

November 13, 2019

Dear Chairwoman Waters,

The undersigned consumer, civil rights, labor, and community organizations write to express our support for the package of debt collection bills in today's markup that strengthen protections for consumers:

- H.R. 3948, the Debt Collection Practices Harmonization Act (Meeks)
- H.R. 4403, the Stop Debt Collection Abuse Act (Clever)
- H.R. 5021, the Ending Debt Collection Harassment Act of 2019 (Pressley)
- H.R.5003, the Fair Debt Collection Practices for Servicemembers Act (Dean)
- H.R. 5001, the Non-Judicial Foreclosure Debt Collection Clarification Act (Clay)

Data from the Urban Institute found that 71 million Americans had a debt in collection on their credit report, and that nearly 1 in 3 adults with a credit report had a debt in collection. A debt in collection can wreak havoc on consumers, subjecting them to harassing debt collection calls and potential lawsuits. Debt collectors obtain default judgments against consumers in a majority of lawsuits, often without presenting any evidence and even when the consumer may have legitimate defenses.

Despite the 1977 enactment of the Fair Debt Collection Practices Act (FDCPA), debt collection abuses remain pervasive. In 2018, debt collection was the second leading source of consumer complaints collected by the Federal Trade Commission (FTC) and the Consumer Financial Protection Bureau. Top sources of complaints compiled by the FTC are about collectors who repeatedly contact borrowers, including after getting a stop calling notice. Nearly a quarter of the complaints to the FTC are about collectors who have made a false representation about the debt. The FTC also gets frequent complaints about identity theft, which can lead to collection efforts for a debt that the person never incurred. At the CFPB, the top debt collection complaint is attempts to collect debt not owed, which together with false statements or representations comprise half of all debt collection complaints the Bureau receives.

American families need stronger protections against abusive debt collectors who invade their privacy and harass or threaten them. This package of bills broadens the FDCPA's protections by expanding and clarifying the definition of debt and placing needed limits on collection efforts through the following:

Expanding the definition of debt under the FDCPA to include debts owed to a state or local government, clarifying that private debt collectors who collect debts on behalf of a municipality, including utility bills, traffic tickets, and court debts, are subject to the FDCPA, providing greater protections for consumers affected by disasters, and clarifying that courts can award injunctive relief and other "appropriate relief" in addition to monetary sanctions.

Increasingly, state and local governments are hiring third-party debt collectors to collect on alleged debts such as toll fees, traffic tickets, utility bills, and court debts. Collection on behalf of the government is unusually coercive as a result of the government's police power, which makes

the need for robust protections against abusive and unfair debt collection practices all the more important. Yet many courts have interpreted the FDCPA's definition of debt narrowly in a way that too often excludes government debts, meaning that consumers are frequently deprived of FDCPA protections and remedies. This bill would close this loophole.

Increasing statutory damages awarded under the FDCPA by accounting for inflation, and indexing the amounts so that awards will adjust annually to reflect the inflation amount. It is astonishing that the FDCPA's penalty provisions have not been adjusted since the law's passage in 1977 and there is no current mechanism available to do so. Damages that remain stagnant over the years and even decades have become less meaningful to the wrongdoers and to the victims. A regular adjustment of penalties for inflation will support the FDCPA's central enforcement component to deter collectors from engaging in illegal practices and to compensate harmed consumers.

Extending FDCPA protections to debts owed to a federal agency, limiting the fees debt collectors can charge, and requiring a GAO study to examine the use of third party debt collectors by state and local government agencies.

Prohibiting debt collectors from sending emails or text messages without a consumer's consent and without limits, and requiring the CFPB to review the impact of electronic communications used by debt collectors in an annual report that considers consumer complaints and relevant enforcement actions. These protections will give consumers greater protection from endless harassing communications and allow consumers the choice to accept or reject electronic communications from collectors.

Forbidding debt collectors from threatening a servicemember with reducing their rank, having their security clearance revoked, prosecuting them under the Uniform Code of Military Justice, or otherwise communicating with the commanding officer or any other senior officer in the chain of command above a servicemember regarding an outstanding debt, which will allow our servicemembers to focus on serving our country without worrying about a debt collector threatening them.

Clarifying that mortgage servicers in non-judicial foreclosures are debt collectors under the FDCPA and are required to comply with its requirements, which will provide consumers necessary protections for a fairer process when their homes are at risk.

These debt collection reforms are urgently needed in order to put in place guardrails to protect consumers from abusive practices, and we look forward to working with you to swiftly pass this package of bills.

Thank you for your attention. If you have any questions about this letter, please contact Linda Jun at linda@ourfinancialsecurity.org or (202) 715-8919.

Sincerely,

Americans for Financial Reform
Allied Progress
California Reinvestment Coalition
Consumer Action
Consumer Federation of America
Consumer Reports
Florida Alliance for Consumer Protection
Illinois Asset Building Group
Lapas Law Offices, PLLC
Law Office of Maureen B. Godfrey, PLLC
Legal Services of New Jersey
Maryland Consumer Rights Coalition
NAACP
National Association of Consumer Advocates
National Center for Law and Economic Justice
National Consumer Law Center (on behalf of its low income clients)
P. Pierce Law, P.C.
Public Citizen
Public Justice Center
Public Law Center
Statewide Poverty Action Network
Tennessee Citizen Action
Tzedek DC