Advocates at Nearly 75 National, State, and Community Groups Urge Consumer Bureau to Protect Consumers from Abusive Debt Collection Practices in 2019

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Washington, D.C. – Advocates from 74 national and state advocacy groups sent a letter yesterday afternoon to new Consumer Financial Protection Bureau Director Kathy Kraninger urging the Bureau to focus on protecting consumers from abusive debt collection practices in anticipation of a proposed debt collection rule expected in March 2019.

"Approximately 71 million adults in the United States had debt in collections in 2017, including medical debt, credit card debt, and auto loans, according to the Urban Institute," **said April Kuehnhoff, staff attorney at the National Consumer Law Center.** "With record levels of non-housing consumer debt outstanding, debt and debt collection have sadly become an increasingly common part of American life."

In the letter, the civil rights, consumer, community, and labor advocates noted that violations are still common more than 40 years after the federal Fair Debt Collections Practices Act (FDCPA) became law. Debt collection problems are a leading source of consumer complaints to the Consumer Bureau, which received approximately 84,500 complaints about debt collection in 2017 alone. The Bureau's 2017 survey found that one in four consumers contacted by debt collectors felt threatened.

In particular, advocates asked the Consumer Bureau to use the rule to prevent harassment by debt collectors, protect consumer privacy, limit the collection of time-barred debt, and improve the clarity and accuracy of debt collection notices.

"Unrelenting calls from collectors can push consumers to use money they need for rent, food, or medicine in order to pay the most aggressive debt collectors, even for debts they do not owe, just to stop the harassment." **said Linda Jun, senior policy counsel at the Americans for Financial Reform.**

In the Consumer Bureau's survey on debt collection experiences, nearly one in five consumers were contacted eight or more times a week, and 75% of consumers who asked to stop receiving calls reported that collectors did not comply. That is the type of harassing behavior the FDCPA is designed to prevent.

Advocates asked the Consumer Bureau to limit debt collectors to one live call per week. Text and email communications should only be allowed if a consumer gives consent, in full compliance with the federal E-Sign Act, and only to the phone number or email address designated by the consumer.

The Bureau should prohibit collection of time-barred debt, both in and out of court. Debt beyond the statute of limitations is too old to collect without mistakes or deception. At a minimum, the Bureau should prohibit suits on “revived” debt, limit communications to writing only, and require each communication to have clear, consumer-tested disclosures that the consumer cannot be sued.

Additionally, the Consumer Bureau should create a model validation notice and statement of rights that provides comprehensive, clear and accurate information about the alleged debt and the consumer’s debt collection rights. Once created, this model validation notice should undergo consumer testing to confirm that it is comprehensible to the least sophisticated consumers. Each debt collector should be required to send a validation notice and statement of rights even if other collectors previously sent notices.

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Since 1969, the nonprofit National Consumer Law Center® (NCLC®) has worked for consumer justice and economic security for low-income and other disadvantaged people, including older adults, in the U.S. through its expertise in policy analysis and advocacy, publications, litigation, expert witness services, and training.

Americans for Financial Reform is a nonpartisan and nonprofit coalition of more than 200 civil rights, consumer, labor, business, investor, faith-based, and civic and community groups. Formed in the wake of the 2008 crisis, we are working to lay the foundation for a strong, stable, and ethical financial system – one that serves the economy and the nation as a whole.