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**ADVOCATES COMMEND CFPB'S INTENT TO ADDRESS DEBT COMPLAINTS**  
*Federal Regulators Will Create Proposed Rules to Curb Predatory Debt Collection Tactics*

(WASHINGTON) Year after year, one of the top consumer complaints to the Federal Trade Commission (FTC) is problems with debt collection. Complaints are skyrocketing: from 13,950 in 2000 to 199,721 in 2012 – more than a 900% increase in just over a decade. In January 2014 alone, consumers registered about 3000 complaints regarding debt collection with the CFPB. In addition, debt collector lawsuits are clogging courts across the nation. For example, in 2011, there were more than 200,000 debt collections lawsuits filed just in New York.

“Given this huge volume of complaints, we are heartened that the CFPB has taken the first step toward debt collection reform,” says Margot Saunders, of counsel to the National Consumer Law Center (NCLC). (The [CFPB recently announced it was taking comments in advance of proposed rules for debt collection reform.](#)) “The CFPB has the authority to improve protections for consumers and debtors,” adds Saunders. “Through its rulemaking powers, the CFPB can and must ensure that consumers have the tools to protect themselves from abuses and deter misconduct, and that its regulations create incentives for industry to comply with the law.”

According to the National Consumer Law Center and the National Association of Consumer Advocates (NACA), the top five improvements that the CFPB could make to rein in abusive debt collection are:

- 1. Improve consumer remedies against ongoing abusive debt collection practices.** Courts should be able to award injunctive relief to stop abusive debt collection and multiple statutory damages when a collector commits multiple violations.
- 2. Require collectors to have substantially better information about the debt before collecting and suing – and more information about all previous collection efforts on the debt.** Collectors must be responsible for having all the pertinent information about the debt itself, the consumer, previous communications and collection attempts, and the collector’s ownership of the debt.

**3. Stop abuses by payday lenders, credit card companies and other creditors. Current rules only cover third party debt collectors.** All creditors should be forbidden from engaging in abusive collection practices.

**4. Stop telephone harassment.** Repeat calls to consumers at their homes and workplaces cause enormous stress and can even jeopardize their jobs. The CFPB should limit calls to three per week and actual contact to once a week.

**5. Help consumers enforce their right to request collectors to stop communicating with them.** Collectors should be required to inform consumers during each contact that the consumer has the right to stop these communications. Consumers' verbal requests to stop communications should be honored.

[Extensive comments](#) were submitted to the CFPB by its February 28, 2014 deadline by NCLC on behalf of its low-income clients and NACA, Americans for Financial Reform, Consumer Action, Consumer Federation of America, Consumers Union, New Economy Project, and the U.S. Public Interest Research Group.

“We urge the CFPB to adopt strong rules to prevent and deter illegal debt collection practices that will set a federal floor to ensure a fair debt collection process, but will not preempt a state from enacting even stronger protections for consumers,” according to National Association of Consumer Advocates Legislative Director Ellen Taverna.

**Download the comments:** [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)

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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. [www.nclc.org](http://www.nclc.org)

**The National Association of Consumer Advocates (NACA)** is a nonprofit association of more than 1,500 consumer advocates and attorney members who represent hundreds of thousands of consumers victimized by fraudulent, abusive and predatory business practices. As an organization fully committed to promoting justice for consumers, NACA's members and their clients are actively engaged in promoting a fair and open marketplace that forcefully protects the rights of consumers, particularly those of modest means. [www.naca.net](http://www.naca.net)