

## Sponsorship Debt

A sponsor acquires sponsorship debt if the provincial government provides income assistance (welfare) to the sponsored relative during the sponsorship undertaking. A sponsorship undertaking is the promise sponsors make to Citizenship and Immigration Canada (CIC) to support their relatives for a three to 10-year time period. If another person (a co-signer) also signs the undertaking, that person is also fully responsible for a sponsorship debt. This debt is owed to the province and can be a very large bill.

If a sponsored person applies for income assistance, the province will try to notify the sponsor. If the sponsored person receives assistance, the province notifies the sponsor and CIC. The province mails the sponsor monthly statements about the debt and the interest charged. However, the sponsor will not be contacted if that puts the sponsored person's safety at risk (for instance, if the sponsor has been abusive).

### Consequences of having sponsorship debt

Sponsorship debt has some special characteristics:

- A person owing a sponsorship debt will NOT be allowed to sponsor another family member as long as the debt is outstanding.
- Unlike most other kinds of debt, there is no time limit for the government to take a sponsor to court. And, if the provincial government owes a sponsored person money, it may be able to keep that money to pay down the debt.

The province collects on sponsorship debts under the Sponsorship Default Recovery Program. Like any creditor, the province may choose to take sponsors to court. If the court decides a sponsor is responsible for the debt, it can order payment of the outstanding amount plus interest and legal costs. If the payment is not made, the province may seize their savings, income or even the sponsor's home.

### Your personal circumstances

If you, as a sponsor, have personal circumstances that can explain why you defaulted on your undertaking (for example, you fell ill, lost your job, had to leave the sponsored person because of abuse, or were never notified that the sponsored person was applying for income assistance), you should let the province know. The province may choose to take these personal circumstances into account, although it is not required to do so (the fairness of that type of policy is being considered by the courts and may change).

## Your options

- Ask for a breakdown of the debt, including when the money was paid out as income assistance. It is always possible that a calculation error was made in determining the amount.
- If you are not able to pay now, but believe you will be able to in the future, the government may agree to suspend collection action. Also, the province may not try to recover the debt if you are receiving income assistance.
- Request that the province accept repayment of the debt in instalments.
- Request that the province cancel or write off a part or all of the debt. The province may agree to do this if the debtor is indigent, which means the person in debt has a low income and no possessions.
- Do nothing, and wait and see if the province takes collection action (it probably will).
- Declare bankruptcy. When you declare bankruptcy, your property (with certain exceptions) must be given to a trustee, who then sells it to pay off your creditors. With some exceptions, you are no longer responsible for any debts you have accumulated. For more information, speak to a bankruptcy trustee.

If possible, get legal advice as to what's best to do in your specific situation.

## Resources

### **B.C. Ministry of Social Development**

Sponsors wishing to inquire about their debts may contact the Ministry of Social Development, Financial and Administrative Services Branch.

Toll-free: 1 877 815-2363 (select number 6)

### **Clicklaw**

A website that provides links to legal information in many languages.

[www.clicklaw.bc.ca](http://www.clicklaw.bc.ca)

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