

# CONSUMER ACTION NEWS

Consumer Action  
57 Post Street, Suite 611  
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## Debt collection

# New federal debt collection rule coming in 2021

By Ruth Susswein

Federal regulators have given debt collectors permission to invade consumers' lives in intrusive new ways.

After taking seven years to consider new debt collection rules, the Consumer Financial Protection Bureau (CFPB) issued a new two-part rule that allows third-party collectors to send an unlimited number of emails, texts and private social media direct messages (or DMs) to consumers with overdue bills (<https://www.consumerfinance.gov/rules-policy/final-rules/debt-collection-practices-regulation-f-compilation/>). When the rule goes into effect at the end of November, debt collectors will be allowed to employ these new communications channels. The Bureau also capped the number of phone calls collectors can make.

Two months after announcing the first part of the rule, in October, the Bureau issued a second part on disclosures. In it, they clarified an important consumer protection that bars collectors from suing or threatening to sue on old debts that exceed the statute of limitations, and requires collectors to provide notice to consumers about alleged debts *before* reporting to the credit bureaus.

### Part one

The first part of the CFPB's debt collection rule spells

out the ways third-party debt collectors can communicate with consumers. Under the new rule, phone calls are limited to seven attempts, or one conversation, per week—per debt. This could amount to a lot of calls, since many people who are struggling to pay their bills typically owe money on more than one account. For the consumer with, say, eight medical debts, that could mean 56 phone calls each week!

Since many consumers have abandoned answering their phones thanks to robocalls, debt collectors have long been eager for other means to reach targets. Beginning in November 2021, collectors will be free to attempt contact via email, text and DMs—with no cap on how many times a collector can push out these electronic communications.

“The last thing consumers who are having trouble paying their bills need is to be besieged by debt collectors who will now have a green light to hound them by text and email,” said Consumer Action's Linda Sherry.

Consumer Action and other advocates urged the Bureau to require collectors to get consent before allowing them to reach out to consumers by text and email. However, the final rule, released by Bureau Director Kathy Kraninger, doesn't require collectors to gain permission (opt in) to reach people electronically. Instead, consumers were given the right to opt out of text, email

or social media communications from third-party debt collectors.

While there's no set limit to the number of emails, texts or direct messages collectors can send, they still are prohibited from harassing consumers under the existing Fair Debt Collection Practices Act (FDCPA). The FDCPA is the federal law that prohibits collectors from using abusive, unfair or deceptive tactics when collecting a debt (<https://www.consumer.ftc.gov/articles/debt-collection-faqs>). It requires collectors to provide details about the debt, and allows for the consumer's right to verify the debt's validity.

It is no surprise that the debt collection industry welcomed the rule. According to the industry trade paper *Inside Arm*: "Ultimately, the rule does (for the most part) what the industry has wanted for a long, long time: it lays out clear rules of the road for debt collectors."

Debt collection complaints are second only to credit report issues in the CFPB's consumer complaint database. In 2019, the top debt collection problem reported by complainants was being pursued for a debt they didn't owe. Often, people learn of collection efforts only after they are denied a loan or a job because of an outstanding debt in their credit history. About one in three Americans have a collection item on their credit reports.

## Part two

The second part of the debt collection rule was adopted by the Bureau in mid-December ([https://files.consumerfinance.gov/f/documents/cfpb\\_december\\_2020\\_debt\\_collection\\_executive\\_summary.pdf](https://files.consumerfinance.gov/f/documents/cfpb_december_2020_debt_collection_executive_summary.pdf)). This section addresses disclosures that debt collectors must provide to consumers, such as a validation notice.

The rule reiterates the FDCPA requirement that collectors provide a validation notice up front or within

five days of contacting the person they believe owes a debt. The notice must include details about how much is owed, that the notice is from a debt collector, and the consumer's right to dispute the debt within 30 days. The new rule bans collectors from suing or threatening to sue on old, or "time-barred," debts. The CFPB also banned the abusive practice of "parking" debts on people's credit reports in order to coerce payment. Collectors must disclose debt details to consumers before they can report any information to a credit bureau.

A debt collector, Midwest Recovery Systems, was sued by the Federal Trade Commission last month (<https://www.nytimes.com/2020/12/11/your-money/debt-parking-fraud.html>) for "parking" debts on people's credit reports that were "bogus or highly questionable." People often don't learn of damage done to their credit history until they apply for a loan or are denied one because of an outstanding debt appearing on their credit reports.

For the first time, the new rule requires collectors to alert consumers to an outstanding debt and to wait 14 days before posting the debt on the individual's credit report.

**Never repay a debt you don't recognize until you ask the debt collector to verify it.** Legitimate collectors must stop all contact until they send you proof that you owe the debt. If a collector continues to hound you after you've asked for, but not received, verification, chances are it's a scam.

Under the incoming Biden administration, and, quite possibly, new leadership at the CFPB, the Bureau could choose to revise the new rule to make it more consumer friendly. However, any changes would require the agency to engage in a full rulemaking process all over again. With so many competing issues, the CFPB will have to decide where the new debt collection rule falls among its priorities.

# Key changes under new debt collection rule

By Monica Steinisch

The Consumer Financial Protection Bureau (CFPB), the federal agency with the authority to create rules related to debt collection practices, announced (in October and December) long-awaited changes to how collectors can operate.

## October rule

The first part of the rule focuses on how debt collectors can use electronic communications to reach con-

sumers, and limits how many phone calls are acceptable.

**Electronic communications.** The rule gives collectors new permissions to contact consumers by email, text and social media direct messaging (DM)—within certain limits.

Consumers can limit the *channels* of communication—for example, by choosing to be contacted via email but never by text message. Debt collectors must provide an easy method for consumers to opt out of electronic communications. What's more, collec-

tors must allow consumers to state, through the same electronic medium, that they refuse to pay the debt or that they want the collector to stop contacting them. (As before, if a consumer tells a debt collector to stop contacting them, collection efforts must stop, except to confirm that communications will end or to notify the consumer—once—that a lawsuit will be filed.)

However, there are no limits on the number of electronic contacts a collector can make. The CFPB says it does not permit “excessive” communications, but what it considers “excessive” is not spelled out.

**Collector “can’t’s.”** While direct messaging is generally allowed, a collector can’t communicate through Facebook or another social media platform if the communication can be viewed by the public or the person’s social media contacts. Collectors also are prohibited from sending email messages to an address known to be a work email.

**Calls and voicemails.** Phone calls are still an option, of course. The rule spells out that a debt collector can call a consumer up to seven times within a seven-day period...per debt! If the collector reaches the consumer and has a conversation about the debt, the collections firm must wait at least a week before calling again.

Student loan borrowers get a bit of a reprieve: Multiple student loans (that were serviced under a single account number) count as a single debt. In other words, only a total of seven calls per week can be made to collect on all of those student loans.

**Limited content messages.** Collectors are allowed to leave “limited-content messages”—voicemails that contain, as the name implies, only certain information—without fear of being sued for violating a consumer’s privacy. Limited-content messages must include:

- a debt collector’s business name, without revealing that the company is a debt collection firm;
- a request that the consumer reply to the message;
- the name of whom the consumer can reply to; and
- a call-back phone number.

**Resurrected debts.** Collectors are prohibited from selling, transferring or collecting on a debt that the collector knows, or should know, has been paid, settled, discharged in bankruptcy, or was the result of identity theft.

## December rule

In December, the CFPB turned its attention to disclosures, credit reporting and time-barred debts.

**Validation notice.** Collectors are required to send what’s known as a “validation notice” within five days of contacting the debtor and disclose:

- the amount owed (including interest, fees, payments and credits);
- that the notice is from a debt collector;
- how to seek the name of the original creditor; and
- a statement that the debt is assumed valid unless the consumer disputes it, in writing, within 30 days of first contact.

The Bureau has created a model notice for collectors to use ([https://files.consumerfinance.gov/f/documents/cfpb\\_model-validation-notice\\_2020-12.pdf](https://files.consumerfinance.gov/f/documents/cfpb_model-validation-notice_2020-12.pdf)).

The rule clarifies that the validation notice can be provided orally or by mail or email, and that hyperlinks can be used to lead the consumer to additional information. Critics say the hyperlink option should not have been allowed, since it may put consumers at risk of fraud if they don’t know if the debt or the collector is legitimate.

While there’s no requirement to translate the validation notice (as Consumer Action and others had requested), if a collector notifies a consumer of the option to request a Spanish translation, then the debt collector must provide it accurately in Spanish (and only Spanish).

**Credit reporting.** Before reporting a debt to the credit bureaus, a collector must either speak with the consumer or send a letter or an electronic message and wait at least 14 days to see if the notice was undeliverable. If not delivered, the collector must try again to reach the consumer and wait another “reasonable” period of time.

**Time-barred debts.** “Time-barred” debt is debt on which the statute of limitations has expired, meaning you can’t be sued for it. The new rule clarifies that collectors are prohibited from suing—or threatening to sue—to collect the debt. While collectors can’t sue, they can still try to collect on time-barred debt.

While not required, consumer advocates say the CFPB should have mandated that a clear statement be included in the validation notice that a debt is time-barred and cannot be the subject of legal action. Otherwise, consumers who make a payment on the time-barred debt will, unwittingly, restart the clock on the statute of limitations. This would renew a collector’s ability to sue.

Debt collection rules (and the FDCPA) apply only to third-party debt collectors, not to original creditors (i.e., the businesses that consumers enter into a contract with) or a company’s in-house collectors. The new rules take effect on Nov. 30, 2021.

Visit the CFPB website (<https://www.consumerfinance.gov/compliance/compliance-resources/other-applicable-requirements/debt-collection/>) for more information about the new rules.

# Questions and answers about debt collection

By Ruth Susswein

**Q:** Does the option to opt out of collector communications have to be in writing?

**A:** Once the rule takes effect in November, the collector must make it “reasonable and simple” for consumers to opt out. In practice, that means:

- By text: A consumer can reply STOP to a text to opt out.
- By email: Reply STOP in the subject line of an email or click on a link in the email to end communication. (Clicking on unknown links can expose you to malware and fraud, so be certain that the link really is from a debt collector about a debt you actually owe.)
- By phone: Consumers can simply tell a collector by phone to stop one or more types of communication, according to their preference.

*Note:* Consumers can use words such as “quit,” “end,” “unsubscribe” and “cancel,” or other words that make the point.

**Q:** Is there a time limit to opt out of electronic collector communications?

**A:** No. There is no time limit to opt out of receiving emails, texts or direct messages via social media.

**Q:** Is there a time limit to dispute a debt?

**A:** Yes. Consumers have 30 days from the date they receive a validation notice (detailing how much is owed, who the creditor is, and other key information about the debt and the consumer’s rights) to write to the collector to dispute the debt or request more information to verify the debt. Disputes submitted by email or via the collector’s website are valid if the collector accepts communications that way. (Keep a copy for your records.)

**Q:** Does a “limited-content message” (voicemail) count as one of the seven call attempts allowed per week?

**A:** Yes. A voicemail counts toward the seven-call limit.

**Q:** Can debt collectors call other people (a third party) to try to locate the debtor?

**A:** Yes. Collectors can contact others to try to locate you, within the same seven-attempts-in-seven-days limit. But, by law (FDCPA), once the collector reaches the third party, they generally cannot contact that party again for location information (home or work address and phone number).

**Q:** If a consumer doesn’t understand English very well, can she receive the information in her preferred language?

**A:** The CFPB decided that collectors do not have to translate collection notices unless they’ve offered to make the notice available in Spanish upon request. Additionally, Spanish is the only language they must translate debt validation information into, and only if they’ve voluntarily offered to.

**Q:** How can I verify that the debt collector is legitimate?

**A:** Once you’ve received a validation notice, you can ask the collector for their name, company name, address, phone number and professional license number if that information is not already listed in the notice. (Many states require a license.) For more information, visit the CFPB website (<https://www.consumerfinance.gov/ask-cfpb/how-can-i-verify-whether-or-not-a-debt-collector-is-legitimate-en-1699/>).

**Q:** What if the debt collector violates the new rules?

**A:** If you believe a debt collector is not following the rules, you should file a complaint with the CFPB (<https://www.consumerfinance.gov/complaint/>) and with your state attorney general (AG). Find your AG’s contact info at <https://www.naag.org/>.

**Q:** Are there any special debt collection rights for people impacted by the COVID-19 pandemic?

**A:** Yes, some states have prohibited collectors from pursuing a debt collection lawsuit, seizing property or garnishing bank accounts during the pandemic. See NCLC’s information on state-specific limitations (<https://library.nclc.org/major-consumer-protections-announced-response-covid-19/>).

## Your rights under the Fair Debt Collection Practices Act

By Lauren Hall

Congress passed the Fair Debt Collection Practices Act (FDCPA) in 1978 to outlaw debt collection-related

harassment, abuse and deception ([https://www.law.cornell.edu/wex/fair\\_debt\\_collection\\_practices\\_act](https://www.law.cornell.edu/wex/fair_debt_collection_practices_act)) after determining there was “abundant evidence” of real-world consequences for debtors—abusive debt collection practices

contributed “to the number of personal bankruptcies, to marital instability, to the loss of jobs, and to invasions of individual privacy.”

The law made it illegal for debt collectors to threaten debtors with bodily injury or death, arrest or jail time. It also prohibited collectors from using profanities when communicating with people who may owe debts, or from attempting to trick them into “paying up” by lying to them (e.g., “You’ll never get another job in this town if you don’t pay your debt!”). Finally, it put restrictions on when a collector could call about a debt (i.e., during reasonable waking hours; not at 2 a.m.).

The FDCPA also makes it illegal for collectors to harass the target’s contacts, including family and friends, particularly to wreak reputation damage—for example, by telling a work associate that money is owed. The law has limited collectors to one contact with third parties, and only to make a general request, such as to confirm the target’s phone number or location.

Under the FDCPA, when a collector calls someone they believe owes a debt, they must immediately identify themselves as a collector attempting to collect a debt and let the recipient know that any information obtained will be used for that purpose. After making this initial contact, the collector has up to five days to send a written letter—a “validation notice”—to the targeted individual. The notice must include:

- the exact amount owed;
- who the collector is collecting on behalf of (i.e., the creditor);
- the consumer’s right to officially dispute the debt or request written verification of it (such as a copy of a bill owed to the creditor); and
- a statement that the recipient must lodge any dispute within 30 days, in writing, or the collector will

not be legally obligated to verify the debt, and the debt will be presumed valid.

During this process, the collector must cease collecting, and, if verification of the debt cannot be made, the collector must permanently terminate collection efforts.

Collectors also are required to notify the credit bureaus if a debt is in dispute.

The law grants anyone accused of owing a debt the right to stop debt collection calls at any time by simply writing and asking that they stop.

There are limitations to the FDCPA. It governs only third-party debt collectors, not original creditors. So it wouldn’t apply, for example, to a utility company calling repeatedly about a late bill and threatening to shut off your water.

While collectors are forbidden from making frivolous threats, they can alert you if they file a lawsuit—even after you’ve requested they stop contacting you. As it states in Consumer Action’s guide to the FDCPA ([https://www.consumer-action.org/modules/articles/the\\_fair\\_debt\\_collection\\_practices\\_act](https://www.consumer-action.org/modules/articles/the_fair_debt_collection_practices_act)), “asking them to stop calling does not make the debt go away or prohibit the collector from taking legal action against you.”

Finally, the FDCPA created penalties for collectors who cross the line. Consumers who are harassed or abused by collectors can file complaints with the Federal Trade Commission (FTC) or the Consumer Financial Protection Bureau (CFPB), and can sue the collectors in federal or state court. For information on how to take a debt collector to court, check out our FDCPA guide ([https://www.consumer-action.org/modules/articles/the\\_fair\\_debt\\_collection\\_practices\\_act](https://www.consumer-action.org/modules/articles/the_fair_debt_collection_practices_act)). For answers to FAQs about debt collection, visit <https://www.consumer.ftc.gov/articles/debt-collection-faqs>.

## The FDCPA annual report: Debt collection complaints by the numbers

By Lauren Hall

Last month, Consumer Action received a hotline complaint from a consumer who was approached by a debt collection agency over a \$220 charge for mysterious supplements that he “did not order...did not want... and most importantly, never received.” According to the consumer, National Medical Administrators never identified itself as a debt collection company, never provided the name of the creditor who was “owed” money, and

failed to send written notice validating the debt within five days, as required by law.

Another consumer, from North Carolina, described how a debt buyer “never sent verification of the debt,” but continued to harass her over the phone. She complained that the collector was “rude, argumentative” and continued to give “unverified” and false information to the credit bureaus, even after she had attempted to correct the unfounded accusations.

These complaints are not unusual. In fact, debt collection woes were once again one of the top complaints received by the Consumer Financial Protection Bureau (CFPB) in 2019. According to the 2020 Fair Debt Collection Practices Act annual report to Congress ([https://files.consumerfinance.gov/f/documents/cfpb\\_fdcpa\\_annual-report-congress\\_03-2020.pdf](https://files.consumerfinance.gov/f/documents/cfpb_fdcpa_annual-report-congress_03-2020.pdf)):

- Approximately 75,200 consumers complained to the CFPB about abusive and unfair debt collection practices. Close to half of the complaints (45%) pertained to collectors attempting to collect on a debt that consumers claimed they didn't owe (sometimes because of identity theft).
- Consumers also complained about collectors' failures to verify the debt in writing, as required by the FDCPA.
- Consumers filed complaints about collectors threatening them with lawsuits, negative credit reports and arrest, and cursing at them over the phone or threatening to share information about their debts with others—all in violation of the FDCPA. Collectors responded to consumers' complaints, in 81% of the cases, with explanations that often contained few, if any, details.
- Third-party debt collectors garnered the most revenue from financial services debt—specifically, credit cards and personal loans (37%)—followed by

telecommunications debt (20%). Medical, retail and student loan/government debt represented approximately one-third of the remaining debt.

- Debt collection is a \$14.5 trillion industry. More than half (55%) of the money made by third-party debt collectors is generated by firms contracting with creditors to collect debt for them on a contingency fee basis. Companies that buy debt make one-third of the total revenue. These debt buyers purchase entire portfolios of old “charged off” debt from creditors, often for less than a penny on the dollar. Debt buyers who do their own collecting keep all the money they manage to recover on debt they often are unable to verify and for which they have little or no originating information.
- The Bureau resolved two of its five lawsuits in 2020 against FDCPA violators, and obtained a court judgment in a third. Approximately \$40 million is expected to be returned to consumers, and debt collectors paid \$11.2 million in penalties. Additionally, the FTC was involved in 25 cases, resulting in more than \$24.7 million in judgments, although most of the financial relief for consumers was suspended due to collectors' “inability to pay.” Nearly two dozen (23) collectors were permanently banned from the industry.

## Tips and tools for dealing with debt collectors

By Alegra Howard

It's understandable if you feel nervous when a debt collector calls, but it's important not to ignore debt collectors. Use our tips and tools to navigate the process.

**Document everything.** Make sure to keep good notes, including the debt collector's name, date and time you spoke, contact details, and key points from your conversation. Keep a copy of all correspondence from the collector, as well as your responses. This information will come in handy should you need to dispute a debt or report a nasty collector to regulators for violating your rights.

**Don't share personal information.** Don't give a debt collector any personal details (including your birth date, address, Social Security number, employer, bank account or credit card numbers) unless you've verified the debt is yours and you are setting up a payment plan with a legitimate collection agency. Make sure you are

dealing with a legitimate debt collector ([https://www.consumer-action.org/english/articles/when\\_a\\_collector\\_calls\\_an\\_insiders\\_guide\\_to\\_responding\\_to\\_debt\\_collectors](https://www.consumer-action.org/english/articles/when_a_collector_calls_an_insiders_guide_to_responding_to_debt_collectors)), not a scam artist impersonating one. It's on the collector to prove that the debt is actually yours.

**Request more information about the debt.** If a debt collector hasn't sent you a “validation notice,” ask for one. This written document outlines how much you are said to owe and instructions on how to officially dispute the debt if it's wrong.

**Check your credit report.** If you're hearing from a collector, check your credit report to see if the debt is being reported to the credit bureaus. If it is, it could be damaging your credit score. You have the right to a free report once a year from each of the three national credit bureaus (Equifax, Experian, TransUnion). Order your free credit reports at [www.annualcreditreport.com](http://www.annualcreditreport.com) or by calling 877-322-8228. Your bank, mortgage company or auto lender may offer routine access to your

credit score, which does not come with your free credit reports.

**Send a dispute letter.** If you do not owe the debt, or the amount is wrong, you have 30 days after receiving the validation notice to send a dispute letter or to ask the collector to verify the debt.

*Important:* Put your dispute in writing and be as specific as possible about why the debt is wrong. If you have evidence, send copies of that information with the dispute. Send your dispute letter by certified mail so that you have a record that it was received, and keep a copy. The Consumer Financial Protection Bureau (CFPB) has sample dispute letters (<https://www.consumerfinance.gov/ask-cfpb/what-should-i-do-when-a-debt-collector-contacts-me-en-1695/>) that you can personalize. For more sample letters, see “Sample debt dispute communications you can customize,” on page 8.

Also dispute any incorrect information about the debt with each of the three major credit bureaus. Ask that the inaccurate information be removed or corrected. The Federal Trade Commission has a template letter you can customize (<https://www.consumer.ftc.gov/articles/0485-sample-letter-disputing-errors-your-credit-report-information-providers>).

**The statute of limitations.** In most states, debt collectors have a limited number of years they can sue you to collect a debt—called the “statute of limitations.” Once that time expires, the debt becomes “time-barred,” or too old to sue you for. Most state statutes of limitations range from three to 10 years. Check your state at <https://www.thebalance.com/state-by-state-list-of-statute-of-limitations-on-debt-960881>.

Don’t make a payment on time-barred debts—it can restart the clock and revive the collector’s ability to sue you. Since the new debt collection law doesn’t take effect until November 2021, if you have a pending collection lawsuit before then, you ought to raise the time-barred defense when you respond in court to assert your right to have the old debt thrown out.

**Stop contact.** You have a right to demand that debt collectors stop calling you. Put your demand in writing (see “Sample debt dispute communications you can customize,” on page 8) and mail it with tracking. Once the collection agency has received your letter, it cannot contact you again, except to confirm that there will be no further contact or to let you know that the collector will be filing a lawsuit against you.

**Options for student loan debt.** Tackle federal student loan debt by enrolling in an income-driven repayment

(IDR) plan, which establishes your monthly loan payment based on your income and family size. After 20 to 25 years of steady repayment (or 10 years of public service work), the balance of your loan will be forgiven. Learn if your federal student loan qualifies for forgiveness (<https://www.nerdwallet.com/article/loans/student-loans/income-driven-repayment-right>). If your loan is in default, you’ll have to get back in good standing before you can enroll (<https://studentaid.gov/manage-loans/default/get-out>).

**Know your rights.** If debt collectors threaten you or call you at odd hours or dozens of times a week, they are violating the Fair Debt Collection Practices Act (FDCPA). They could be required to compensate you monetarily for the harassment. This is why documenting all correspondence is critical. For a rundown of what a debt collector is and isn’t allowed to do when contacting you, visit the National Association of Consumer Advocates (NACA; <https://www.consumeradvocates.org/for-consumers/debt-collection>) and Nolo (<https://www.nolo.com/legal-encyclopedia/debt-collectors-collection-agencies>).

**Find legal help.** If you’re being sued by a debt collector, seek legal advice. Both NACA (<https://www.consumeradvocates.org/find-an-attorney>) and Nolo (<https://www.nolo.com/lawyers>) have “find a lawyer” tools. You can search for low-cost legal services in your area at USA.gov (<https://www.usa.gov/legal-aid>). Want to represent yourself against a debt collector? NACA has tips on how to do it (<https://www.consumeradvocates.org/file/naca-debt-defense-video-3-defending-yourself-lawsuit>). Consumer Action’s Debtors’ Rights guide ([https://www.consumer-action.org/modules/articles/debtors\\_rights](https://www.consumer-action.org/modules/articles/debtors_rights)) helps consumers understand their options when faced with a debt collection lawsuit.

**Find a nonprofit credit counselor.** If you are drowning in debt, seek help from a credit counselor affiliated with the National Foundation for Credit Counseling (NFCC; <https://www.nfcc.org/agency-locator/>). NFCC also offers tips on how to choose a trustworthy credit counselor (<https://www.nfcc.org/resources/blog/selecting-the-right-financial-counseling-organization-for-you/>).

**Government assistance.** Many states have their own debt collection laws (<https://www.nolo.com/legal-encyclopedia/state-fair-debt-collection-laws>) that are different from, and stronger than, the FDCPA. Your state attorney general’s office also handles complaints about abusive debt collectors (<https://www.consumerresources.org/file-a-complaint/>), as does the Consumer Financial Protection Bureau. Local consumer protection offices may also be available to help you (<https://www.usa.gov/state-consumer>).

# Sample debt dispute communications you can customize

It's understandable if you feel nervous when a debt collector calls, but it's important not to ignore debt collectors. Use our tips and tools to navigate the process.

## Sample dispute letter

You'll find the debt collector's mailing address in the validation notice. Send your dispute by certified mail so that you can document that the letter was received.

[Date]

[Debt collector's name and address]

Re: [Account number, if you have one]

Dear [Debt collector's name]:

I am writing in response to your communication from [date of correspondence]. I do not owe the debt that you are collecting on (or, I do not owe what you say I owe).

Please provide me with the following information:

1. the amount of the alleged debt;
2. the full name and mailing address of the creditor to whom the alleged debt is owed;
3. documentation showing you have verified that I am responsible for this debt;
4. proof that you are licensed to collect debts in [add your state]; and
5. proof of the last payment made on the account.

I am disputing this debt within 30 days of receipt of your notice. You are required to obtain verification of the debt or a copy of the judgment and mail these items to me.

Any attempt to collect this debt without verifying it violates the FDCPA.

If you have already reported this debt to a credit bureau, then you must immediately inform them that I have disputed this debt.

Please also notify the original creditor that I dispute this alleged debt.

Sincerely,

[Your name]

[Your signature]

[Date]

## Sample electronic communication letter

If you receive a validation notice for a debt you do owe, and you wish to engage the collection firm about it, use this template to establish your preferred method of communication. You'll find the debt collector's mailing address in the validation notice. (You can send your request by email if the collector contacted you by email.)

[Date]

[Debt collector name]

[Debt collector address]

Re: [Account number, if you have one]

Dear [Debt collector's name]:

I am responding to your inquiry about collecting a debt. You contacted me by [phone/mail/email/social media direct message] on [date] and identified the debt as [information they gave you about the debt].

Going forward, only contact me by (email, postal mail, by phone during X hours) at:

[Mailing address if you want to get mail] [Email address if you want to be emailed] [Phone number if you want to be called]

[If true, include:] My employer prohibits me from receiving communications like this at work.

Thank you.

Sincerely,

[Your name]

[Your signature, if postal mailed]

[Date]

# Consumer Action

[www.consumer-action.org](http://www.consumer-action.org)

Consumer Action has been a champion of underrepresented consumers nationwide since 1971. A nonprofit 501(c)(3) organization, Consumer Action focuses on financial education that empowers low- and moderate-income and limited-English-speaking consumers to financially prosper.

By providing financial education materials in multiple languages, a free national hotline and ongoing financial services research, Consumer Action helps consumers assert their rights in the marketplace and make financially savvy choices.

## Advice and referral hotline

Submit consumer complaints to our hotline:

English: [http://bit.ly/CA\\_hotline\\_ENG](http://bit.ly/CA_hotline_ENG)

Spanish: [http://bit.ly/CA\\_hotline\\_ES](http://bit.ly/CA_hotline_ES)

(415) 777-9635

Chinese, English and Spanish spoken

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