



Consumer Federation of America

Debt Collection Tips – Know Your Rights and Protect Yourself

Consumers have legal rights when contacted by a collection agency. Everyone should try to pay debts legitimately owed but sometimes consumers may be unable to do so due to job loss, unexpected medical bills, or divorce. The Fair Debt Collection Practices Act is a federal law that applies to collectors and attorneys. It does not forgive lawful debts but protects consumers from harassment, abuse, and misleading and unfair practices. It is important that consumers know their rights and use them to avoid becoming victims of debt collection scams. Consumers should refer to these tips for help.

- **Don't pay phantom or fraudulent collectors.** Legitimate collectors will provide their name, address, and telephone number. They are required by law to send, within five days of the first contact, a notice of consumer rights called a "validation notice," including how to obtain information about the debt. Lawful collectors will not demand immediate payment or threaten arrest for non-payment. Don't be fooled or threatened into paying money you don't owe or giving out personal financial information without first receiving valid documentation.
- **Not sure you owe the debt?** If you're not sure you owe any money or don't have enough information, exercise your rights described in the validation notice. Dispute the debt or request verification of the amount claimed due, the name and address of the original creditor, or other information that may help you determine if you owe any money. Under the federal Fair Debt Collection Practices Act, your request should be in writing and sent within 30 days after you receive the validation notice. The collector must stop collections until it provides information responsive to your request. Keep a copy of your request for your records and send it by a method showing proof of receipt such as return receipt mail or fax confirmation.
- **Don't want to be contacted?** It may help to discuss the debt with the collector but even if you owe money, you have the right at any time to tell the collector to stop contacting you or to limit the communication. However, a collector may still file a lawsuit or put the debt on your credit report if those actions are legally available. Your request should be in writing. Keep a copy of the request for your records and send it by a method showing proof of receipt such as return receipt mail or fax confirmation.
- **Don't ignore lawsuits.** It can be intimidating and time consuming to respond to a lawsuit but don't ignore legal papers or the collector may win a judgment against you by default. The judgment may include attorneys fees, interest, garnishment of part of your wages, and attachment or seizure of certain funds in your bank account. Try to get help from an attorney, low-cost legal clinic, or courthouse staff. At least file an answer telling your side of the story and show up for all court dates.
- **Protect yourself.** If you owe the debt, you may be able to negotiate a lower settlement amount or payment arrangements. Insist that any agreement be in writing and presented in court "on the

record” while you are there. Don’t rely on someone else to do this for you. Get a copy of all settlements and payment arrangements.

- **Resources.** Learn more about your rights when communicating with debt collectors. Helpful information is available from two federal agencies: the Consumer Financial Protection Bureau at http://www.consumerfinance.gov/askcfpb/search?selected_facets=category_exact:debt-collection and the Federal Trade Commission at <http://www.consumer.ftc.gov/topics/dealing-debt>.
- **Have a problem or complaint?** Contact the Consumer Financial Protection Bureau at <http://www.consumerfinance.gov/complaint/> if you’ve encountered unfair, misleading, or abusive collection tactics.
- **Don’t forget about state laws.** State laws may provide additional rights. Contact your state Attorney General for more information. You can find your state Attorney General at www.naag.org. Some states also regulate collectors through a state licensing and enforcement agency. Your Attorney General or your state government portal should be able to provide that information.
- **Problems with debt collection by creditors?** The Fair Debt Collection Practices Act generally does not apply to creditors collecting their own debts. State and federal laws prohibiting unfair and deceptive practices, and some state debt collection laws, protect consumers from abusive creditor collection activities. File a complaint with your state Attorney General or the Consumer Financial Protection Bureau.