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You're Dead? That Won't Stop the Debt Collector



Allen Brisson-Smith for The New York Times

At DCM, Brenda Edwards, a collector, on a call.

By DAVID STREITFELD
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MINNEAPOLIS — The banks need another bailout and countless homeowners cannot handle their mortgage payments, but one group is paying its bills: the dead.

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Allen Brisson-Smith for The New York Times
Melanie Ellston helping process claims.

Dozens of specially trained agents work on the third floor of DCM Services here, calling up the dear departed's next of kin and kindly asking if they want to settle the balance on a credit card or bank loan, or perhaps make that final utility bill or cellphone payment.

The people on the other end of the line often have no legal obligation to assume the debt of a spouse, sibling or parent. But they take responsibility for it anyway.

"I am out of work now, to be honest with you, and money is very tight for us," one man declared on a recent phone call after he was apprised of his late mother-in-law's \$280 credit card bill. He promised to pay \$15 a month.

Dead people are the newest frontier in debt collecting, and one of the healthiest parts of the industry. Those who

dun the living say that people are so scared and so broke it is difficult to get them to cough up even token payments.

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Collecting from the dead, however, is expanding. Improved database technology is making it easier to discover when estates are opened in the country's 3,000 probate courts, giving collectors an opportunity to file timely claims. But if there is no formal estate and thus nothing to file against, the human touch comes into play.

New hires at DCM train for three weeks in what the company calls "empathic active listening," which mixes the comforting air of a funeral director with the nonjudgmental tones of a friend. The new employees learn to use such anger-deflecting phrases as "If I hear you correctly, you'd like..."

"You get to be the person who cares," the training manager, Autumn Boomgaarden, told a class of four new hires.

For some relatives, paying is pragmatic. The law varies from state to state, but generally survivors are not required to pay a dead relative's bills from their own assets. In theory, however, collection agencies could go after any property inherited from the deceased.

But sentiment also plays a large role, the agencies say. Some relatives are loyal to the credit card or bank in question. Some feel a strong sense of morality, that all debts should be paid. Most of all, people feel they are honoring the wishes of their loved ones.

"In times of illness and death, the hierarchy of debts is adjusted," said Michael Ginsberg of Kaulkin Ginsberg, a consulting company to the debt collection industry. "We do our best to make sure our doctor is paid, because we might need him again. And we want the dead to rest easy, knowing their obligations are taken care of."

Finally, of course, some of those who pay a dead relative's debts are unaware they may have no legal obligation.

Scott Weltman of Weltman, Weinberg & Reis, a Cleveland law firm that performs deceased collections, says that if family members ask, "we definitely tell them" they have no legal obligation to pay. "But is it disclosed upfront — 'Mr. Smith, you definitely don't owe the money'? It's not that blunt."

DCM Services, which began in 1999 as a law firm, recently acquired clients in banking, automobile finance, retailing, telecommunications and health care; DCM says its contracts preclude it from naming them.

The companies "want to protect their brand," said DCM's chief executive, Steven Farsht. Despite the delicacy of such collections, he says his 180-employee firm is providing a service to the economy. "The financial services industry is under a tremendous amount of pressure, and every dollar we collect improves their profitability," he said.

To listen to even a small sample of DCM's calls — executives played tapes of 10 of them for a reporter, electronically edited to remove all names — is to reveal the wages of misery, right down to the penny.