

But for the Plan

(Debts: Saved by the Limitation Act)

Unfortunately, Elizabeth (not her real name) had been told by her previous employer to sign a contract, in her personal name, for services to be provided by a third party to the company where she worked.

When Elizabeth was first contacted by a collection agency concerning an alleged debt in her name, there was \$7,000.00 owing and the owners of the company were nowhere to be found.

In an attempt to stop the constant harassment, she made a payment of \$250.00 to the collection agency in September, 2014, on the condition that they would leave her alone. But they continued to harass her, and started a lawsuit against her in May, 2015, for the balance owing.

When Elizabeth attended at the Unifor Legal Services Plan office in Windsor and met with its Managing Lawyer, Ron Reaume, he reviewed the payment history. He discovered that the company had made a payment in March, 2012 and that no other payments had been made until Elizabeth's payment in September, 2014 .

Knowing that the Ontario Limitations Act prescribes a two-year limitation period on the collection of a debt, and that Elizabeth's payment in September, 2014 did not "revive" any debt-collection rights, Mr. Reaume filed a Defence, arguing that the time within which to file a lawsuit expired in March, 2014.

At a Settlement Conference just prior to trial, the Deputy Small Claims Court Judge agreed with Mr. Reaume's argument, that the Limitations Act prevented the collection agency from collecting on the rest of the alleged debt. Upon hearing the settlement judge's opinion, the collection agency agreed to a dismissal of its claim against Elizabeth.

But for the Plan, Elizabeth may have shown up in court without a lawyer, the Limitations Act defence would likely have been overlooked, and the trial may have been far more complicated, involving the company as a third party.



... Submitted by Ron Reaume,
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