.C., a non-government self-regulatory body of several industries, including debt collectors and "debt poolers," which are licensed, is waiting for the government to pass a law governing the debt-settlement companies, said spokeswoman Tatiana Chabeaux-Smith.

Complaints against such companies rose to 135 last year from eight in 2010, she said.

"We are receiving complaints against some of the debt-settlement companies," she said. "We are supportive of anything that strengthens the rules around them."

Cambridge Life Solutions, which is based in California and offers services in B.C., has 28 unresolved complaints against it and an "F" grade with the local Better Business Bureau.

A message left with the company requesting comment wasn't returned.

Debt-settlement companies in 2010 were banned from charging upfront fees after the U.S. Federal Trade Commission found

some were offering 100-per-cent success rates when only 10 per cent of debtors were successfully completing their programs.

The FTC found the companies "engaged in fraudulent, deceptive and abusive practices."

After the U.S. ban, the companies moved to Canada, said Chabeaux-Smith.

Mantin said the fix for the B.C. government is simple and he's uncertain why Justice Minister Suzanne Anton hasn't acted as quickly as other provinces have.

"All you have to do is prevent them from charging fees upfront," he said. "That kills the business model."

Anton said in an emailed statement: "We intend to bring a proposal forward in the future." She wouldn't say when.

Debt counsellors suggest debtors first try to contact creditors on their own or enlist a licensed debt-pooler to try to work out a repayment arrangement. Otherwise, a federally regulated trustee can help them file a "consumer proposal" to pay 30 per cent of the debt or, as a last resort, bankruptcy.

— Susan Lazaruk

**"I see vulnerable people in debt paying these companies \$3,000 to \$5,000 and getting no help. They end up in worse debt than they started."** — Bankruptcy trustee Blair Mantin of Sands and Associates



Tatiana Chabeaux-Smith of Consumer Protection B.C. says complaints against debt-settlement companies are rising.



Consumer debt trustee Blair Mantin says unscrupulous debt-settlement companies can be stopped by eliminating upfront charges.

NICK PROCAVLO/PNG

"I moved from my parent's place and rented a basement apartment and I thought I was living the good life," he said. "I had two credit cards and I just racked them up and it kind of escalated to \$12,000."

Credit-card bills came almost exclusively from going out regularly to Vancouver bars and he had nothing material to show for it.

"I was going out, having fun with my friends," he said.

He remembers reading on his credit card that if he made only the monthly minimum payment on the bill, it would take him "152 years or something" to pay it off, which scared him off credit.

The bigger debt that opened his eyes to the

danger of spend now, pay later, was the new pickup truck he proudly drove.

The experience may have been priceless, but the bill for the \$40,000 truck set him back \$500 a month, plus he had to pay \$300 a month for insurance.

He soon realized it was too rich for his blood and after asking his parents for advice, he returned the truck to the dealer and walked away from the loan.

"I just told them I'm not making any more payments," said Dyck. "I voluntarily had it repossessed."

He drew up a plan to pay off his credit card with the help of the Credit Counselling Society of B.C., a non-profit "debt-pooler" registered

with Consumer Protection B.C. over three years without incurring additional interest.

And he moved back home, has no car and now lives without credit.

"It's definitely a change, going from spending lots of money all the time to being careful about what I spend," said Dyck. "It's been quite a shocker to follow a strict budget."

He said he wishes he would have known about the dangers of overextending credit, credit he said he should never have had.

"For somebody my age, I don't think I should have been given a car loan for \$40,000 or a credit card with a \$15,000 limit," he said. "Somebody my age, most people my age, don't need that. It wasn't my money to spend.

Credit cards should only be used for emergencies."

Dyck said he plans to buy a car one day, but not until he has saved up 100 per cent of the cost.

He, unlike half of survey respondents, has no plans to leave Metro Vancouver to go where he can work long hours for above-average pay.

"I won't need to make more money," he said.

He intends to make a good wage and live within his means.

**Coming Thursday:**  
Debt and the sandwich generation