



SENATOR URGES CFPB TO ISSUE RULES FOR CREDITORS AND DEBT COLLECTORS

In a letter to Director Richard Cordray dated June 4, 2013, and in advance of today's joint Federal Trade Commission-Consumer Financial Services Bureau Roundtable in Washington, D.C., titled *Life of a Debt: Data Integrity in Debt Collection*, U.S. Senator Sherrod Brown (D-OH) urged the Consumer Financial Protection Bureau to consider action to:

- **Require that debt collectors, whether primary creditors or third party collectors, hold all relevant documentation before issuing their first debt collection notice to the consumer**, citing the Federal Trade Commission's 2013 report on the debt buying industry that nearly half of all disputed debts were unverified by third party collectors and that original creditors also are frequently unable to verify debts and asserting that attempting to collect a debt without the ability to validate a debt if requested violates the spirit of the FDCPA.
- **Require that information on prior collection attempts travel with the debt**, noting that, according to the same FTC report, debt buyers rarely received any information from sellers concerning whether a consumer had disputed the debt or whether the disputed debt had been verified.
- **Prohibit the sale of unverifiable debts**, noting that some debt sale contracts explicitly state that the accuracy of the information related to debts, when available, is not guaranteed.
- **Eliminate the sale or collection of time-barred debt**, asserting that attempts to collect on time-barred debt create substantial confusion for consumers who are likely to assume that a collector can sue to collect on the debt if it is not paid and that the expiration of the statute of limitations, as an affirmative defense, inherently disadvantages the consumer.
- **Issue updated guidance for consumer dispute procedures reflecting the new technological possibilities for documented consumer disputes** to allow consumers to submit written requests for debt verification or cessation of communications electronically.
- **Prohibit "manipulative" issuances of credit products in exchange for the payment of debts**, noting that some collectors have incentivized partial payment of time-barred debt by offering credit products to consumers with limited access to credit.

The Senator urged the Director to issue rules, regulations, and guidance for both creditors and third-party debt collectors to address these and other issues in consumer debt collection.

As chair of the Senate Banking Subcommittee on Financial Institutions and Consumer Protection, the Senator plans to hold a hearing on debt collection practices in July. □

✧ *Mike Tomkies and Chuck Gall*

2750 HUNTINGTON CENTER 41 S. HIGH STREET COLUMBUS, OHIO 43215

TELEPHONE: (614) 628-8000 FACSIMILE: (614) 628-1600 WWW.DLTLAW.COM

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