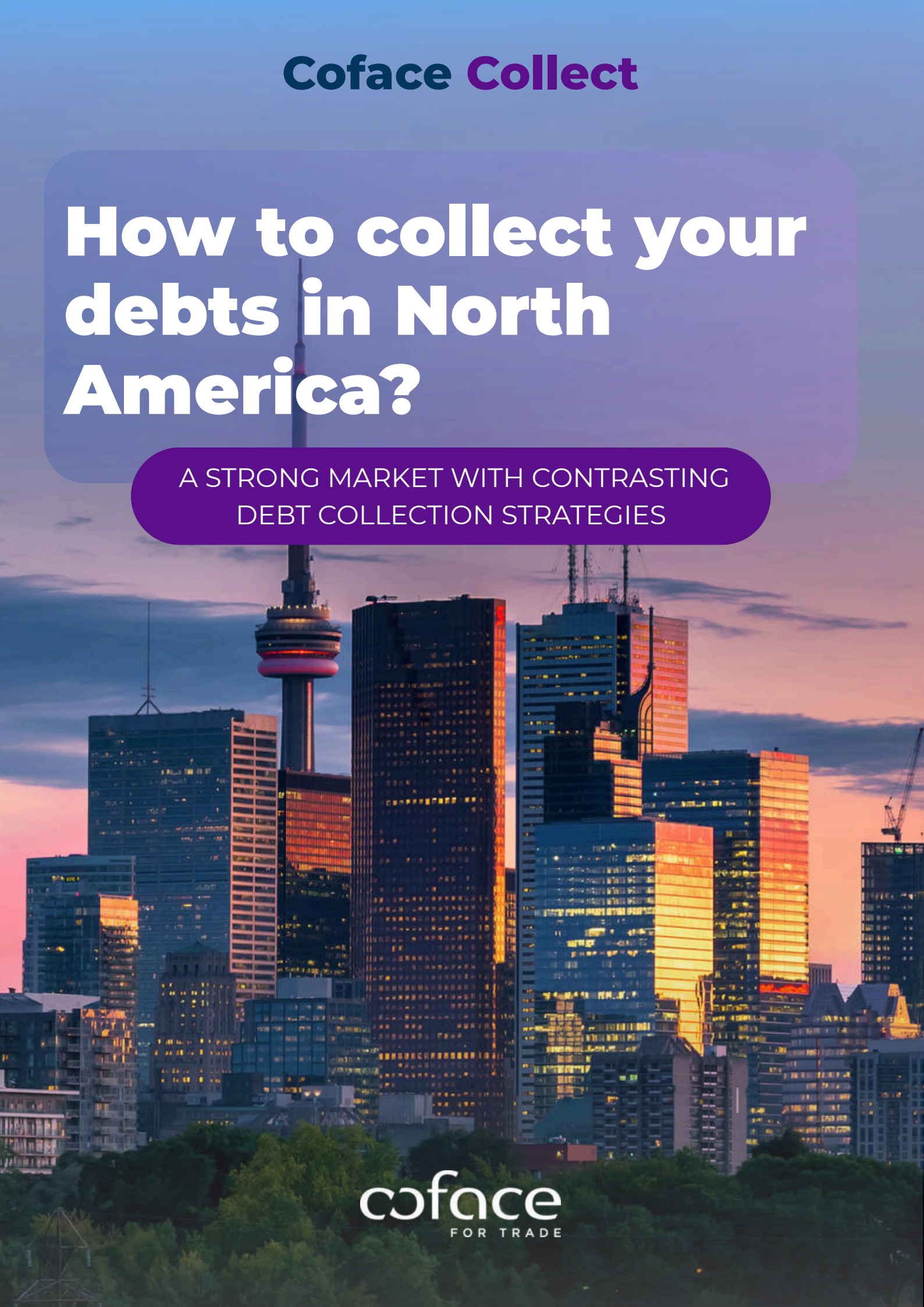
Coface Collect

How to collect your debts in North America?

A STRONG MARKET WITH CONTRASTING DEBT COLLECTION STRATEGIES



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FOR TRADE

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One region, three debt collection strategies

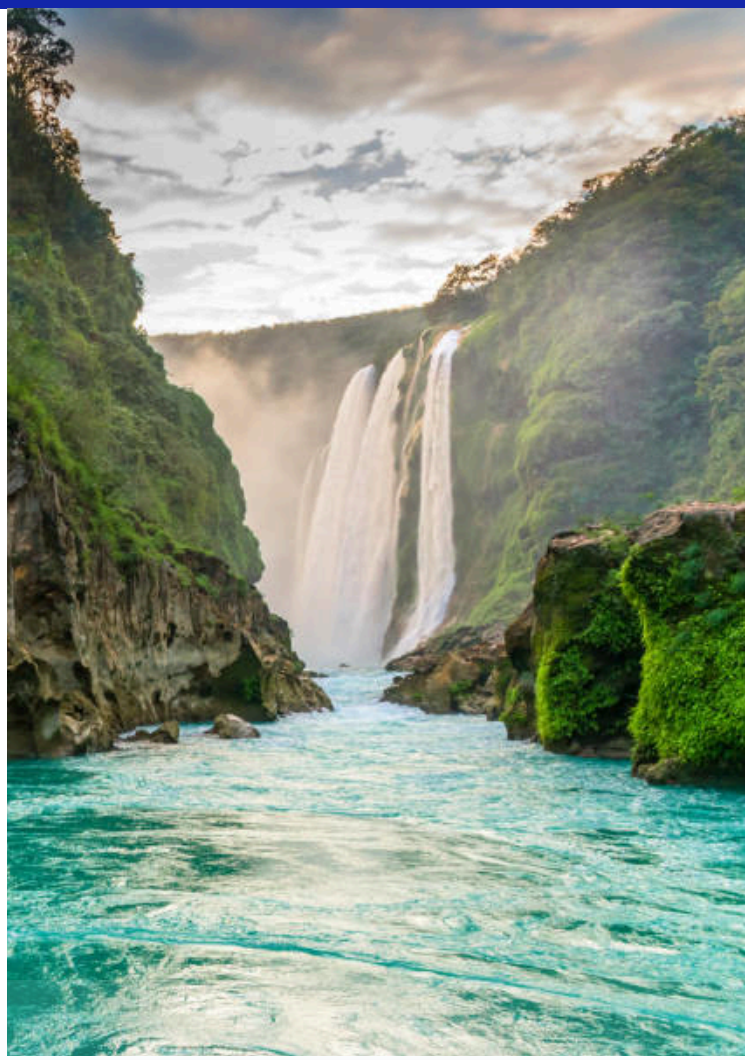
North America remains one of the main destinations for exports. The United States, Canada and Mexico represent a market of more than **530 million consumers**, supported by one of the world's most dynamic economies and particularly strong trade flows.

Yet behind this economic strength lie very different realities when it comes to debt collection..

In the **United States** and **Canada**, companies operate in structured legal environments where debtors generally remain reachable and tend to favour negotiation. Difficulties stem more from cash-flow pressures, a rise in requests for payment plans and an increase in disputes, which are sometimes used as a genuine strategy to delay payment.

Mexico presents a very different picture. Financial difficulties are more pronounced, debtors frequently become unreachable, and legal proceedings are lengthy, costly and highly formalised. In this context, successful debt collection depends above all on the ability to locate the debtor, establish dialogue and reach an amicable agreement before any legal action is taken.

For international companies, a one-size-fits-all strategy is therefore ineffective. Understanding the specific features of each market not only improves collection rates, but also helps reduce payment delays and sustainably secure business relationships.



KEY TAKEAWAY

In North America, unpaid invoices rarely arise from the same causes. Between negotiation tactics in the United States, generally more constructive cooperation from Canadian companies and the structural difficulties encountered in Mexico, each market requires a specific debt collection approach.

60 %

→ of cases handled in North America relate to claims below €20,000.

Anticipating payment risk in North America

The **United States**, **Canada** and **Mexico** are closely connected through trade. Yet despite this economic integration, payment behaviours vary significantly across the three countries.

Understanding the economic indicators of payment risk

Several indicators can help anticipate a customer's ability to pay:

- slowdowns in sectors such as construction, retail or manufacturing;
- rising financing costs, which weigh on companies' cash flow;
- an increase in requests for extended terms or payment plans, often signalling financial pressure;
- a rise in commercial disputes, increasingly used as a negotiation lever.

In the **United States** and **Canada**, many companies now acknowledge their debts but primarily seek to preserve cash flow. **Negotiations focus more on the payment schedule than on the existence of the claim itself.**

In **Mexico**, the main risk factor is different: it lies less in disputes than in **the debtor gradually becoming unreachable, changing address, ceasing to respond or becoming difficult to locate.**

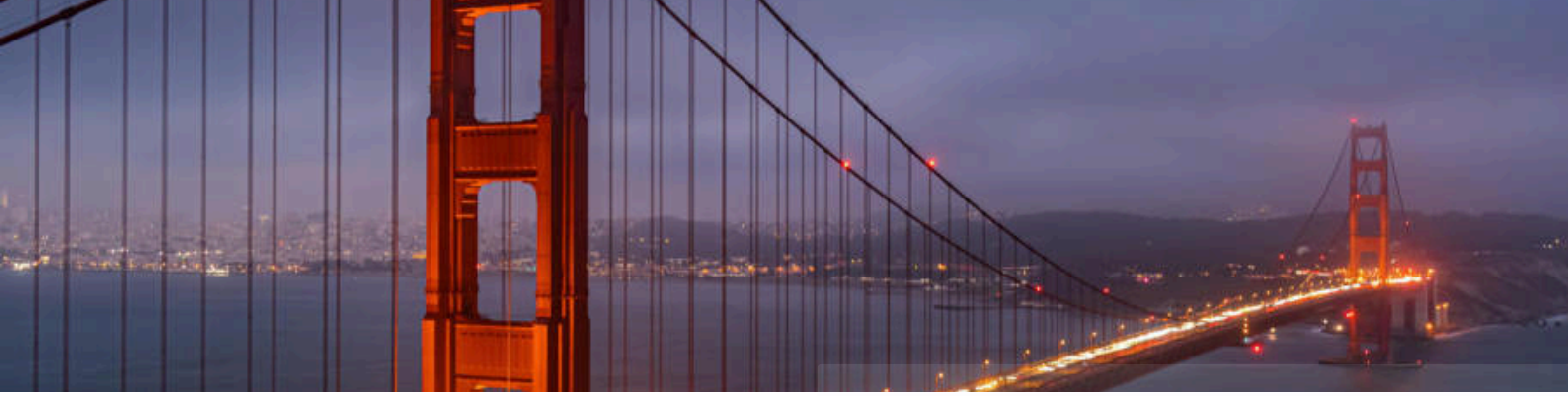
An economically integrated region… yet three debt collection approaches

Although trade links between the three countries are close, their debt collection systems follow very different logic.

In the **United States**, debtors readily use legal and documentary mechanisms to gain time or renegotiate commitments.

In **Canada**, companies generally remain more cooperative, while requiring a complete case file before payment.

In **Mexico**, the priority is often to re-establish contact with the debtor before even considering legal proceedings.



UNITED STATES

A market where the quality of the case file is often as important as the claim itself

The world's largest economy and a leading trading partner for many foreign companies, the United States offers considerable opportunities across industry, services, technology and healthcare.

This favourable environment should not, however, obscure recent changes in customer risk. After the **inflation peak observed in 2022 and 2023, inflation continued to ease, from 3% in January 2024 to 2.7% in January 2025**. Financial conditions nevertheless remained tight. High interest rates, more selective access to credit and slowdowns in certain sectors continued to weigh on corporate cash flow. Small and medium-sized companies reduced their use of financing, with regular borrowers representing **24.8% of SMEs in 2025 compared with 27.5% one year earlier**.

These pressures have translated into an increase in business insolvencies, from **24.2 to 42.5 insolvencies per 10,000 companies between 2022 and 2025**, an **increase of nearly 76%**. While US debtors are generally easy to identify and contact, international companies quickly discover that collection takes place in a particularly demanding legal environment.

Applicable rules may vary from one state to another, notably regarding civil procedure, limitation periods and enforcement of judgments. In this context, successful collection depends less on locating the debtor than on the quality of contractual evidence, the creditor's responsiveness and the strategy adopted from the first exchanges.

Key features

Disputes have become a genuine negotiation strategy

In many countries, a dispute is often perceived as challenging the validity of the claim. In the United States, it is frequently part of the negotiation process.

The debtor may request additional supporting documents, challenge certain invoice items, seek clarification on contractual terms or invoke partial non-compliance. In many cases, these arguments are not intended to deny the debt, but to open a discussion on the terms of settlement.

Debt collection professionals have observed that this practice has intensified in recent years. The growing use of artificial intelligence now enables companies to produce structured, sometimes highly technical disputes quickly, requiring creditors to provide a particularly complete case file.

For a foreign company, the main mistake is to treat such a dispute as a simple administrative exchange. The longer the response takes, the longer the debtor retains control of the discussion. Conversely, a prompt, well-argued response supported by all relevant documentation often makes it possible to regain control of the negotiation.

Electronic evidence has full evidential value

US courts broadly recognise electronic documents. Electronically signed contracts, digital signatures, emails, electronic Purchase Orders and electronic Proofs of Delivery are fully admissible.

The key issue is therefore not to hold paper originals, but to be able to present a perfectly organised, chronological and consistent case file.

Incomplete documentation gives the debtor room to multiply disputes or delay proceedings.

UNITED STATES

The Purchase Order: often more important than the invoice

Unlike practices in several European countries, the invoice is not always the central document in the case file.

The Purchase Order (PO) formalises the buyer's agreement on the goods or services ordered, quantities, prices and commercial terms. In the event of a dispute, it is often the first document reviewed to confirm that the order was properly authorised.

It is generally supplemented by:

- terms and conditions;
- any contractual amendments;
- order confirmations;
- email correspondence;
- the invoice;
- the Proof of Delivery (POD) confirming proper delivery.

This approach illustrates an important distinction in legal practice: US courts are generally less focused on verifying the existence of an invoice than on reconstructing the overall commercial relationship between the parties.

The Demand Letter: much more than a simple formal notice

Before initiating legal proceedings, it is common for a lawyer to send a Demand Letter.

Unlike a routine reminder, the letter sets out the basis of the claim in detail, recalls the debtor's contractual obligations, sets a payment deadline and specifies the consequences of non-payment.

Beyond its legal effect, the Demand Letter is a genuine negotiation lever. It signals that the creditor is prepared to initiate proceedings and is already supported by local counsel. This strengthens the credibility of the creditor's position and is often enough to restart discussions before any court action.

For foreign creditors, it also demonstrates a willingness to act promptly if no agreement is reached.

Credit Bureaus: a decisive negotiation lever

Credit Bureaus play an essential role in the US economy. Private organisations such as **Dun & Bradstreet, Experian Business** and **Equifax Business** collect and aggregate company information to assess creditworthiness. Information may include payment histories reported by certain suppliers, financial institutions and public records such as judgments, liens and insolvency proceedings.

These data are consulted by banks, credit insurers, suppliers and financing companies before extending credit, opening a financing line or granting payment terms.
A weakened credit profile can therefore lead to lower credit limits, more restrictive payment terms or difficulties accessing finance.

Where a creditor participates in information sharing with a Credit Bureau, the prospect of a payment incident affecting the debtor's credit profile can be a particularly effective negotiation lever.
For many US companies, protecting their financial reputation is a strategic issue, often more persuasive than the threat of legal proceedings alone.

Litigation remains the exception

Contrary to a widespread assumption, the United States is not a market where every unpaid invoice ends up in court.

The experience of collection teams shows that a large majority of cases are resolved through negotiation. Legal proceedings are generally reserved for cases involving significant financial exposure or where no amicable solution can be reached.

This pragmatic approach is summed up by a saying frequently used by U.S. debt collection professionals:

« A bad settlement is better than a good lawsuit. »

In other words, an imperfect agreement reached quickly is often more profitable than lengthy, costly and uncertain litigation.

UNITED STATES

- **Personal guarantees significantly strengthen creditor security**

Unlike in many European countries, it is relatively common, particularly in relationships with SMEs or newly established companies, for the owner or director to sign a **Personal Guarantee** or **Promissory Note.**

A **Personal Guarantee** makes the guarantor personally liable if the company fails to pay its debt. A **Promissory Note** is a formal acknowledgement of debt specifying the amount due, repayment terms and consequences of default.

For the creditor, these instruments strengthen the negotiating position and can facilitate legal proceedings where necessary.

Good to know: these guarantees are negotiated when the contract is signed, while the supplier's bargaining position is strongest. They are much harder to obtain after a dispute has arisen.

- **Legal fees are not automatically recoverable**

Unlike some legal systems where the losing party may be ordered to bear all or part of the winner's legal costs, the US system generally follows the **American Rule:** each party bears its own attorneys' fees, unless specific legislation or an express contractual clause provides otherwise.

This can materially change the economics of litigation, particularly for smaller claims or where representation costs are high.

GOOD TO KNOW

Before entering into a significant contract with a US customer, it is advisable to check whether the contractual terms provide for collection of attorneys' fees in the event of litigation.

Expert Insight

In the United States, a debtor almost always responds. The real challenge is not finding the debtor, but understanding their strategy. Are they genuinely disputing the claim, or simply trying to gain time? Successful collection depends on this analysis. The better documented the case file, the faster the creditor can regain control of the negotiation. "

North America Region
Head of Claims and Debt Collection Coface

UNITED STATES

Pitfall to avoid

Assuming that an undisputed claim will be paid quickly. An acknowledged claim is not necessarily a paid claim.

Debtors may multiply requests for evidence, disputes or negotiations to delay settlement. The creditor therefore needs to retain the initiative throughout the discussions.

5 best practices

Prepare for debt collection from the contracting stage by securing legal clauses and payment terms

Systematically retain all commercial evidence, particularly the Purchase Order (PO), Proof of Delivery (POD) and email correspondence.

Address any dispute immediately, even if minor, to prevent it from becoming a negotiation lever**.**

Formalise every amicable agreement or payment plan in writing to reduce the risk of further delays.

Prioritise a pragmatic approach: in the United States, a quickly negotiated agreement is often more effective than lengthy and costly litigation.

CANADA

A reliable payment environment, provided legal and documentary specificities are anticipated

Canada is one of the most stable economies and one of the most open to international trade. For foreign companies, it is an attractive market supported by a secure legal environment, transparent business practices and the Comprehensive Economic and Trade Agreement (CETA), which facilitates trade with the European Union.

This stability does not mean that payment risk is non-existent. After the **inflation peak observed in 2022 and 2023, inflation continued to decline, from 2.38% in January 2024 to 2.08% in January 2025**. Canadian companies nevertheless continue to face more demanding financing conditions and persistent cash-flow pressures. Business insolvencies remain above their pre-crisis level, at **7.37 insolvencies per 10,000 companies in 2025**, following a peak of **9.85 in 2024**.

For international companies, the main challenge lies less in the debtor's willingness to pay than in mastering Canadian legal specificities. Canada is based on two legal traditions: **Common Law** in the English-speaking provinces and the **Civil Code of Québec**, directly inspired by the French civil law tradition. This duality notably influences contract drafting, debt collection procedures and the handling of commercial disputes.

Successful collection therefore depends above all on rigorous documentation, anticipating the applicable rules and adapting the strategy to the relevant province.

Key features

- **Two legal systems coexist within the same country**

Canada has a unique feature in North America: it does not rely on a single legal system. In most provinces and territories, commercial relationships are governed by **Common Law**, a system based primarily on case law and court decisions.

Québec is the exception, where civil and commercial relationships are governed by the **Civil Code of Québec.**

For a international company, this distinction has very practical implications, particularly for:

- the interpretation of contracts;
- certain rules governing the parties' obligations;
- the remedies available;
- legal proceedings;
- the drafting of certain contractual clauses.

GOOD TO KNOW

A contract entered into with a Québec company is not automatically governed by Québec law. The parties may contractually determine the applicable law and competent jurisdiction. Checking these clauses before signing helps avoid many difficulties in the event of non-payment.

CANADA

The quality of documentary evidence is often decisive

In Canada, the quality of evidence largely determines how quickly a case can be resolved. Before accepting a claim, the debtor will generally request:

- the contract;
- the purchase order;
- terms and conditions;
- the invoice;
- proof of delivery;
- email correspondence relating to performance of the contract.

Unlike markets where pressure is the main negotiation lever, Canadian companies favour a fact-based approach. The more complete the case file, the faster discussions can progress.

Québec: a specific legal and linguistic environment

Québec applies specific rules intended to strengthen the use of French in economic life. Since the 2022 entry into force of **Bill 96** (Act respecting French, the official and common language of Québec), requirements concerning the language of commercial documents have been reinforced.

In practice, this may concern contracts and terms and conditions. In many situations, companies must ensure that their partners have access to a French version of the documents or have expressly chosen to contract in another language in accordance with the applicable provisions.

For a French company, this obligation is generally less burdensome than for a foreign company operating exclusively in English. It nevertheless requires attention where contracts are prepared by a foreign parent company or rely solely on English-language documentation.

Beyond regulatory compliance, compliant contractual documentation also helps limit procedural disputes and secure the business relationship from the outset.

Credit Bureaus: a prevention tool and negotiation lever

As in the United States, Credit Bureaus such as **Equifax Canada, TransUnion** and **Dun & Bradstreet** play an important role in assessing the creditworthiness of Canadian companies. The prospect that a payment incident could affect a company's credit profile can be an effective negotiation lever and generally encourages an amicable resolution.

On-site visits: re-establishing dialogue when exchanges are blocked

When telephone and email follow-ups receive no response, debt collection companies may arrange an **on-site visit** through a **locally based employee or partner.**

The objective is not to initiate legal action, but to re-establish contact, verify that the company is still operating, confirm contact details and identify decision-makers. A visit also helps clarify the cause of the blockage and reopen dialogue when remote exchanges have become impossible.

In many cases, this simple contact is enough to restart discussions while providing the creditor with practical information on the company's situation and demonstrating that the case is being actively monitored.

2

→ legal systems: Common Law + the Civil Code of Québec

CANADA

Negotiation remains the preferred approach

Canadian companies generally favour constructive dialogue and are open to seeking an amicable solution. This willingness to negotiate does not remove the need for a complete and perfectly documented case file, which remains essential to reach an agreement quickly.

Legal proceedings remain a last resort

Legal remedies are available in all Canadian provinces when negotiation fails. In practice, they remain exceptional. As in the United States, professionals favour amicable resolution, with legal proceedings considered only where the amount of the claim, the debtor's solvency and collection prospects justify it.

GOOD TO KNOW

In Canada, debtors generally favour dialogue. The quality of the case file and a strong command of the legal framework are the main success factors in debt collection.

Expert Insight

In Canada, debtors are generally open to dialogue. The challenge is not getting a response, but quickly convincing the other party by presenting a complete and thoroughly documented case. The stronger the supporting evidence, the smoother the negotiation and the greater the chances of reaching an amicable agreement.

North America Region
Head of Claims and Debt Collection Coface

CANADA

Pitfall to avoid

Assuming Canada works like Europe.

Cultural proximity with France can sometimes lead companies to relax their vigilance. Yet recovering a claim requires a clear understanding of the rules applicable in the relevant province, together with robust contracts and flawless documentation. A good business relationship helps communication, but never replaces legal security.

5 best practices

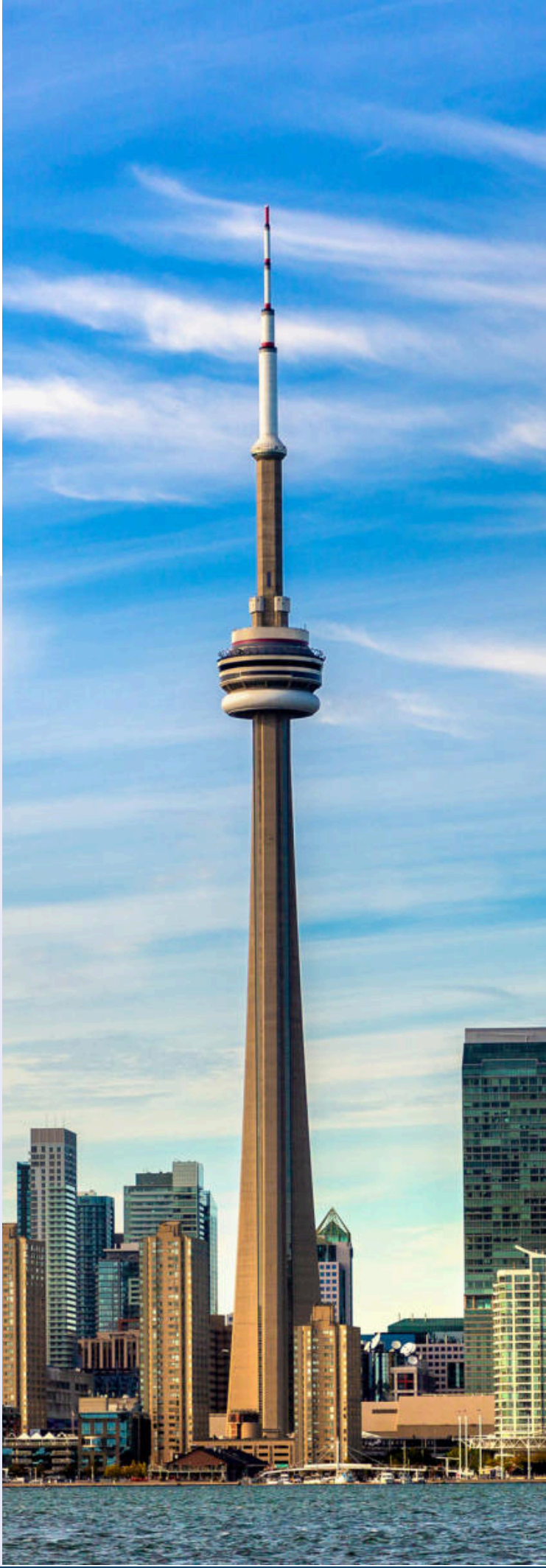
Check the applicable law and competent jurisdiction when the contract is signed, particularly where the counterparty is established in Québec.

Adapt contractual documents to applicable language requirements in order to secure the business relationship.

Retain all commercial evidence, including the contract, purchase order, proof of delivery, emails and invoices.

Prioritise swift, constructive dialogue from the first late payment, before the situation deteriorates.

Rely on a local expert where the case becomes complex or involves several provinces, to benefit from in-depth knowledge of local legal and commercial practices.



MEXICO

A market where locating the debtor and re-establishing dialogue is often more decisive than legal proceedings

Mexico is now one of the main trading partners for international companies operating in North America. Driven by the growth of **nearshoring**, foreign investment and integration into North American value chains, the country is attracting a growing number of international companies.

This momentum is accompanied by a more mixed economic environment. Following growth of **1.7% in 2024**, Mexican GDP grew by **1.5% in 2025**, while inflation, although easing, continues to weigh on financing costs and corporate cash flow.

For international companies, debt collection has one major distinctive feature: unlike in the United States or Canada, the difficulty often lies less in disputes over the claim than in quickly identifying the right contact and maintaining dialogue throughout the process.

15 years

→ in the most complex cases, legal proceedings can take up to 15 years.

Key features

- **The first challenge is often locating the debtor**

Unlike in the United States or Canada, the main difficulty is not always recognition of the claim, but maintaining contact with the debtor. Companies may gradually stop responding to follow-ups, change their contact details or change contacts without these developments being immediately visible.

Collection therefore often begins by verifying available information in order to locate the right contact and re-establish dialogue. The earlier this is done, the greater the chances of achieving an amicable settlement.

- **Why on-site visits remain an essential tool**

When remote follow-ups receive no response, debt collection companies can instruct a local partner to carry out an on-site visit. This helps verify that the company is still operating, confirm its contact details and identify the right contacts.

Beyond these checks, face-to-face contact often helps restart communication and is therefore particularly effective in reopening negotiations before considering legal proceedings.

- **Buró de Crédito: a negotiation lever often more effective than the threat of litigation**

As in the United States and Canada, financial institutions and many suppliers consult credit agencies before granting financing or payment terms. In Mexico, maintaining a good credit history is also an important negotiation lever, as companies seek to preserve both access to financing and commercial relationships.

MEXIQUE

Companies rarely dispute the debt

Whereas companies in the United States and Canada frequently use disputes as a negotiation lever, Mexican debtors very rarely challenge the existence of the claim.

Our experts report only **four formal disputes in two years**, despite a significant volume of cases handled. When a Mexican debtor does not pay, it generally does not seek to prove that the invoice is unjustified or that the service was improperly performed. In most cases, the debtor acknowledges the debt but explains that it does not immediately have the resources to settle it.

This difference fundamentally changes the collection strategy. The objective is no longer to convince the debtor that the claim is valid, but to assess its real payment capacity and build an agreement compatible with its financial situation. Instalment plans therefore play a central role in negotiations.

Trust often comes before negotiation

In Mexico, debtors often seek confirmation that a debt collection firm is genuinely acting on behalf of their supplier before entering into discussions. This reflects a need to verify the legitimacy of the contact.

Professionals therefore favour a progressive approach, explaining their mandate and rebuilding dialogue. Once trust has been established, negotiations generally become more constructive.

A judicial system to be used selectively

Mexican legal proceedings are known for their formalism. They require extensive supporting documents, sometimes originals, and can extend over several years.

Moreover, obtaining a favourable judgment does not guarantee payment. Before initiating litigation, it is therefore essential to assess the debtor's solvency and the practical options for enforcing the decision.

Expert Insight

In Mexico, debtors rarely dispute their debt. The real challenge is to preserve dialogue and intervene before the company becomes difficult to locate. The sooner contact is established, the greater the chances of reaching an amicable solution. ”

North America Region
Head of Claims and Debt Collection Coface

MEXIQUE

Pitfall to avoid

Waiting before taking action

In Mexico, a claim does not become difficult to collect because the debtor refuses to pay. It often becomes difficult because time allows the debtor to gradually disappear from the creditor's radar. The later the intervention, the lower the chances of re-establishing dialogue and obtaining payment, even if legal proceedings are subsequently initiated.

5 best practices

Verify the debtor's identity and the powers of the legal representative, and retain original documents from the contracting stage.

Act from the first late payment to prevent the debtor from becoming difficult to locate or ceasing communication.

Prioritise amicable resolution by quickly opening dialogue and, where necessary, agreeing a payment schedule adapted to the debtor's financial situation.

Rely on a local partner to verify the company's activity, confirm contact details and re-establish contact where remote follow-ups are ineffective.

Initiate legal proceedings only after verifying that the debtor remains traceable, has identifiable assets and that the conditions for enforcing a judgment are in place.

Case study: a claim of nearly €80,000 collected in seven days

When a French wine-sector company contacted Coface, it was facing an unpaid claim of €79,572 against a US distributor. The invoice, issued on 28 October 2025, had remained unpaid for several weeks despite the creditor's own efforts.

The challenge was twofold: collect the amount quickly while preserving the business relationship with a strategic partner.

Immediate contact to unlock the situation

The case was referred to Coface on 14 January 2026. As soon as it was opened, a local correspondent contacted the debtor by telephone and in writing to understand the reason for the payment delay and re-establish dialogue.

This rapid intervention produced an initial positive response. On 16 January, the debtor confirmed its intention to settle the claim and committed to payment in the very short term.

Active follow-up through to payment

Obtaining the commitment did not mark the end of the assignment. Coface teams maintained regular follow-up to ensure compliance with the announced timeline and preserve dialogue with the debtor until effective settlement.

This vigilance helped prevent further postponement and secure the outcome.

The claim was collected totally

On **21 January 2026**, **only seven days after** Coface took over the case, **the debtor paid the claim in full**.

Résultats

- €79,572 collected in full.
- Payment obtained seven days after the case was opened.
- No legal proceedings initiated.

What to remember

This case illustrates the importance of swift intervention, local presence and active follow-up. When dialogue can be re-established from the first exchanges, an amicable resolution can often deliver rapid payment while avoiding the cost and delay of litigation.

The keys to successful debt collection in North America

Expanding in North America offers genuine opportunities for international companies. While the United States, Canada and Mexico each have specific legal, economic and cultural features, the fundamentals of effective debt collection remain the same: anticipate risks, secure the contractual relationship, build a complete case file and act quickly from the first late payment.

Beyond the differences between the three markets, one point is clear: an effective collection strategy cannot be uniform.

Three countries, three approaches

1. **In the United States, an unpaid invoice is negotiated.** Speed of response, quality of supporting documents and control of the discussion are often decisive.
2. **In Canada, an unpaid invoice is documented.** The strength of the case file and understanding of the local legal framework are the main success levers.
3. **In Mexico, an unpaid invoice must be addressed before the debtor disappears.** Maintaining contact and acting quickly often makes all the difference.

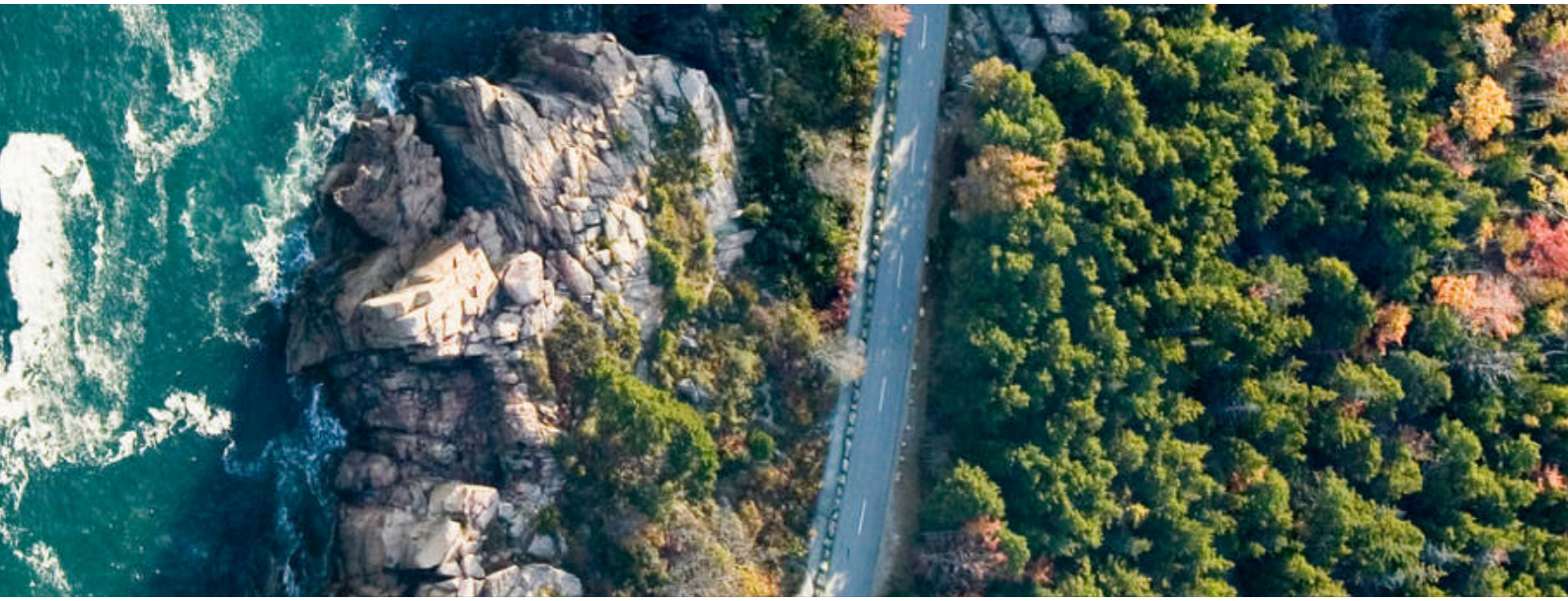
Understanding these differences is often what separates a collected claim from a lost one.

Why work with an international debt collection expert?

International debt collection is not simply about applying a legal procedure. It requires knowledge of local practices, the ability to identify the right decision-makers, adapting the negotiation strategy and acting quickly before the situation deteriorates.

Present in nearly **100 countries**, Coface relies on an international network of debt collection experts able to act locally while providing clients with a single point of contact.This organisation makes it possible to take account of the legal, economic and cultural specificities of each market and, whenever possible, prioritise fast and effective amicable resolution.

Beyond collection, Coface supports companies in the overall management of customer risk through credit insurance, business information and debt collection solutions. This approach not only improves the chances of recovering unpaid receivables, but also helps prevent risk by securing commercial decisions upstream.



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