



February 6, 2026

The Honorable Nathan Sosa
Chair
House Committee on Commerce and Consumer Protection
Oregon House of Representatives
900 Court St. NE, Salem
Oregon 97301

Re: Oregon HB 4141 Relating to Debt Resolution Services

Dear Representative Sosa,

The National Consumer Law Center¹ and the American Financial Services Association² do not agree on everything, but we agree on this: HB 4141 should not pass as written. Many companies offering debt resolution services do more harm than good, and HB 4141 would enable rapid proliferation of these kinds of companies and their services in Oregon, displacing legitimate not-for-profit debt counselors in the process.

There are three hallmarks of bad actors in the debt settlement industry:

- 1) They tell consumers who are current on their account(s) to stop paying their bills. They do this on the theory that it will bring creditors to the table. But in the meantime, if a consumer becomes delinquent when he or she was not, their credit score plummets.
- 2) They tell consumers to cut off communication with their creditors. Creditors will talk to their customers for free. Creditors are inherently incentivized to work out payment plans and other compromises with their customers if they are in financial distress.

¹ Since 1969, the nonprofit [National Consumer Law Center](http://www.nclc.org)® (NCLC®) has worked for consumer justice and economic security for low-income and other disadvantaged people in the U.S. through its expertise in policy analysis and advocacy, publications, litigation, expert witness services, and training. www.nclc.org

² Founded in 1916, the American Financial Services Association (AFSA), based in Washington, D.C., is the primary trade association for the consumer credit industry, protecting access to credit and consumer choice. AFSA members provide consumers with many kinds of credit, including direct and indirect vehicle financing, traditional installment loans, mortgages, payment cards, and retail sales finance. AFSA members do not provide payday or vehicle title loans.



- 3) They have a financial interest in the settlement itself. In recent years, the debt resolution industry has increasingly begun to promote debt consolidation loans to consumers. Sometimes they do so as a bait-and-switch—they advertise non-existent loan programs via direct mail or lead generation sites. Then, when consumers call, they're told they do not qualify for a loan, but they do qualify for debt settlement. Other times, the debt settlement company brokers loan to its own customers. The loans are either made by an affiliate or a lender that pays a referral fee. This is a gross conflict of interest because they are presenting themselves as a lifeline to consumers to get them out of debt. A debt settlement company should never have a financial interest in a subsequent loan.

Alarming, there is also evidence that consumers are increasingly targeted by debt settlement companies immediately after borrowing money, before any payments are made. This demonstrates two things. First, that the consumer had good credit and was a reasonable credit risk when the loan was underwritten and second, that the debt settlement company is using the pretense of helping consumers as a way to acquire new customers. This growing practice is sure to be invigorated under the permissive environment that would result from HB 4141.

We respectfully request the committee review our concerns and reject or radically modify HB 4141. We very much appreciate the opportunity to weigh in on this important issue and are available to answer any questions you may have at your convenience.

Sincerely,

A handwritten signature in black ink, reading 'Andrew Pizor'.

Andrew Pizor
Senior Attorney
National Consumer Law Center

A handwritten signature in black ink, reading 'Danielle Fagre Arlowe'.

Danielle Fagre Arlowe
Senior Vice President
American Financial Services Association

CC: Members of the House Commerce and Consumer Protection Committee