



MEMORANDUM OF SUPPORT FOR CONSUMER DEBT UNIFORMITY ACT (S.5546/A.57A)

BILL TITLE: Relates to actions arising out of consumer debt

INTRODUCED BY: Senator Brad Hoylman-Sigal
Assembly Member Harvey Epstein

STATEMENT OF SUPPORT: The National Consumer Law Center supports the Consumer Debt Uniformity Act (CDUA), which would expand the protections already in place for consumers in lawsuits involving consumer credit transactions to apply to other types of consumer debt, including medical debt.

Since 1969, the nonprofit National Consumer Law Center (NCLC) has used its expertise in consumer law to work for consumer justice and economic security for low-income and disadvantaged consumers in the U.S.

New York has long recognized and sought to remedy the myriad injustices that often arise in debt collection lawsuits against consumers. These problems include lack of notice, lawsuits brought in inconvenient forums or years after evidence and memories have faded, vague pleadings, and meritless claims. For these reasons, the legislature has enacted laws, including the Consumer Credit Fairness Act (CCFA) in 2021,¹ to level the playing field for consumers. However, these measures only afford protections to consumers facing the narrow category of debts that arise from “consumer credit transactions.”² That means consumers facing collection of many common forms of consumer debt, including medical debt, rent arrears, and higher education debt, do not receive these basic safeguards.

The CDUA would remedy this problem by expanding consumer protections already on the books to include medical, rental, and student loan debts. Such protections include:

- Requirement that debt collection cases be filed in the county in which the consumer resides
- Requirement that basic information regarding the debt be included in the complaint
- Additional time to tell the court about improper service
- Application of a consistent statute of limitation of three years to consumer debts

¹ NY LEGIS 593 (2021), 2021 Sess. Law News of N.Y. Ch. 593 (S. 153).

² N.Y. CPLR 105(f) defines “consumer credit transaction” as “a transaction wherein credit is extended to an individual and the money, property, or service which is the subject of the transaction is primarily for personal, family or household purposes.”



- Mailing of additional notices in English and Spanish when filing a lawsuit or moving for summary judgment

Consumer protections are essential in all collection lawsuits, not just in cases for credit card debt.

In our experience as advocates, consumers sued by hospitals, nursing homes, landlords, colleges, and other creditors face the same challenges and obstacles that exist in cases seeking to collect credit card debt, and those consumers are just as likely to be unrepresented by counsel. Ensuring that basic, commonsense guardrails are in place to protect vulnerable consumers from known abuses and exploitation in the law is necessary to ensure that they have a fair shot at defending themselves. In examining medical debt, Pew Charitable Trusts, came to the same conclusion, recommending that policymakers consider reforms to the debt litigation process for consumer debt, including by strengthening service requirements, helping consumers understand who is suing them and for what, and removing barriers that prevent people from participating in their cases – all of which the CDUA accomplishes.³

A large portion of debt collectors are collecting medical, rental, and student loan debts.

A 2024 TransUnion survey of debt collectors found that:

- 55% collect healthcare debt,
- 41% collect tenant/landlord or rental debt, and
- 25% collect student loan debt (federal or private).⁴

Amending New York state law to cover medical, rental, and student loan debts more accurately reflects the reality of debts currently in collection.

The CDUA would create consistency for courts, pro se litigants, and industry

Having a consistent definition of consumer debt would reduce confusion for all interested parties and ensure the proper application of existing laws to all similar cases. For example, currently, many court rules regarding consumer debt lawsuits are tied to the CPLR definition of “consumer credit transaction.” However, in 2014, the Office of Court Administration issued rules that constrained the CPLR’s definition of “consumer credit transaction” to mean only a “revolving or open-end credit transaction” and specifically excluded “debt incurred in connection with, among others, medical services, student

³ Ruth Rosenthal & Casey Chiappetta, *Medical Debt Reforms Fall Short Without Addressing Consumer Debt Litigation*, PEW CHARITABLE TRUSTS, February 27, 2025, <https://www.pewtrusts.org/en/research-and-analysis/articles/2025/02/27/medical-debt-reforms-fall-short-without-addressing-consumer-debt-litigation>.

⁴ TransUnion, *Preparing for Opportunity: Investing in efficiency to scale operations* 18, 2024, <https://www.transunion.com/lp/debt-collections-report>.



loans, auto loans or retail installment contracts.”⁵ But the CCFA, which went into effect in 2022, applies to all consumer credit transactions;⁶ however, there is judicial uncertainty as to whether it applies to debts such as student loans because of the OCA rules.⁷ Further, the statute of limitations under the CCFA for consumer credit transactions was reduced to three years,⁸ consistent with the statute of limitations for medical debt, which was reduced from six years to three years in 2020.⁹ Meanwhile, the Fair Consumer Judgment Interest Act, which also went into effect in 2022, lowered the judgment interest rate from nine percent to two percent for “consumer debt,”¹⁰ not just consumer credit transactions. Attorneys are required to prominently display “consumer credit transaction” on summonses issued in lawsuits that arise from consumer credit transactions, but there is no similar requirement for general consumer debts. Therefore, it is left to court clerks to scrutinize complaints and determine whether to apply the reduced interest rate on judgments. It also makes it impossible for courts to accurately track data about consumer debt litigation.

As such, rules regarding pleading and default judgments apply to consumer credit transactions, but not consumer debt; the three-year statute of limitations applies to consumer credit transactions and medical debt, but not other types of consumer debt; and the consumer judgment interest rate applies to consumer debt.

The CDUA would reduce confusion by ensuring that all consumer protection provisions regarding lawsuits in New York would apply uniformly to medical, rental, and student loan debts in addition to consumer credit transactions. The definition of consumer debt is well established under existing laws, and was adopted from federal statutes, including the Fair Debt Collection Practices Act¹¹ and the U.S.

⁵ See New York City Civil Court: 22 NYCRR §§ 208.14-a and 208.6(h); City Courts outside the City of New York: 22 NYCRR §§ 210.14-a and 210.14-b; Nassau and Suffolk District Courts: 22 NYCRR §§ 212.14-a and 212.14-b; Supreme & County Courts: 22 NYCRR §§ 202.27-a and 202.27.

⁶ N.Y. CPLR 105 (f).

⁷ See, e.g., *Kingdom of Sweden on behalf of Swedish Bd. of Student Fin. (CSN) v. Pashkovski*, 80 Misc. 3d 905, 919, 197 N.Y.S.3d 833, 844 (Kings Cty. Sup. Ct. 2023) (“It is doubtful whether this applies to a student loan.”).

⁸ N.Y. CPLR 214-i.

⁹ N.Y. CPLR 213-d.

¹⁰ NY LEGIS 831 (2021), 2021 Sess. Law News of N.Y. Ch. 831 (S. 5724-A).

¹¹ 15 USCA § 1692a (5).



Bankruptcy Code,¹² as well as New York State law.¹³ There is long-standing precedent of what constitutes a “consumer debt,” which the debt collection industry has been complying with for decades.

New York has laws on the books meant to help consumers have a fair shot when they are sued. The CDUA ensures that all consumers, not just those with credit card debt, benefit from New York’s robust, consumer protection laws. The National Consumer Law Center strongly urges you to support the Consumer Debt Uniformity Act S.5546/ A.57A.

Please contact Vincent Rosetti Vincent@rossettigovrelations.com with any questions

¹² 11 USCA § 101 (8).

¹³ N.Y. General Business Law § 600 (6).