

# CFPB Fails to Protect Consumers from Abusive Collection of Time-Barred Debts (Again)

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Washington, D.C. - The Consumer Financial Protection Bureau (CFPB) released a proposed debt collection rule late last Friday to supplement the proposed debt collection rule it released in May.

The supplemental rule states that debt collectors must provide consumers with specific disclosures when collecting debt that is beyond the statute of limitations (time-barred debt).

“Unfortunately, disclosures cannot adequately protect vulnerable consumers from abusive practices related to the collection of time-barred debt” **said April Kuehnhoff, an attorney at the National Consumer Law Center who focuses on debt collection.** “Consumers pressured to pay old debts will not understand why they are being contacted if the debt is too old to sue on, or how a \$25 payment might restart the statute of limitations on the debt.”

“To truly protect consumers,” **said Linda Jun, senior policy counsel at Americans for Financial Reform Education Fund,** “the CFPB should ban collection of time-barred debt in and out of court because these debts are so old that records are lost, the collector may have the wrong person or wrong amount, and the debt cannot be collected without mistakes or deception.”

The proposed disclosures would be in addition to the CFPB’s proposal announced in May to prohibit collectors from filing or threatening a lawsuit on a time-barred debt, but only if the collector “knows or should know” that the legal time limit to sue has expired. “The CFPB took what should have been a simple prohibition and watered it down,” **said Kuehnhoff.**

The public will have 60 days to submit comments on the proposed rule after it is published in the Federal Register.

## **Related Resources about the May 2019 Proposed Debt Collection Rule**

- **Summary: CFPB Debt Collection Rule Must Protect Consumers, Not Abusive Collectors, May 2019**
- **Press Release: Consumer Watchdog’s Proposed Debt Collection Rule Bites Consumers: Authorizes Harassment by Debt Collectors, May 7, 2019**
- **Coalition (234 national, state, and local groups) comments to the CFPB re: proposed debt collection rule, Sept. 18, 2019**
- **Group long comments to the CFPB re: proposed debt collection rule, Sept. 18, 2019**
- **Report: Zombie Debt: What the CFPB Should Do about Attempts to Collect Old Debt, January 2015**

For more information on NCLC’s extensive body of work on fair debt collection, see

<https://www.nclc.org/issues/debt-collection.html> and CFPB debt collection rulemaking:  
<https://www.nclc.org/issues/debt-collection-rulemaking-at-the-cfpb.html>