



**FOR IMMEDIATE RELEASE:**  
JANUARY 29, 2015

**Contacts:**

April Kuehnhoff ([akuehnhoff@nclc.org](mailto:akuehnhoff@nclc.org)) or  
Jan Kruse ([jkruse@nclc.org](mailto:jkruse@nclc.org)), 617-542-8010;  
Margot Saunders ([msaunders@nclc.org](mailto:msaunders@nclc.org))

**Zombie Debt: How the CFPB Can Help Consumers Fight Time-Barred Debts**  
*New National Consumer Law Center Report Urges an End to Zombie Debt Collection*

**(BOSTON)** The Consumer Financial Protection Bureau (CFPB) should prohibit debt collectors from collecting zombie debt, concludes a new report by the National Consumer Law Center. “Consumers don’t understand that just a \$25 payment can leave them vulnerable to lawsuits on a debt that was too old to collect in court,” says National Consumer Law Center attorney April Kuehnhoff and co-author of [\*Zombie Debt: What the CFPB Should Do about Attempts to Collect Old Debt\*](#). “To prevent debt collectors from using unfair, deceptive, and abusive practices to collect ancient debt, the CFPB should ban all efforts to collect zombie debt.”

Debt collectors have a legal time limit to bring suit in courts, but a new payment on the debt can restart the clock. Collectors also often file lawsuits after expiration of the time limit, called a statute of limitation. It is difficult for the consumer to know what the expiration date is and the laws generally do not prohibit out-of-court debt collection activities. Debt collectors are not required to inform consumers that the debt is too old to be collected in court, or that, counter-intuitively, making a payment on a time-barred debt could be harmful. It is also harder for consumers to remember if an ancient debt was even theirs and less likely they will have the documents to prove that the collector is seeking the wrong amount.

“Debt collectors take advantage of the confusing laws governing the collection of zombie debt to induce people, including seniors, to pay debts that have expired or may not even be theirs,” said co-author Margot Saunders, also an attorney with the National Consumer Law Center. “We hope that the CFPB will issue rules that simply ban collection of time-barred debt.”

More than 1 in 3 adults with credit reports have debt in collections, according to a 2014 report by the Urban Institute, and many of these debts are quite old. A 2013 study by the Federal Trade Commission (FTC) found that more than 30 percent of the debt purchased by the nation’s largest debt buyers from other debt buyers was over six years old. Smaller debt buyers often purchase and attempt to collect on even older debt. One-third of debt collection complaints to the CFPB also involved debts not owed by the consumer.

This report builds on NCLC’s extensive body of work related to fair debt collection. For more information, visit: <http://www.nclc.org/issues/debt-collection.html>.

## **Related Links**

Comments to the CFPB re: Advance Notice of Proposed Rulemaking on Debt Collection, Feb. 28, 2014 available at: [http://www.nclc.org/images/pdf/debt\\_collection/comments-cfpb-debt-collection-anprm-2-28-14.pdf](http://www.nclc.org/images/pdf/debt_collection/comments-cfpb-debt-collection-anprm-2-28-14.pdf).

*The Structure and Practices of the Debt Buying Industry*, Federal Trade Commission, January 2013 available at: <http://www.ftc.gov/sites/default/files/documents/reports/structure-and-practices-debt-buying-industry/debtbuyingreport.pdf>

*The Debt Machine: How the Collection Industry Hounds Consumers and Overwhelms the Courts*, National Consumer Law Center, July 2010 available at: [http://www.nclc.org/images/pdf/debt\\_collection/debt-machine.pdf](http://www.nclc.org/images/pdf/debt_collection/debt-machine.pdf)

###

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. **www.nclc.org**