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## DEBT COLLECTION ABUSES WIDESPREAD

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BOSTON – Debt companies pursuing consumers with a small army of collectors have swamped small claims courts with lawsuits and left a trail of abuses that, in 2009, led consumers to file more than 120,000 complaints with federal regulators.

“The Debt Machine: How the Collection Industry Hounds Consumers and Overwhelms Courts,” released today by the National Consumer Law Center, shows an urgent need for stronger and updated consumer protections.

“The recession has thrown millions of consumers into the jaws of a giant collection machine,” said Robert Hobbs, NCLC deputy director and report co-author. “Existing laws and regulatory efforts have lagged behind what is needed to effectively monitor powerful, wealthy and ubiquitous collections companies.”

“The Debt Machine” tells the stories of consumers who have been dragged into a morass of annoying phone calls, false claims and harassment. It also identifies the financial links between debt companies and some of the nation’s leading banks, documents the buying and selling of billions of dollars of debts and describes the critical role played by hundreds of specialized law firms.

This timely report echoes the FTC’s July 12 call for enhanced protections for consumers who face collections actions in small claims courts and private “forced arbitration” forums.

“Millions of American families have been subjected to debt collection abuses in recent years,” Hobbs said. “Some have been struggling to pay accumulated debts. Some who don’t even owe the debts have been targeted by a sloppy and over-aggressive debt industry.”

“These families – unlike some of the giant banks that are the leading creditors – haven’t asked for a bail-out,” Hobbs added. “But they are entitled to their rights not to be hounded, abused or pursued for claims that they never owed or are no longer legally enforceable. Consumers also deserve their day in court to resolve legitimate disputes.”

The report is posted on-line at [www.nclc.org/images/pdf/pr-reports/debt-machine.pdf](http://www.nclc.org/images/pdf/pr-reports/debt-machine.pdf).

The National Consumer Law Center is a non-profit organization that seeks marketplace justice on behalf of vulnerable Americans. NCLC works with, and offers training to, thousands of legal-service, government and private attorneys, as well as community groups and organizations representing low-income families. Our legal manuals and consumer guides are standards of the field. Learn more and find a link to the new report on our Web site: <http://www.nclc.org>.

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