

CFPB Praised for Scrutiny of Debt Collectors

WASHINGTON—Consumer advocates at the National Consumer Law Center (NCLC) applauded today’s announcement by the Consumer Financial Protection Bureau (CFPB) that the agency would begin oversight of debt collectors. “Abuse and harassment by debt collectors are rampant, and the industry sorely needs closer scrutiny,” said Lauren Saunders, managing attorney at the National Consumer Law Center. “Year in and year out, more complaints have been filed with the FTC about debt collectors than about any other industry. In 2011, a record 140,000 complaints were filed against debt collectors,” noted Saunders.

Though the FTC has brought regular enforcement actions against debt collectors, “the CFPB has stronger tools to get inside debt collection shops, listen to debt collection calls, and review the accuracy for the accounts they are collecting,” Saunders added. “It’s excellent that the CFPB is moving to crack down on the industry and we hope this is the first of many additional actions they will take to rein in abuses by debt collectors,” she said.

Widespread debt collection abuses include:

- illegal threats and harassment,
- insistence on collecting the wrong amount or pursuing the wrong person;
- “zombie debt” that never dies but is sold and resold to the next debt buyer even if the debt is invalid or is too old to be legally collectible; and
- rampant misuse of the courts by debt buyers who have no evidence of the debt or fail to notify consumers they have been sued.

These and other abuses are documented in NCLC’s 2010 report, *The Debt Machine: How the Collection Industry Hounds Consumers and Overwhelms the Court*, available at <http://www.nclc.org/images/pdf/pr-reports/pr-debt-machine.pdf>. See more regarding NCLC’s advocacy work regarding fair debt collection: <http://www.nclc.org/issues/debt-collection.html>.

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Since 1969, the nonprofit National Consumer Law Center[®] (NCLC[®]) has used its expertise in consumer law and energy policy to work for consumer justice and economic security for low-income and other disadvantaged people, including older adults, in the United States. NCLC’s expertise includes policy analysis and advocacy; consumer law and energy publications; litigation; expert witness services, and training and advice for advocates. NCLC works with nonprofit and legal services organizations, private attorneys, policymakers, and federal and state government and courts across the nation to stop exploitive practices, help financially stressed families build and retain wealth, and advance economic fairness.