

[U.S. House Financial Services Committee Hearing on September 26 on Abusive Debt Collection with Testimony by National Consumer Law Center Attorney April Kuehnhoff](#)

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National Consumer Law Center attorney April Kuehnhoff's full testimony will be available by 10 am ET on September 26 at: <http://bit.ly/testimony-kuehnhoff>

Washington, D.C.- **National Consumer Law Center attorney April Kuehnhoff** will testify on Wednesday, September 26 at 10 am E.T. before the U.S. House Financial Services Committee at a hearing entitled "[Examining Legislation to Protect Consumers and Small Business Owners from Abusive Debt Collection Practices.](#)"

"Nearly one-third of Americans have a debt in collection and third-party debt collectors contact consumers more than one billion times each year," says **National Consumer Law Center attorney April Kuehnhoff**. "For the vast majority of these consumers, it not an unwillingness to pay their debts but other factors that lead people into the hands of debt collectors, including stagnating wages, job losses, divorce, health problems, predatory lending, and a weakening financial safety net. Americans of all stripes face debt collection, but those with lower incomes or who live in communities of color, limited English speakers, older Americans, and servicemembers face special challenges and often a disproportionate burden from debt collection. It's essential that the Consumer Financial Protection Bureau's final debt collection rule include stronger consumer protections because its current proposal protects abusive debt collectors much more than consumers. Congress also has a role to play to clarify or improve the 42-year old Fair Debt Collection Practices Act through legislation."

In her testimony, **Kuehnhoff** will discuss that data from a [CFPB survey](#) suggests that millions of Americans were sued in debt collection lawsuits during the one-year period covered by the survey. Many of these lawsuits are filed by debt collection firms that churn out suits, clogging the courts. Collectors often win through default judgments when the consumer does not appear in court, often because the person did not receive notice of the lawsuit. Even when consumers do appear, more than 90% are not represented by an attorney, increasing the odds that they will lose. Collecting on time-barred "zombie" debt is another unfair, deceptive, and abusive tactic because the debt is so old that the deadline for a lawsuit has passed and records of who owes the debt and for how much may be lost.

In addition to discussing how the CFPB can strengthen its proposed rule, **Kuehnhoff** will discuss several bills before Congress that would provide clarity and update remedies for unfair and deceptive debt collection practices for consumers and small business owners, including:

Small Business Lending Fairness Act ([H.R. 3490](#)) would prohibit a serious problem created by

the failure of consumer protection laws to cover credit extended to small businesses. High cost lenders offer loans to struggling small businesses throughout the U.S, often with a treacherous provision hidden in the fine print of the loan documents. If the small business fails to pay the loan back on time, the lender can trigger a “confession of judgment,” allowing the lender to seize all of the business’s assets, including emptying out bank accounts.

Debt Collection Practices Harmonization Act ([H.R. 3948](#)) would expand the definition of debt covered under the FDCPA to include money “owed to a State,” clarifying that private collectors who pursue debts such as municipal utility bills, tolls, traffic tickets, and court debts are covered by the FDCPA. It would also modernize FDCPA remedies by adjusting monetary penalties for inflation and clarifying that courts can award injunctive relief.

Stop Debt Collection Abuse Act of 2019 ([H.R. 4403](#)) would clarify FDCPA coverage for debt buyers after the Supreme Court’s [decision](#) in *Henson v. Santander Consumer USA, Inc.* and clarify coverage for certain debts owed to the federal government that are currently collected by private debt collectors.

The National Consumer Law Center has additional resources regarding [debt collection](#) and [the debt collection rulemaking at the CFPB](#), including extensive comments on the CFPB proposed rule, fact sheets, and infographics regarding how military families and veterans, older consumers, people of color, and students are affected by debt collection.