

Consumer Reports News Release

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Consumer Reports: CFPB Proposal Fails to Adequately Protect Consumers From Debt Collection Abuses

Proposal Would Allow Debt Collectors to Contact Consumers Over Text and Email, Without Addressing Key Issue of Debt Verification

WASHINGTON, D.C. – A new proposal announced today by the Consumer Financial Protection Bureau (CFPB) falls well short of what is needed to protect consumers from common debt collection abuses, according to Consumer Reports. The proposed rule would allow debt collectors to call consumers up to seven times a week, and leave unlimited text messages and emails, without requiring that they substantiate the debt before collecting on it.

“Far too often, debt collectors harass consumers for debts that were paid off long ago or never owed in the first place,” said Suzanne Martindale, senior policy counsel for Consumer Reports. “The CFPB’s proposal does nothing to ensure debt collectors document that they are attempting to collect from the right person, for the right amount, and on a debt that they can lawfully recover. By ignoring this central problem with our broken debt collection system, the CFPB is failing to fulfill its statutory mission to protect consumers.”

Under the rules issued today, debt collectors would be restricted to seven telephone call attempts per week and one actual conversation between a collector and debtor per week, but would also be able to leave voicemails. Collectors would be explicitly permitted to contact debtors through email and text message with no weekly limit, but consumers would have the option to unsubscribe or opt-out. Collectors would be prohibited from contacting debtors through social media or through a work email. The rule would also prohibit lawsuits on time-barred debts, but wouldn’t require collectors to obtain the documents needed to determine whether the debt is too old to be pursued in court.

Consumer Reports has urged the CFPB to require debt collectors to document the name of the original creditor and an itemized record of the total principal, interest, fees, and other charges that have been added to the debt, when they sue over a debt. Consumer Reports has also called on the CFPB to make it illegal to sell or attempt to collect debt that is more than seven years old, which is too old to be reported on a credit report under the federal Fair Credit Reporting Act.

In 2018, the CFPB and the Federal Trade Commission issued a report analyzing nearly 85,000 consumer complaints about debt collection. It found that the most common complaint was about attempts to collect a debt that is not owed, followed by complaints about the failure of debt collectors to provide proper notice documenting the debt or informing the consumer of their rights. Complaints about abusive communication tactics were the third most common complaint,

including frequent or repeated phone calls and the failure of debt collectors to stop calling after the consumer requested them to stop.

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