September 22, 2025

Submitted via Regulations.gov
Comment Intake
Legal Division Docket Manager
Consumer Financial Protection Bureau
1700 G Street NW
Washington, DC 20552

Re: Defining Larger Participants of the Consumer Debt Collection Market[1]

The National Consumer Law Center (on behalf of its low-income clients) and Consumer Federation of America appreciate the opportunity to submit these comments on the Consumer Financial Protection Bureau's (CFPB) advance notice of proposed rulemaking (ANPR) on whether to propose a rule to amend the test to define larger nonbank participants in the consumer debt collection market. Entities defined as larger participants are potentially subject to supervision by the CFPB.

We oppose changing the definition of larger participants in a way that would reduce the number of entities that qualify for supervision, which would do *nothing* to achieve the CFPB's stated goals of reducing compliance burdens or avoiding the diversion of limited CFPB resources. The CFPB is not required to and does not conduct examinations of all larger participants, and many are never examined at all. The CFPB conducts only a limited number of examinations each year, and the CFPB can limit the resources devoted to supervision and the number of companies examined without changing the larger participants definition.

But amending the definition would cause harm, including depriving the CFPB of the flexibility to examine a company if problems arise or to spot check compliance by entities of different sizes. The CFPB would have less information about market practices and compliance challenges by mid-sized companies, making it harder to tailor regulation to them. Companies would have less incentive to respond to consumer complaints or to ensure that they are complying with the law. Law-abiding companies would be harmed by unfair competition. Companies that escape supervision, a confidential, non-adversarial compliance tool, might instead face enforcement actions.

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[1] Defining Large Participants of the Consumer Debt Collection Market, 90 Fed. Reg. 38,418 (Aug. 8, 2025) (Docket No. CFPB-2025-0030, RIN 3170-AB51).

Supervision of a broad range of debt collectors is critical to implementing Congress's vision of a national minimum level of protection for all consumers under the Fair Debt Collection Practices Act (FDCPA) and preventing compliant debt collectors from being competitively disadvantaged in the marketplace. Supervising a broad range of debt collectors is also important because state laws and the ability to enforce these laws vary, and recent Supreme Court decisions about standing in federal court caused a significant decrease in private FDCPA enforcement actions. Additionally, making supervision broadly applicable to debt collectors is especially appropriate given the need to monitor implementation of federal debt collection regulations that took effect in 2021 and the adoption of new debt collection technology.

I. Supervision is an important, cooperative compliance tool.

Supervision is an important tool that helps the CFPB ensure compliance with the law, stop problems and potential problems, and identify emerging issues. Supervision is a more cooperative, less adversarial approach than an enforcement action. The typical result of an examination is a report with items to address. Most examinations do not result in enforcement actions.

Supervision is confidential. Neither the CFPB's findings nor the action that a company takes in response are public. Even the fact that a company is subject to examination is confidential. Enforcement actions, in contrast, are very public. Without supervision as an option, when the CFPB receives complaints or otherwise hears of problems, it would have to use more adversarial and public tools including launching a formal investigation, issuing subpoenas and civil investigative demands, and filing a public lawsuit in court. Even if the matter is resolved without litigation, consent orders from the Bureau are also public.

Supervision helps the CFPB and companies identify and correct small problems before they become big ones. The CFPB can identify compliance oversight weaknesses before they result in legal violations, or small issues before they harm even more consumers or warrant an enforcement action.

Supervision offers benefits to companies that are being examined. Companies have the opportunity to fix problems and improve their compliance. If problems go unaddressed, the company can still face enforcement by a state regulator or attorney general, or private litigation. Supervision is in a sense a form of free consulting.

Supervision helps to keep an entire market safe and free of legal violations or unfair, deceptive or abusive practices. Work to ensure compliance with the law across a market promotes fair competition by requiring everyone to play by the same rules and preventing law-abiding companies from having to compete with those who violate the law or take advantage of consumers. No federal agency other than the CFPB has the authority to supervise nonbanks. If the CFPB does not have jurisdiction to supervise a nonbank company, there would be no potential for federal supervision at all.

States are not an adequate substitute for the CFPB in the supervision of nonbank companies. Congress passed the Dodd-Frank Wall Street Reform and Consumer Protection Act and gave the CFPB the mandate to supervise nonbank companies because of fatal gaps in consumer protection oversight of those companies. States do not possess the level of expertise in federal consumer protection laws that the CFPB's supervision team has developed, and virtually none of them has the resources to examine for compliance with those laws. Although some states license debt collectors, licensure is not a substitute for robust supervision of the consumer debt collection market. Even if a few states were able to conduct robust oversight, that would leave consumers in most other states exposed to legal violations and unfair practices.

The CFPB has said that it will prioritize work to protect servicemembers and veterans. But without supervision, the CFPB will be far less likely to spot problems affecting our military and will have fewer options to address violations. As discussed below, servicemembers and veterans are impacted by the consumer debt collection market.

Consumers in rural areas also especially benefit from the CFPB's supervision oversight. They are less likely to have their problems noticed and addressed by regulators.

II. Changing the definition of larger participants will hamper the CFPB's flexibility to respond to problems, make compliance with the law harder for companies, and encourage risky behavior.

The CFPB stated that it is considering reducing the number of companies that are deemed to be larger participants because:

> The Bureau is concerned that the benefits of the current threshold may not justify the compliance burdens for many of the entities that are currently considered larger participants in this market, and that the current threshold may be diverting limited Bureau resources to determine whom among the universe of providers may be subject to the Bureau's supervisory authority and whether these providers should be examined in a particular year.[2]

[2] 90 Fed. Reg. 38,418, 38,419 (Aug. 8, 2025).

But the current definition does not impose significant, unwarranted compliance burdens on companies that they would not otherwise have. Firms that fall within the definition receive advice and counsel about how to comply with the consumer financial laws examined and enforced by the Bureau. But so do companies that are not larger participants. Even record retention requirements in Regulation F that are designed to facilitate CFPB supervision[3] apply broadly to all debt collectors, not just larger participants.[4] Removing supervision does not mean that their obligation to comply with the law is now absent.

Similarly, the CFPB has ample ability to decide how to allocate its limited resources without changing the definition of larger participants. The definition merely gives the CFPB the *option* of supervising a company. We understand that, even under the current definitions, many if not most of the companies on the smaller end of the spectrum have *never* been examined. The CFPB's supervision program has already shrunk dramatically (if it is operating at all) under current leadership, and the reduction in the CFPB's Federal Reserve funding cap will also likely require cutbacks in the supervision programs for both banks and nonbanks. Changing the definition of a larger participant does not constrain the CFPB's discretion in how much of its resources it devotes to supervision and which companies it supervises. If the CFPB feels that supervision of companies below some threshold is not currently worth the benefit to consumers or the burden to companies, it can stop examining them.

But there are several potential harms of changing the definition.

If the CFPB receives a slew of complaints about a particular company or an emerging threat that it has not been examining, it currently has the option of using supervision to see what is going on. Keeping the existing definition under the current rules gives the CFPB flexibility about the best way to address the most significant risks to consumers.

Conversely, if a company knows that it cannot be supervised, then it will have less incentive to address consumer complaints or problems that could bring it to the CFPB's attention. The CFPB's complaint system is a cost-effective way to resolve individual issues, but it could become less effective as a company would feel less compulsion to address a complaint that has been referred to it. Members of Congress across the political spectrum have referred complaints to the CFPB, and they may be less able to get help for their constituents.[5]

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[3] 85 Fed. Reg. 76,734, 76,859 (Nov. 30, 2020) (" the Bureau is finalizing §1006.100 to facilitate supervision of, and to assess and detect risks to consumers posed by debt collectors, including debt collectors who are larger participants of the consumer debt collection market, as defined in 12 CFR part 1090, and to enable the Bureau to conduct enforcement investigations to identify and help prevent and deter abusive, unfair, and deceptive debt collection practices").

[4] 12 C.F.R. § 1006.100.

[5] Joel Jacobs, ProPublica, These GOP Lawmakers Referred Constituents to the CFPB for Help. Then They Voted to Gut the Agency (Aug. 6, 2025).

Companies that cannot be supervised could be more willing to take risks and skirt the law. The obligation to comply with consumer financial protection laws will remain, as will the risk of federal, state or private enforcement and the need for a compliance program. But some companies may gamble on not being caught if there is no potential of being supervised by the CFPB.

Violations that occur between 2025 to 2029 can still be the subject of enforcement actions for years to come, and having a smaller set of larger participants examined now could backfire. A change of CFPB leadership could result in more enforcement actions of the companies that escaped supervision – either because the companies became too lax, or because small problems were not addressed early. New leadership will not have to change the larger participants rule to file enforcement actions.

It is also unwise for the CFPB to relax potential oversight over the smaller large participants. The largest companies tend to have the most robust and sophisticated compliance programs. Those with fewer resources may need more help spotting problems, and benefit from free advice given through supervision exams and from publicly available information in the Supervisory Highlights that alert them to compliance issues.

Maintaining the authority to occasionally spot-check companies on the lower end can help the CFPB determine if there are more systemic issues affecting that segment of the marketplace. The CFPB might realize that those companies need more guidance or other assistance to help them comply with the law.

The CFPB can even reduce overall regulatory burden by having a better understanding of how mid-size companies operate, how they differ from the largest companies, and the compliance issues that they face. Those insights can help the CFPB to develop more appropriate regulations tailored to those companies.

III. Supervision is important to the consumer debt collection market.

A. Debt collection complaints to the CFPB raise serious consumer concerns.

1. Overview of all consumer debt collection complaints.

Since the inception of the CFPB's Consumer Complaint Database, consumers have filed 864,422 complaints about debt collection - second only to consumer complaints about credit reporting.[6] Debt collection complaints to the CFPB raised a wide variety of significant consumer concerns, including: attempting to collect amounts not owed (39.6%), problems with the written notice about the debt (20.5%), and false statements or representation about the debt (9.9%). *See* Table 1.

Table 1: Issues Identified in Consumer Complaints about Debt Collection Filed with the CFPB by Number of Complaints and Percent of All Debt Collection Complaints[7]

Issues Identified in Debt Collection Complaints	Number of Complaints	Percent of Total Debt Collection Complaints
Attempts to collect debt not owed	342,134	39.6
Written notification about debt	177,433	20.5
False statements or representation	85,193	9.9
Communication tactics	68,534	7.9
Took or threatened to take negative or legal action	64,514	7.5
Cont'd attempts collect debt not owed	60,642	7.0
Disclosure verification of debt	30,779	3.6
Threatened to contact someone or share information improperly	10,945	1.3
Improper contact or sharing of info	10,060	1.2
Taking/threatening an illegal action	8,835	1.0
Electronic communications	5,353	0.6
Total Number of Debt Collection Complaints	**864,422**	

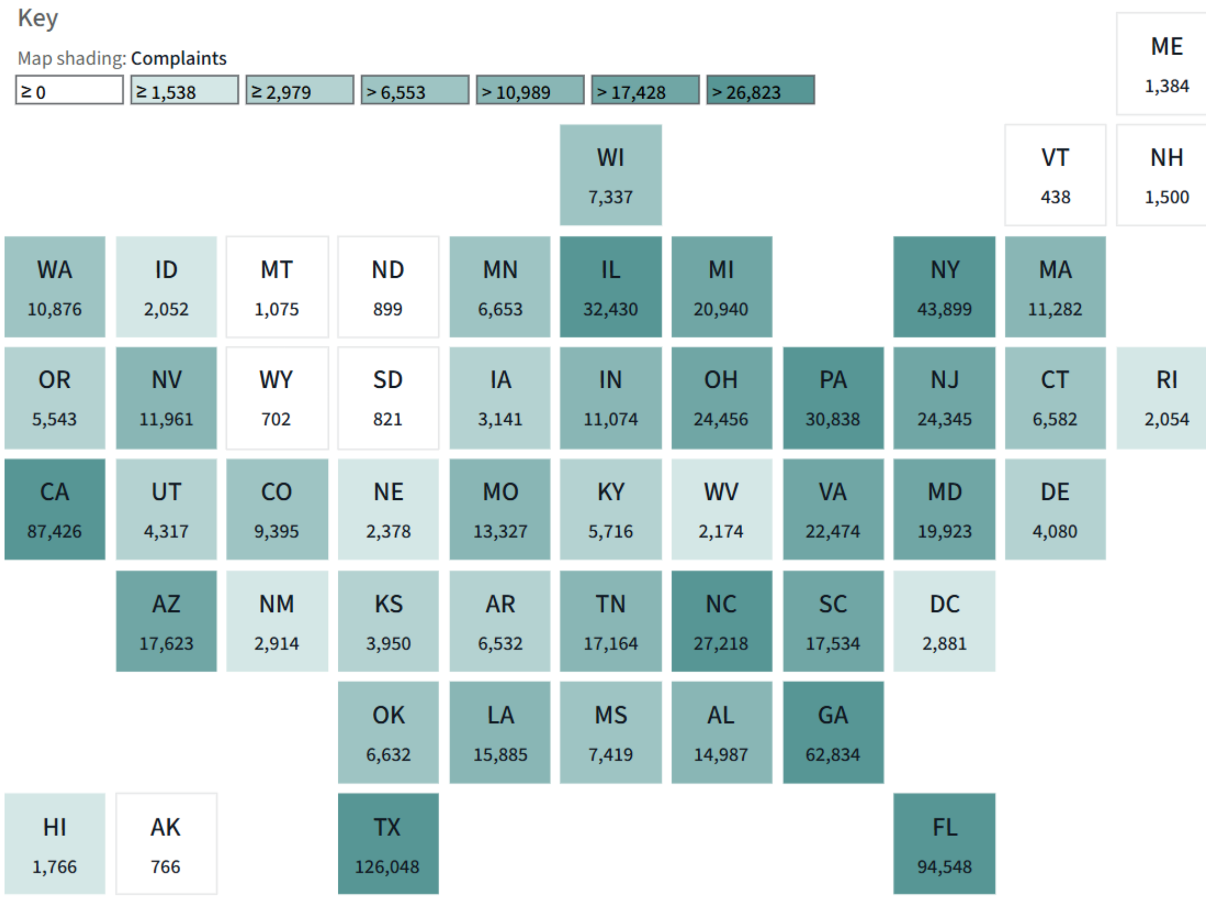
Debt collection complaints are not even distributed around the country. *See* Fig. 1. Consumers in Texas (126,048), Florida (94,548), California (87,426), and Georgia (62,834) have filed the most debt collection complaints with the CFPB to date.[8]

[6] CFPB, Consumer Complaint Database, available at: https://www.consumerfinance.gov/data-research/consumer-complaints/search/ (credit reporting complaints are currently called “credit reporting or other personal consumer reports” in the complaint database and previously were called “credit reporting, credit repair services, or other personal consumer reports”) (last visited Sept. 11, 2025).

[7] *Id.*

[8] *Id.*

Figure 1: Map of Debt Collection Complaints Submitted to the CFPB



Source: CFPB, Consumer Complaint Database, available at: https://www.consumerfinance.gov/data-research/consumer-complaints/search/ (last visited Sept. 15, 2025).

Formal complaints filed with the CFPB do not capture all debt collection complaints by consumers. In the CFPB's survey of consumer experiences with debt collection, 53% of all consumers who were contacted about a debt cited an issue with a debt in collection and 27% disputed a debt.[9]

[9] CFPB, Consumer Experiences with Debt Collection: Findings From the CFPB's Survey of Consumer Views on Debt 25 (Jan. 2017), available at https://www.consumerfinance.gov/data-research/research-reports/consumer-experiences-debt-collection-findings-cfpbs-survey-consumer-views-debt/.

2. Complaints about debt collection from consumers in rural areas

Debt is not evenly distributed around the country.[10] In its previous reports, the CFPB has highlighted the fact that "[r]ural southerners are more likely to have medical collections on their credit report (28 percent) than consumers elsewhere (17 percent)"[11] and also reported that "[r]ural Appalachians are more likely to have reported medical debt collections than the rest of the country; 24 percent of rural Appalachians have a reported medical debt collection compared to just 17 percent of people nationally."[12]

Calculating debt collection complaints per 1,000 people provides a glimpse into which states have the most consumer complaints regardless of the size of the population. *See* Fig. 2. Georgia (5.8), followed by Florida (4.3), Texas (4.3), Delaware (4.1), Nevada (3.8), Louisiana (3.4), Maryland (3.2), and Alabama (3.0) have the most debt collection complaints per 1,000 population.[13] More research is needed to determine what portion of these debt collection complaints are from rural areas in each state.

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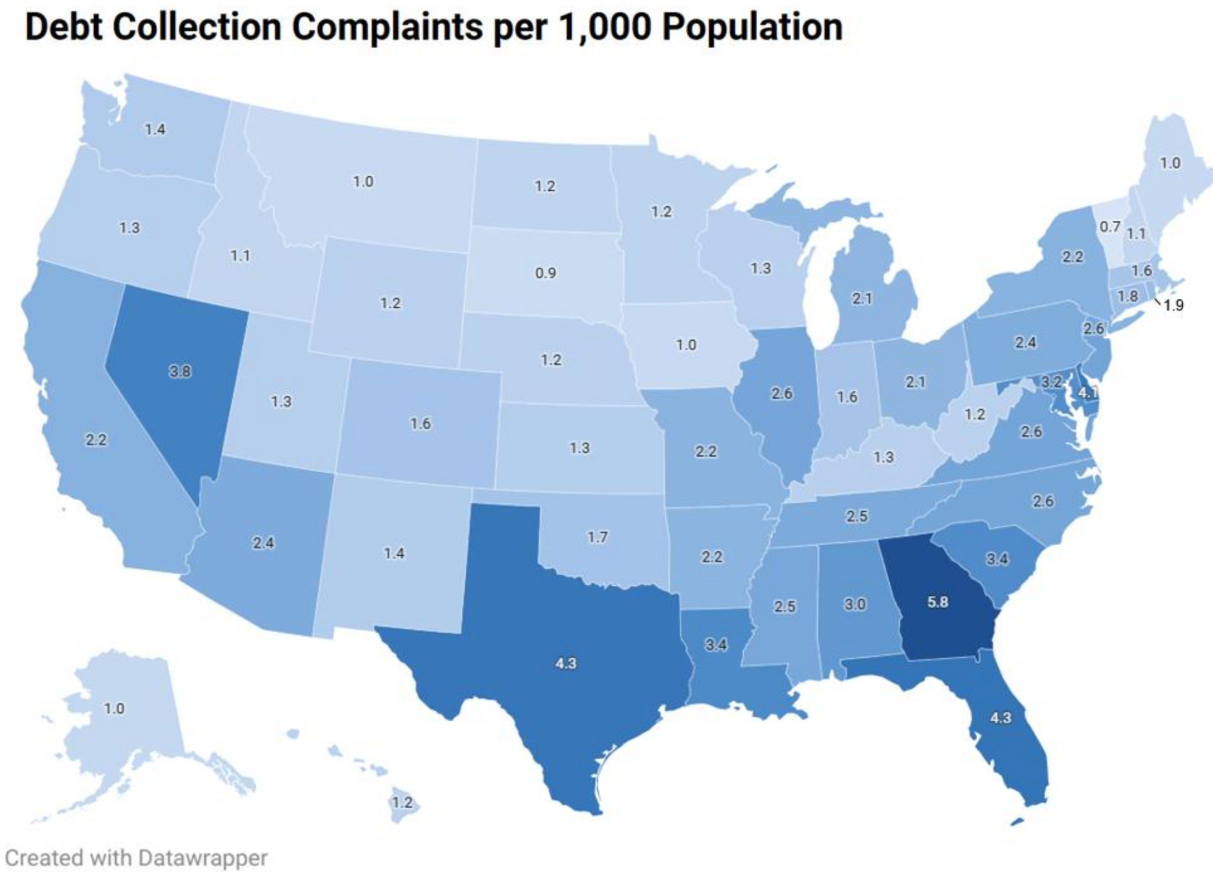
[10] See, e.g., Breno Braga et al., Debt in America: An Interactive Map (Urban Inst., last updated Sept. 2024), available at https://apps.urban.org/features/debt-interactive-map (visual representation of areas where debts in collection are more prevalent); CFPB, Medical Debt Burden in the United States Appx. A (Mar. 2022), available at https://www.consumerfinance.gov/data-research/research-reports/medical-debt-burden-in-the-united-states/.

[11] CFPB, Consumer Finances in Rural Areas of the Southern Region 5 (June 2023), available at https://www.consumerfinance.gov/data-research/research-reports/consumer-finances-in-rural-areas-of-the-southern-region/.

[12] CFPB, Consumer Finances in Rural Appalachia 4 (Sept. 2022), available at https://www.consumerfinance.gov/data-research/research-reports/consumer-finances-in-rural-appalachia/

[13] NCLC calculated debt collection complaints per 1,000 population using the number of debt collection complaints per state from CFPB, Consumer Complaint Database, available at: https://www.consumerfinance.gov/data-research/consumer-complaints/search/ (last visited Sept. 15, 2025) and the latest available five year estimate of state population from 2023 from U.S. Census Bureau, American Community Survey, available at https://data.census.gov/table/ACSDP5Y2023.DP05 (last visited Sept. 15, 2025).

Figure 2: Map of Debt Collection Complaints Submitted to the CFPB Per 1,000 People



Source: NCLC calculated debt collection complaints per 1,000 population using the number of debt collection complaints per state from CFPB, Consumer Complaint Database, available at: https://www.consumerfinance.gov/data-research/consumer-complaints/search/ (last visited Sept. 15, 2025) and the latest available five year estimate of state population from 2023 from U.S. Census Bureau, American Community Survey, available at https://data.census.gov/table/ACSDP5Y2023.DP05 (last visited Sept. 15, 2025).

3. Servicemember complaints about debt collection

Debt collection is also the second most frequent source of complaints by servicemembers, who have filed 62,297 debt collection complaints with the CFPB.[14] Servicemembers in Texas

[14] CFPB, Consumer Complaint Database, available at: https://www.consumerfinance.gov/data-research/consumer-complaints/search/ (credit reporting complaints are currently called "credit reporting or other personal consumer reports" in the complaint database and previously were called "credit reporting, credit repair services, or other personal consumer reports") (last visited September 15, 2025).

(8,322), Florida (6,578), California (5,355), Georgia (5,119), Virginia (2,734), and North Carolina (2,298) have filed the most debt collection complaints with the CFPB to date.[15]

Servicemembers' debt collection complaints to the CFPB raised the following top concerns: attempting to collect amounts not owed (39.6%), problems with the written notice about the debt (20.5%), and false statements or representation about the debt (9.9%). *See* Table 2.

Table 2: Issues Identified in Servicemember Complaints about Debt Collection Filed with the CFPB by Number of Complaints and Percent of All Debt Collection Complaints[16]

Issues Identified in Servicemember Debt Collection Complaints	Number of Complaints	Percent of Total Debt Collection Complaints
Attempts to collect debt not owed	24,092	38.6
Written notification about debt	9,239	14.8
False statements or representation	6,930	11.1
Communication tactics	6,134	9.8
Took or threatened to take negative or legal action	5,466	8.8
Cont'd attempts collect debt not owed	5,325	8.5
Disclosure verification of debt	2,140	3.4
Threatened to contact someone or share information improperly	1,029	1.6
Taking/threatening an illegal action	818	1.3
Improper contact or sharing of info	792	1.3
Electronic communications	445	0.7
Total Number of Debt Collection Complaints	**62,410**	

Consumer debt can negatively impact the careers of military personnel and some debt collectors attempt to use this to leverage payments from servicemembers.[17] The CFPB has highlighted a variety of abusive debt collection practices targeting members of the military:

- Contacting the servicemember's military chain of command as a way to coerce payment;

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[15] *Id.*

[16] *Id.*

[17] Holly Petraeus, Are Unpaid Debts a Military Career-Killer? (CFPB Jan. 9, 2015), available at https://www.consumerfinance.gov/about-us/blog/are-unpaid-debts-a-military-career-killer/.

- Putting a clause in the loan contract that the servicemember must grant the debt collector the right to contact the chain of command;
- Threatening punishment under the Uniform Code of Military Justice, threatening to have the servicemember reduced in rank, or threatening to have the servicemember's security clearance revoked; and
- Contacting a spouse after deployment of the servicemember and pressuring the spouse to repay right away without the benefit of communicating with the servicemember, or, in one particularly appalling instance, demanding that the widow of a servicemember killed in combat pay them immediately from the combat death gratuity.[18]

Other issues unique to servicemembers with debts in collection include the short turnaround time (usually sixty days) in which to address debts before risking problems with security clearance and the challenges that deployments present to repaying a debt.[19] The CFPB reports that "an average of 4,700 to 8,000 servicemembers are separated each year from the military for financial issues (e.g. losing their security clearance due to unpaid debts)."[20]

4. Debt collection complaints by older Americans

Debt collection is also the second most frequent source of complaints by older Americans, who have filed 24,210 debt collection complaints with the CFPB.[21] Older Americans in California

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[18] Empowering and Protecting Service-Members, Veterans, and Their Families in the Consumer Financial Marketplace: A Status Update, Hearing before the S. Comm. on Banking, Housing & Urban Affairs, 112th Cong. (2012) (written testimony of Hollister K. Petraeus, Ass't Director, CFPB Office of Servicemember Affairs), available at https://www.consumerfinance.gov/about-us/newsroom/written-testimony-of-holly-petraeus-before-the-senate-committee-on-banking-housing-and-urban-affairs/. See also In re Navy Fed. Credit Union, 2016-CFPB-0024 (Oct. 11, 2016) (consent order), available athttps://files.consumerfinance.gov/f/documents/102016_cfpb_NavyFederalConsentOrder.pdf; In re Sec. Nat'l Auto. Acceptance Co., 2015-CFPB-0027 (Oct. 28, 2015) (consent order), available at /https://files.consumerfinance.gov/f/201510_cfpb_consent-order-administrative-snaac.pdf; CFPB, Servicemembers 2015: A Year in Review (Mar. 2016), available at https://www.consumerfinance.gov/data-research/research-reports/servicemembers-2015-a-year-in-review-3/.

[19] FTC, A Closer Look at the Military Consumer Financial Workshop: The Federal Trade Commission Staff Perspective (Feb. 2018), available at https://www.ftc.gov/reports/closer-look-military-consumer-financial-workshop-federal-trade-commission-staff-perspective. See also CFPB, Office of Servicemember Affairs 2021 Annual Report (June 2022), available at https://www.consumerfinance.gov/data-research/research-reports/office-of-servicemember-affairs-annual-report-fy-2021/ (discussing how credit reporting errors distinctly harm servicemembers because of threat to security clearance).

[20] CFPB, Office of Servicemember Affairs—Annual Report 7 (Jan. 2019), available at https://www.consumerfinance.gov/data-research/research-reports/office-servicemember-affairs-annual-report/.

[21] CFPB, Consumer Complaint Database, available at: https://www.consumerfinance.gov/data-research/consumer-complaints/search/ (last visited September 15, 2025).

(3,403), Florida (2,957), Texas (2,120), New York (1,282), and Georgia (1,038) have filed the most debt collection complaints with the CFPB to date.[22]

Older Americans complained to the CFPB about significant debt collection issues, including: attempting to collect amounts not owed (31%), continued attempts to collect debt not owed (19.1%), and communication tactics (13.7%). *See* Table 3.

Table 3: Issues Identified in Older American Complaints about Debt Collection Filed with the CFPB by Number of Complaints and Percent of All Debt Collection Complaints[23]

Issues Identified in Older American Debt Collection Complaints	Number of Complaints	Percent of Total Debt Collection Complaints
Attempts to collect debt not owed	7,510	31.0
Cont'd attempts collect debt not owed	4,630	19.1
Communication tactics	3,328	13.7
False statements or representation	2,395	9.9
Written notification about debt	2,079	8.6
Took or threatened to take negative or legal action	1,938	8.0
Disclosure verification of debt	1,012	4.2
Taking/threatening an illegal action	518	2.1
Improper contact or sharing of info	438	1.8
Threatened to contact someone or share information improperly	195	0.8
Electronic communications	167	0.7
Total Number of Debt Collection Complaints	**24,210**	

Formal complaints with the CFPB do not capture all debt collection complaints by older Americans. In the CFPB's survey of consumer experiences with debt collection, 59% of those age sixty-two or older who were contacted about a debt cited an issue with a debt in collection and 40% disputed a debt.[24]

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[22] *Id.*

[23] *Id.*

[24] CFPB, Consumer Experiences with Debt Collection: Findings From the CFPB's Survey of Consumer Views on Debt 25 (Jan. 2017), available at https://www.consumerfinance.gov/data-research/research-reports/consumer-experiences-debt-collection-findings-cfpbs-survey-consumer-views-debt/.

Older Americans may also be more likely to be subject to certain collection tactics, such as efforts to collect the debt of a deceased family member,[25] efforts to collect for a friend or family member's nursing home care that they were never obligated to pay,[26] or attempts to get seniors to make debt payments from exempt government benefits such as social security. Older adults also face an increased risk of errors and inaccurate medical bills because they are more likely to have chronic conditions and multiple insurance plans, leading to difficulty navigating complex billing systems to correct inaccurate bills.[27]

B. The collection industry uses published information about debt collection supervision to guide industry compliance.

One huge benefit of supervision is the CFPB publications, such as periodic supervisory highlights[28] and the annual FDCPA report,[29] that are informed by supervisory activities. These reports discuss issues that have come up in debt collection supervision proceedings and the remedial steps taken by the debt collector being supervised to address the problem. Numerous debt collection industry publications, industry advocacy groups, and compliance-focused law offices discuss the CFPB's supervisory highlights as a way of promoting compliance with the FDCPA and Regulation F among debt collectors.[30] Thus, the CFPB's summaries of its

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[25] *See* CFPB, A Snapshot of Debt Collection Complaints Submitted by Older Consumers (Nov. 2014), available athttps://www.consumerfinance.gov/data-research/research-reports/a-snapshot-of-debt-collection-complaints-submitted-by-older-consumers/. *See also* FTC, Debts and Deceased Relatives (July 2011), available at https://web.archive.org/web/20240813153858/https://consumer.ftc.gov/articles/debts-and-deceased-relatives.

[26] Anna Anderson, et al, National Consumer Law Center and Justice in Aging, Nursing Home Debt Collection Practices Put Residents' Family and Friends at Risk (Oct. 2024), available at https://www.nclc.org/wp-content/uploads/2024/11/2024.10_Report_Nursing-Home-Debt-Collection-Practices-Put-Residents-Family-and-Friends-At-Risk.pdf.

[27] CFPB, Issue Spotlight: Medical Billing and Collections Among Older Americans (May 30, 2023), www.consumerfinance.gov/data-research/research-reports/issue-spotlight-medical-billing-and-collections-among-older-americans/full-report/.

[28] *See, e.g.,* CFPB, Supervisory Highlights: Servicing and Collection of Consumer Debt Issue 34 (Summer 2024), available at https://files.consumerfinance.gov/f/documents/cfpb_supervisory-highlights_issue-34_2024-07.pdf.

[29] *See, e.g.,* CFPB, Fair Debt Collection Practices Act: CFPB Annual Report 2024 (Sept. 2024), available at https://files.consumerfinance.gov/f/documents/cfpb_fdcpa-2024-annual-report_2024-09.pdf.

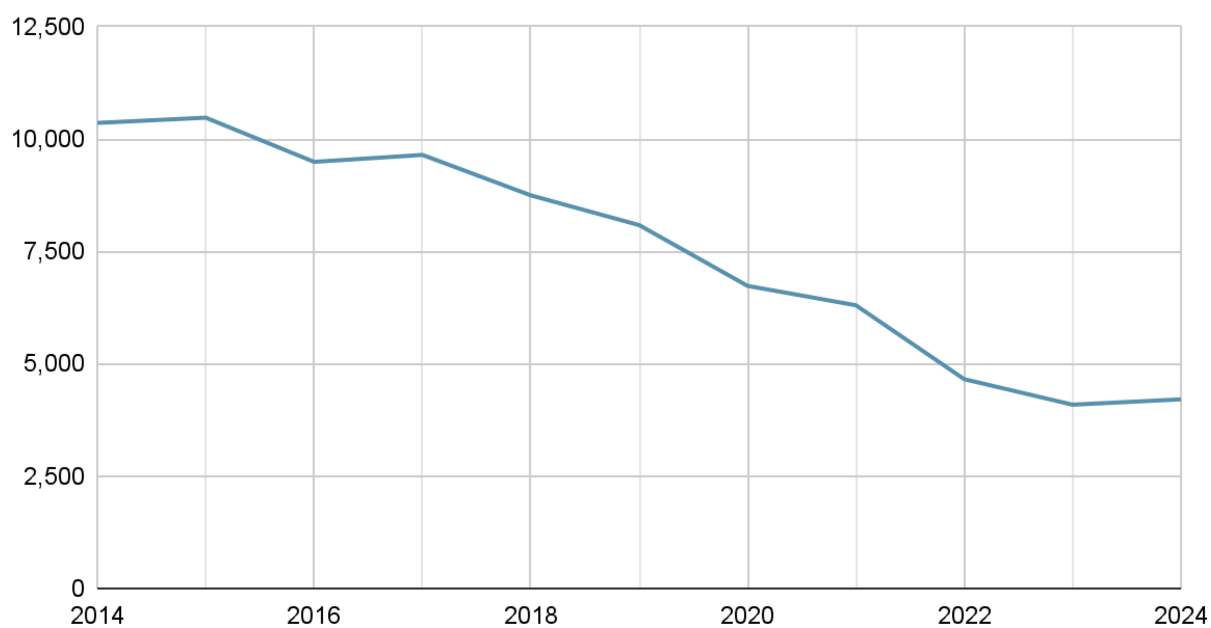
[30] *See, e.g.,* Mike Gibb, AccountsRecovery.net, CFPB Supervisory Highlights Report Details Issues with Student Loan Debt Collection (Dec. 17, 20024), available at https://www.accountsrecovery.net/2024/12/17/cfpb-supervisory-highlights-report-details-issues-with-student-loan-debt-collection/; Anthony E. DiResta, Holland & Knight, Podcast - The CFPB Highlights Alleged Deceptive Debt Collection Practices (Nov. 13, 2024), available at https://www.hklaw.com/en/insights/media-entities/2024/11/podcast---the-cfpb-highlights-alleged-deceptive-debt; Chris Capurso, et al, Consumer Financial Services Law Monitor, CFPB Releases Supervisory Highlights Focusing on Debt Collection and Loan Servicing Practices (July 3, 2024), available at https://www.consumerfinancialserviceslawmonitor.com/2024/07/cfpb-releases-supervisory-

supervisory activity help provide compliance guidance to the debt collection industry as a whole, not just the entities being supervised. Reducing the number and variety of supervised entities would result in less data and other information to inform these reports, making them less useful.

C. Decreasing private enforcement makes supervision of debt collectors even more essential

Congress drafted the FDCPA to allow consumers to bring private lawsuits against debt collectors to enforce the statute against debt collectors engaging in abusive, deceptive, misleading, and unfair conduct.[31] However, in recent years fewer and fewer FDCPA lawsuits have been filed - declining by more than 50% since 2014. *See* Fig. 3.

Figure 3: FDCPA Lawsuits Filed (2014-2024)



Source: 2014-2023 data is from Laura Hopkins, Lex Machina, Consumer Protection Litigation Report 2024 (July 2024), available at https://pages.lexmachina.com/2024-Consumer-Protection-Report_LP.html. 2024 data is from WebRecon, WebRecon Dec 2024 Stats, available at https://webrecon.com/webrecon-dec-2024-stats/.

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highlights-focusing-on-debt-collection-and-loan-servicing-practices/; ACA International, Compliance Takeaways from CFPB Supervisory Highlights Report (May 3, 2022), available at https://www.acainternational.org/news/compliance-takeaways-from-cfpb-supervisory-highlights-report/;

[31] 15 U.S.C. § 1692k.

Some of this decline is likely due to the Supreme Court's 2016 decision in *Spokeo, Inc. v. Robins*[32] and its 2021 decision in *TransUnion L.L.C. v. Ramirez*.[33] Together, these decisions have made it more difficult for consumers to establish standing in federal court to enforce the FDCPA and Regulation F.[34]

Regardless of the reason for the precipitous drop in private enforcement, this drastic change highlights the importance of government actors stepping in to fill the void. Now more than ever, it is critical that the CFPB, FTC, and state agencies step in to enforce Regulation F and that the CFPB fulfill its unique role of providing robust supervision of the debt collection industry.

D. Federal debt collection regulations are still relatively new and supervisory reports can help the collection industry identify potential problems.

The first comprehensive federal debt collection regulations - Regulation F - only took effect on November 30, 2021.[35] Supervision is an important tool for identifying potential problems with the implementation of these regulations. Supervising only the very largest of debt collectors will result in a skewed view of the level of compliance and the potential problems. Discussion in the supervisory highlights of the problems that were identified and how they were addressed will also assist other debt collectors in correctly implementing these regulations.

E. Supervision is also important as debt collectors adopt AI and other new technology.

The CFPB has warned that, "[a]n emerging area of concern highlighted in consumer complaints about debt collection is the potential use of generative artificial intelligence (AI) in the development of materials designed to assist in the collection of debt, the automation of customer service functions in a way that may make it harder to get a clear answer, and other areas."[36] The CFPB has also emphasized that, "firms must comply with consumer financial protection laws when adopting emerging technology. If firms cannot manage using a new technology in a lawful way, then they should not use the technology."[37]

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[32] 578 U.S. 330, 136 S. Ct. 1540, 194 L. Ed. 2d 635 (2016).

[33] 594 U.S. 413, 141 S. Ct. 2190, 210 L. Ed. 2d 568 (2021).

[34] *See generally,* National Consumer Law Center, Fair Debt Collection 11.15 (10th ed. 2022), updated at www.nclc.org/library.

[35] Debt Collection Practices (Regulation F) Final Rule, 86 Fed. Reg. 5766 (Jan. 19, 2021); Debt Collection Practices (Regulation F), 85 Fed. Reg. 76,734 (Nov. 30, 2020).

[36] CFPB, Fair Debt Collection Practices Act: CFPB Annual Report 2023, 24 (Nov. 2023), available at https://www.consumerfinance.gov/data-research/research-reports/fair-debt-collection-practices-act-cfpb-annual-report-2023/.

[37] CFPB, CFPB Comment on Request for Information on Uses, Opportunities, and Risks of Artificial Intelligence in the Financial Services Sector (Aug. 12, 2024), available at

A 2024 TransUnion survey of the debt collection industry reported that 25% of survey respondents are already using AI or machine learning (ML) with many other respondents considering or developing AI/ML technology.[38] For debt collectors considering or using AI/ML, the survey found "three main use cases: predict and segment accounts (57%), predict payment outcomes (57%), self-service/virtual negotiations (56%)."[39]

The CFPB should not decrease the scope of its supervision just as debt collectors of all sizes are increasingly adopting technology such as AI.

IV. Using a lower threshold for larger participants will result in hundreds of debt collectors avoiding even the possibility of supervision.

The ANPR discusses different possible thresholds for defining a larger participant in the debt collection market, noting that the numbers of debt collectors would be subject to supervision at each threshold:

- 200 to 250 have annual receipts exceeding $10 million,
- 100 to 125 have annual receipts exceeding $25 million,
- 60 to 90 have annual receipts exceeding $50 million, and
- 11 to 64 have annual receipts exceeding $100 million.[40]

Many debt collection companies are privately held, making it difficult to identify which companies would be excluded from supervision at each threshold. However, IQ Data International, a company with an estimated annual revenue of $10 million,[41] represents one company that is likely currently eligible for supervision that would not qualify for supervision under the higher thresholds proposed. This is particularly problematic given the company's

https://www.consumerfinance.gov/about-us/newsroom/cfpb-comment-on-request-for-information-on-uses-opportunities-and-risks-of-artificial-intelligence-in-the-financial-services-sector/.

[38] TransUnion, Preparing for Opportunity, Investing in efficiency to scale, at 39 (2024), available at https://www.transunion.com/lp/debt-collections-report.

[39] *Id. at 40.*

[40] 90 Fed. Reg. 38,418, 38,420 (Aug. 8, 2025).

[41] Growjo, IQ Data International Revenue and Competitors, available at https://growjo.com/company/IQ_Data_International.

current F rating from the Better Business Bureau[42] and prior consumer complaints filed with the CFPB.[43]

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For all of the reasons described above, the CFPB should not reduce the pool of debt collectors that are eligible for supervision by hundreds of debt collectors. Instead, we urge the CFPB to keep the current threshold for large participants in the consumer debt collection market to provide maximum flexibility for industry oversight.

If you have any questions about these comments, please contact April Kuehnhoff at akuehnhoff@nclc.org.

Respectfully submitted,

National Consumer Law Center (on behalf of its low-income clients)
Consumer Federation of America

[42] Better Business Bureau, I Q Data International Inc, available at https://www.bbb.org/us/wa/bothell/profile/collections-agencies/i-q-data-international-inc-1296-1000051907.

[43] CFPB, Consumer Complaint Database, available at: https://www.consumerfinance.gov/data-research/consumer-complaints/search/ (last visited September 18, 2025).