

January 2011 Newsletter Article

FDCPA Overview

The FDCPA regulates debt collection agencies and provides acceptable behavioral standards. A collection agency is a business that pursues payments on debts owed by individuals or businesses. Most collection agencies operate as agents of creditors and collect debts for a fee or percentage of the total amount owed.

Some collection agencies are referred to as "junk debt buyers" because they will purchase debts from creditors for pennies on the dollar and aggressively pursue the debtor for the full balance. Creditors typically send debts to a collection agency in order to remove them from their accounts receivable records.

Debt collection agencies have a foul reputation for engaging in threatening, harassment, and coercion. They deploy all kinds of tricks in hopes of getting the debtor to pay up. Collectors would call acting like an old friend, or take even more aggressive approaches, such as telling people they would go to jail if they didn't pay. Good thing there is no such thing as debtors' jail. Their bad behavior resulted in Congress passing the FDCPA to protect consumers from the unscrupulous behavior of debt collectors.

The **Fair Debt Collection Practices Act** (FDCPA), 15 U.S.C. § 1692 et seq., is a United States statute added in 1978 as Title VIII of the Consumer Credit Protection Act. Its purposes are to eliminate abusive practices in the collection of consumer debts, to promote fair debt collection, and to provide consumers with an avenue for disputing and obtaining validation of debt information in order to ensure the information's accuracy.

The Act creates guidelines under which debt collectors may conduct business, defines rights of consumers involved with debt collectors, and prescribes penalties and remedies for violations of the Act. It is sometimes used in conjunction with the Fair Credit Reporting Act. The Fair Debt Collection Practices Act was passed in 1977 to protect consumers from abusive debt collectors.

Over the next five weeks we'll be sending out important information from the FDCPA Playbook containing the subject-items listed below.

1. **FDCPA and Credit Repair**
2. **What constitutes a legal debt validation?**
3. **What if the collector claims it is past 30 days?**
4. **What if the debt collector does not respond?**
5. **Prohibited acts**
 - A. **Contacting a debtor**
 - B. **Contacting a third party about your debt**
 - C. **Giving written notice**
 - D. **When a consumer doesn't owe the money**
 - E. **No harassment**