

Rules Needed to Stop Debt Collection Abuses

February 2016

The Consumer Financial Protection Bureau should adopt rules to prevent debt collectors, debt buyers, and creditors from engaging in abusive practices when collecting debts. Those rules should:

Stop Telephone Harassment

- Limit collectors to one conversation per week.
- Require collectors to inform consumers that they have the right to end collection communications.
- Require collectors to stop *all* calls if the consumer asks them to stop calling or to stop calling *at work* if the consumer says do not contact me at work.

Stop Collection of Zombie Debt

- 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.
- If allowed, collection of time-barred debt should be in writing only with strong disclosures. Sales of time-barred debts should be prohibited.

Stop Unfair and Deceptive Practices by Collection Attorneys

- Require attorneys to review original, account-level documentation to determine that a case has merit before suing or threatening to sue to collect a debt.
- Prohibit attorneys from signing affidavits without personal knowledge or filing false affidavits prepared by others.
- Prohibit attorneys from restraining or seizing exempt funds.

Require Collectors to Have and Use Full and Accurate Information

- Require collectors to have and review full and accurate information about the debt, the consumer, and all previous collection attempts before trying to collect a debt.
- Make collectors responsible for knowing about consumers' communications to prior collectors, including disputes and stop-contact requests.
- Require collectors to respond to questions or disputes with information responsive to the consumer's concerns.

Medical Debt: Protect Patients from Unfair Credit Reporting and Prohibit Collection from Low-Income Patients Based on Artificially Inflated Prices

- Require collectors and health care providers to wait 180 days after issuing a bill before reporting a debt to a credit reporting agency.
- Prevent unpaid medical bills from harming patients' credit reports and scores if the unpaid bills are due to billing errors or insurance disputes.
- Require collectors to provide a warning notice before placing negative information about a medical bill on a patient's credit report.
- Prohibit collection of medical debt from low-income patients eligible for financial assistance or based on inflated "chargemaster" prices that are several times what private and government insurers pay.

Student Loans: Require Full Information about Repayment and Discharge Options

- Require collectors to explain the options for federal student loans (including loan discharges for closed schools, total and permanent disability, false certification, and unpaid refund discharges).
- Require collectors of private student loans to explain that the consequences for federal loans (such as garnishment of federal benefits) do not apply.

Credit Reporting: Include Consumer Disputes and Require Accurate Information about Effect of Payment on Credit Report

- Require collectors to inform consumers that paying a debt will *not* remove the previous non-payment from the credit report.
- Require collectors to report any disputes to the credit reporting agencies.

Empower Courts to Increase the Punishment for Abusive Debt Collectors

- Clarify that federal law allows courts to impose multiple penalties for multiple violations of the law and to issue injunctive relief prohibiting collectors from using the same abusive tactics against other consumers.

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