

Advocates Cheer House Passage of Comprehensive Debt Collection Improvement Act

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National Consumer Law Center contacts: Jan Kruse (jkruse@nclc.org) or April Kuehnhoff (akuehnhoff@nclc.org)

Washington, D.C. – Today, the U.S. House of Representatives passed the Comprehensive Debt Collection Improvement Act (HR 2547), sponsored by Financial Services Committee Chairwoman Maxine Waters (D-CA), which would bring much needed clarity and reforms to stop abusive debt collection practices. The vote was 215 to 207.

“Thank you to Chairwoman Waters for her leadership and to the members of Congress who voted to rein in collection abuses” **said National Consumer Law Center attorney April Kuehnhoff.** “Debt collection has been a top source of consumer complaints year in and year out, and last year, the Consumer Financial Protection Bureau received 82,700 consumer complaints (up 10% from 2019) about inappropriate or illegal collection attempts. Data from the Urban Institute also show racial disparities in debt collection, with 39 percent of residents in communities of color with debt in collection compared to 24 percent of residents in white communities. I urge the Senate to consider the bill soon as possible, as reform is urgently needed, especially for families struggling with massive debt due to the pandemic.”

This week, 88 public interest, legal services, consumer, labor, and civil rights organizations across the nation sent a letter of support for the bill to U.S. representatives, urging passage to protect vulnerable consumers from abusive debt collection practices.

In the letter, the coalition wrote:

“Prior to the pandemic, the Urban Institute reported that more than 68 million adults in the U.S. had one or more debts in collection on their credit report, and consumer debt has continued to grow during the pandemic, reaching \$14.56 trillion at the end of 2020.

The letter explained:

[T]his bill would enact a wide variety of critical needed reforms, including:

- Prohibiting the use of confessions of judgment as an unfair credit practice that eliminate notice and the right to be heard;
- Prohibiting certain abusive collection practices directed at servicemembers, including threats to reduce rank or revoke security clearance;
- Requiring discharge of private student loans due to total and permanent disability;
- Prohibiting collection of medical debt by debt collectors for the first two years and credit reporting of debt arising from any medically necessary procedures;
- Requiring debt collectors to obtain consent before using electronic communications and provide written validation notices;
- Amending the FDCPA to expand and clarify coverage, including extending coverage for all federal, state, and local debts collected by debt collectors;

- Adjusting statutory damages in the FDCPA for inflation and indexing them to index for inflation in the future; and
- Clarifying FDCPA coverage for non-judicial foreclosures.”