

CONSUMER'S NOTEBOOK

Debt Collection

What is Debt Collection?

If you use credit cards, owe money on a personal loan, or are paying on a home mortgage, you are a "debtor." If you fall behind in repaying your creditors, or an error is made on your account, you may be contacted by a "debt collector." However, certain methods of debt collection are prohibited. The following tips are meant to inform you of your rights as a debtor.

Federal Law: Fair Debt Collection Practices Act

A debt collector is any person, other than your creditor, who regularly collects debts owed by you. A debt collector may contact you in person, by mail, telephone, telegram or FAX. However, he may not contact you at unreasonable times or places, such as before 8 a.m. or after 9 p.m. He also may not contact you at work if he knows your boss disapproves. You can stop a debt collector from contacting you by writing a letter to the collection agency, telling him to stop.

The debt collector may not contact anyone other than your attorney regarding your debt. If you do not have an attorney, they can contact other people to find out where you live and work, but only once. Further, the debt collector cannot tell anyone other than your attorney and you that you owe money. Within five days after you are first contacted, the collector must send you a written notice telling you the amount you owe, the name of the creditor to whom you owe the money, and what action to take if you think you do not owe the money. A collector may not contact you, if within 30 days after you are first contacted, you send the collection agency a letter stating you do not owe the money. If the collector sends you proof of your debt, such as a copy of the bill, he can renew collection activities.

Types of Debt Collection Practices Which are Prohibited

- **HARASSMENT** includes threats of violence against you, your property or your reputation; obscene language; repeatedly using the telephone to annoy you; calling without identifying themselves; advertising your debt; and publishing a list of consumers who refuse to pay debts.
- **FALSE STATEMENTS** includes falsely implying that they are attorneys or government agents; falsely implying you have committed a crime; falsely representing they work for a credit bureau; misrepresenting the amount of your debt; misrepresenting the involvement of an attorney in collecting a

debt; indicating that papers being sent to you are legal forms when they are not, or *vice versa*.

- **UNFAIR PRACTICES** includes collecting a far greater amount than you owe; depositing a post-dated check prematurely; making you accept collect calls or paying for telegrams; taking or threatening to take your property unless it can be done legally; contacting you by postcard.
- **IF YOU BELIEVE A DEBT COLLECTOR HAS VIOLATED THE LAW**, you can file suit in a state or federal court within one year from the date you believe the law was violated. If you win, you may recover money for the damages suffered, court costs and attorney's fees.