

# Fair Debt Collection Practices Act

CFPB Annual Report 2021



# Message from Dave Uejio

## Acting Director of the CFPB

The Bureau of Consumer Financial Protection (Bureau or CFPB) and the Federal Trade Commission (Commission or FTC) are pleased to present the 2021 Fair Debt Collection Practices Act (FDCPA) Annual Report. In 1977, Congress passed the FDCPA “to eliminate abusive debt collection practices by debt collectors” while ensuring that “those debt collectors who refrain from using abusive debt collection practices are not competitively disadvantaged.”<sup>1</sup> The Bureau engages in a wide range of supervision, enforcement, rulemaking, guidance, consumer education, and other activities to implement the FDCPA.



The COVID-19 pandemic has had a profound impact on the financial well-being of many consumers. My top priority for the Bureau is relief for consumers facing hardship due to COVID-19 and the economic crisis. The Bureau is continuing to assess how it can use its tools to assist consumers during the COVID-19 pandemic. Protecting economically vulnerable consumers is core to the mission of the Bureau.

The Bureau, along with our state and federal partners, released guidance encouraging financial institutions to work constructively with borrowers and other customers affected by COVID-19 to meet their financial needs. To help consumers navigate the federal relief options available at this moment of national emergency, the CFPB along with federal partners HUD, FHFA, VA and USDA, developed a housing website for homeowners and renters. In addition, the CFPB developed many resources and tools to aid consumers in managing finances, such as tips on prioritizing bills. In 2020, “Ask CFPB,” a popular online education tool to help consumers find clear answers to a wide variety of financial questions, received approximately 1.9 million pageviews and/or downloads in English and 220,000 pageviews and/or downloads in Spanish, representing 14 percent and 77 percent increases from 2019, respectively.

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<sup>1</sup> 15 U.S.C. 1692(e).

The Bureau is statutorily required per 15 U.S.C. § 1692m(a) to provide this annual report to Congress regarding its administration of its FDCPA and other consumer protection-related debt collection responsibilities. The Bureau and the FTC share authority to enforce the FDCPA, and the two agencies work closely together to coordinate our respective debt collection efforts. The Bureau and the FTC are entered into a permanent memorandum of understanding (MOU) that facilitates consultation in rulemaking, enables coordination in enforcement, sharing of supervisory information and consumer complaints, and collaboration on consumer education.<sup>2</sup>

The Bureau received approximately 82,700 complaints about first-party and third-party debt collection in 2020, an increase of approximately 10 percent compared to 2019, making debt collection one of the most prevalent consumer complaint topics. In 2020, the Bureau engaged in four public enforcement actions, arising from alleged FDCPA violations. The Bureau resolved two of these cases. These judgments ordered nearly \$15.2 million in consumer redress and \$80,000 in civil money penalties. Penalties paid to the Bureau are held in its Civil Penalty Relief Fund, which is used to provide relief to eligible consumers who would not otherwise receive full compensation. Two cases remain in active litigation. The Bureau also filed amicus curiae briefs in two cases arising under the FDCPA in federal courts of appeals. In addition, two cases in which the Bureau filed amicus briefs in 2019 were decided in 2020 by federal courts of appeals.

In October and December 2020, the Bureau issued two final rules governing the activities of debt collectors, as that term is defined in the FDCPA. The first final rule, issued on October 30, 2020, finalized many of the provisions of the Bureau's May 2019 notice of proposed rulemaking, with a particular focus on debt collection communications. The second final rule, issued on December 18, 2020, finalized certain provisions of the Bureau's May 2019 and February 2020 proposals, with a particular focus on debt collection disclosures.

The Bureau continued research projects, market monitoring efforts, and outreach activities to improve its understanding of the debt collection market and its impact on consumers and credit markets. In 2020, the Bureau published results of a quantitative online survey of over 8,000 respondents to test several versions of disclosures to support consumer understanding of time-barred debt and revival. The Bureau also conducted qualitative testing to assess consumer understanding of disclosures included in the December 18, 2020 final rule. The Bureau hosted a

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<sup>2</sup> See Memorandum of Understanding between the Consumer Financial Protection Bureau and the Federal Trade Commission (Feb. 2019), available at <https://www.consumerfinance.gov/policy-compliance/guidance/supervisory-guidance/memorandum-understanding-federal-trade-commission/>. As part of this coordination, the CFPB and FTC staff regularly meet to discuss ongoing and upcoming law enforcement, rulemaking, and other activities, share debt collection complaints, cooperate on consumer education efforts in the debt collection arena, and consult on debt collection rulemaking and guidance initiatives.

convening called Evolutions in Consumer Debt Relief, in which a variety of stakeholders discussed the current state of debt relief and options facing consumers. These research and market monitoring activities have aided in the ongoing development of Bureau positions and policies relating to debt collection.

The Bureau is committed to vigorously enforcing all consumer financial laws under its statutory authority, including the FDCPA, as well as to educating and empowering consumers to make better-informed financial decisions.

Sincerely,

*David K. Uejio*

Dave Uejio

# Message from Rebecca Kelly Slaughter

## Acting Chairwoman, Federal Trade Commission



Consumers have faced extraordinarily difficult financial challenges over the past year. The Federal Trade Commission (FTC or Commission) remains hard at work protecting consumers from unfair and deceptive practices in the marketplace, including in the debt collection arena.

In 2020, we stepped up our enforcement efforts against debt collectors that engage in egregious violations of the law, including phantom debt collectors. Phantom debt collectors obtain consumers' personal information through a variety of means and then contact those consumers and claim they owe a debt, when in fact the debt is entirely fabricated or is otherwise not owed to the collector. As the chief federal agency on privacy and data security, the FTC has prioritized taking action against such collectors that misuse consumers' personal information and cause consumers egregious financial harm. In total, the FTC filed or resolved seven debt collection cases against 39 defendants and obtained \$26 million in judgments.

As part of its crackdown on phantom debt collection, the Commission led Operation Corrupt Collector, a coast-to-coast debt collection sweep by the FTC, three federal agencies, and partners from 16 states. Operation Corrupt Collector encompassed more than 50 actions challenging some of the worst-of-the-worst debt collection tactics.

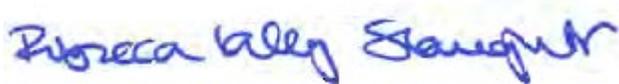
The FTC also brought the first federal law enforcement action combatting unlawful "debt parking." The defendants placed questionable debts on consumers' credit reports without first communicating with the consumer about the debt. Consumers often did not learn about the debt until they were applying for a loan or a job and their credit report was pulled, making many feel pressured to pay debts they did not owe. The FTC's lawsuit and settlement make clear that this pernicious practice will not be tolerated.

The Commission's consumer outreach and education program, in both English and Spanish, complements its law enforcement arm. Widespread distribution of resources concerning the Fair Debt Collection Practices Act (FDCPA) – including a new infographic on phantom debt collection – informs consumers about their rights and helps to stave off victimization by

lawbreaking debt collectors. Additionally, the FTC's outreach through its business education program gives businesses the tools they need to comply with the law. And, as part of our multi-pronged approach to halting unlawful practices in the industry, we continue to coordinate with the CFPB to further our collective mission by sharing debt collection complaints, cooperating on consumer education efforts, and consulting on debt collection rulemaking and guidance initiatives.

As evidenced by this Report, our commitment to vigorously protect consumers from illegal debt collection practices has been unwavering, particularly in this challenging year. The FTC will continue to enforce the law, educate consumers and industry players on best practices, and collaborate with our law enforcement partners to thwart bad actors that harm consumers and businesses. In particular, the FTC looks forward to deepening our partnership with the CFPB as we pursue enforcement and policy efforts in areas of shared jurisdiction.

Sincerely,

A handwritten signature in blue ink that reads "Rebecca Kelly Slaughter". The signature is written in a cursive, flowing style.

Rebecca Kelly Slaughter

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# 1. Introduction

The Bureau of Consumer Financial Protection (Bureau or CFPB) is pleased to submit to Congress its annual report summarizing activities to administer the Fair Debt Collection Practices Act (FDCPA), 15 U.S.C. § 1692 *et seq.* The Bureau and the Federal Trade Commission (FTC or Commission) both share government enforcement responsibility for the FDCPA. The Commission's activities during the past year are included in this report. The Bureau and the Commission work closely to coordinate debt collection enforcement actions and other matters related to debt collection.<sup>3</sup>

The Bureau leverages all the tools granted by Congress to protect consumers in the debt collection context. Specifically, those tools are: (1) education, (2) regulation and guidance, (3) supervision, and (4) enforcement. The Bureau has a number of functions that support the use of the tools, including research, market monitoring, and the consumer complaints database. The FTC's debt collection program focuses primarily on law enforcement.<sup>4</sup> In addition, the FTC engages in public outreach and cross-agency coordination. This report provides background on the debt collection market and the activities of the CFPB and FTC relating to debt collection.

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<sup>3</sup> Memorandum of Understanding between the Consumer Financial Protection Bureau and the Federal Trade Commission (Feb. 2019), available at <https://www.consumerfinance.gov/policy-compliance/guidance/supervisory-guidance/memorandum-understanding-federal-trade-commission/>.

<sup>4</sup> This past year's work built upon and expanded the FTC's ongoing crackdown on unlawful debt collection practices. Since January 1, 2010, the FTC has sued more than 349 companies and individuals who engaged in unlawful collection practices, banning 201 from the industry, and securing more than \$589.6 million in judgments.

## 2. Consumer Debt and Collections

### 2.1 Consumer Debt

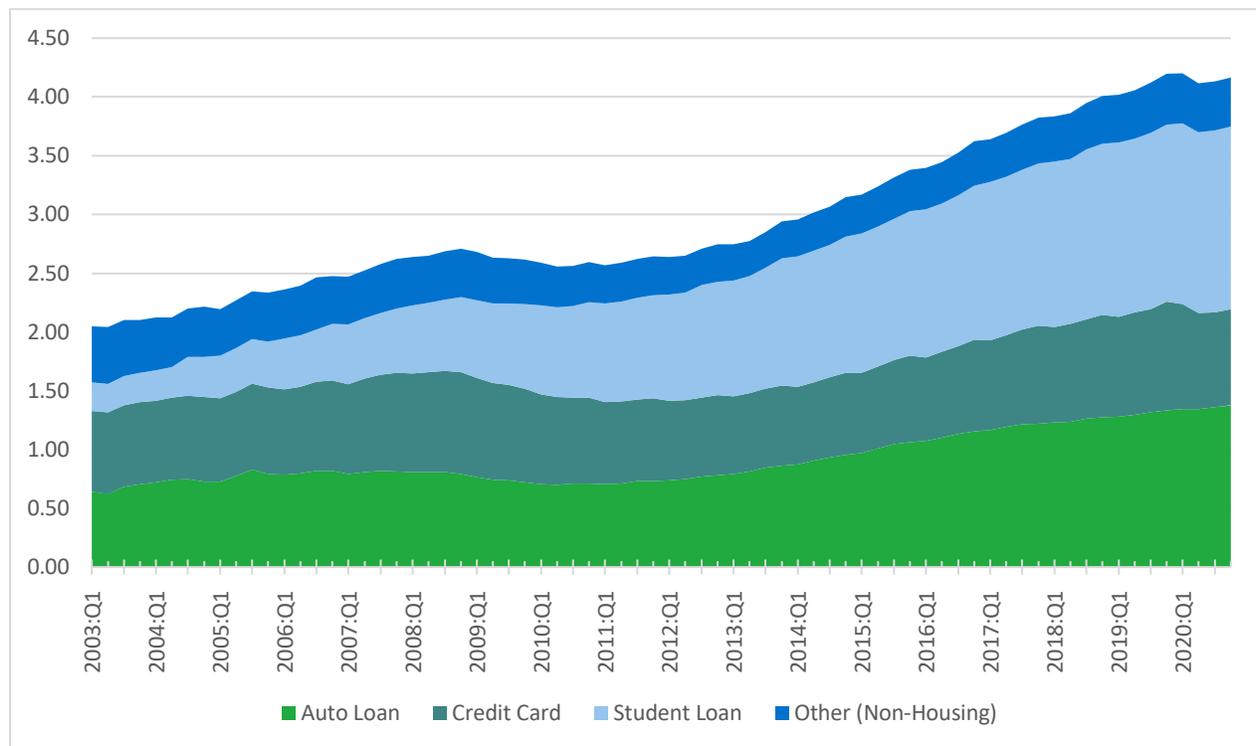
The debt collection industry is substantially influenced by the credit cycle, which determines how much debt is available to collect and purchase. Meanwhile, both delinquencies on consumer debt and collection recovery rates (the percentage of the debt that a collection agency can recover) are generally influenced by macroeconomic conditions, such as household disposable income.

After several years of growth, consumer debt surpassed its 2008 peak in 2017, rising to a new high of \$14.30 trillion in the first quarter of 2020. Non-housing debt, which comprises most of the debt in third-party collections, surpassed its 2008 peak in 2012, rising to a new high of \$4.20 trillion in the first quarter of 2020. During the pandemic, non-housing debt saw a record decline of \$86 billion in Q2 2020, followed by \$15 billion and \$37 billion increases in Q3 and Q4, respectively. This change was primarily driven by a record \$76 billion decline in credit card debt during Q2 as a result of stimulus funds and accommodations from the CARES Act and creditors.<sup>5</sup> Auto loan debt, student loan debt, and other types of non-housing debt have seen relatively modest changes during 2020. These consumer debt figures are in nominal dollars and are unadjusted for inflation and population growth, which have both increased over time.

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<sup>5</sup> Center for Microeconomic Data, Quarterly Report on Household Debt and Credit 2020: Q4, Federal Reserve Bank of New York (Nov. 2020), available at <https://www.newyorkfed.org/microeconomics/hhdc.html>.

**FIGURE 1: NON-HOUSING CONSUMER DEBT BALANCES (IN TRILLIONS), 2003-2020 (FRNY CONSUMER CREDIT PANEL/EQUIFAX)**

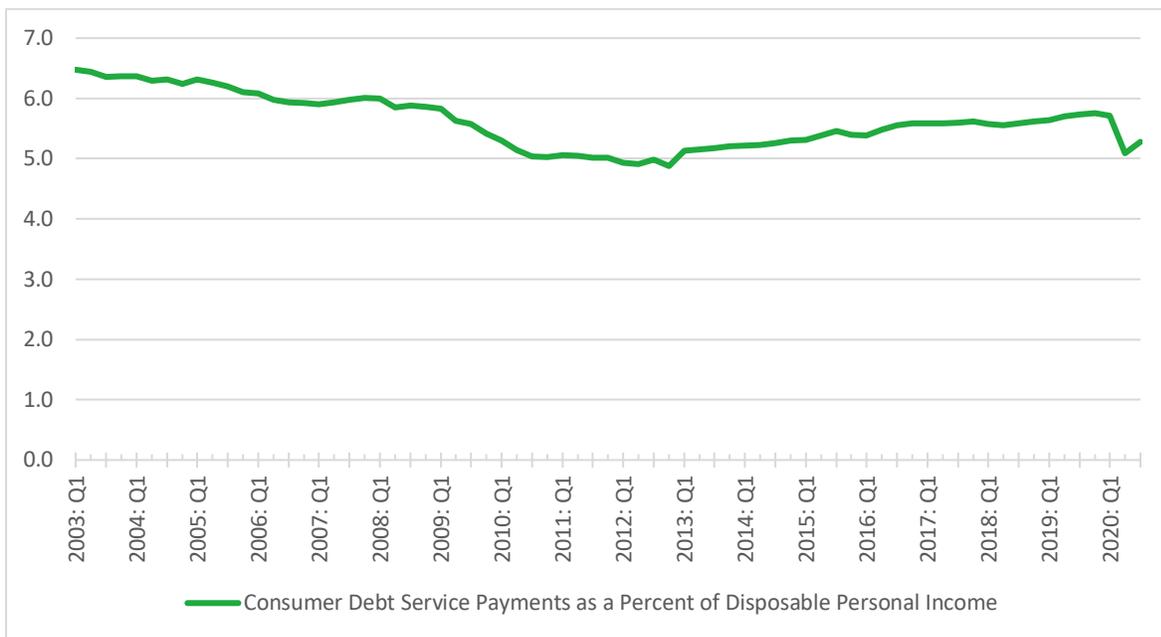


The consumer debt service ratio is another measure that helps place the overall amount of consumer debt in the economy into context. The consumer debt service ratio measures the cost consumers pay to service non-housing debt (i.e., payments due on outstanding loans) as a fraction of disposable personal income. After increasing consistently since 2012, the consumer debt service ratio decreased significantly from 5.7 percent to 5.1 percent during Q2 2020, followed by an uptick to 5.3 percent in Q3. This recent decline contrasts the trend during the 2008 recession, in which the figure reached record highs.<sup>6</sup> This decline likely results from consumers’ greater liquidity due to stimulus funds, enhanced unemployment benefits, payment accommodations, and reduced spending during the pandemic.<sup>7</sup>

<sup>6</sup> Board of Governors of the Federal Reserve System (US), Consumer Debt Service Payments as a Percent of Disposable Personal Income (July 2019), available at <https://fred.stlouisfed.org/series/CDSP>.

<sup>7</sup> The following J.P. Morgan study suggests that unemployment benefits increased consumers’ spending and saving. The TrueAccord study found that consumers engaged with debt collectors and paid back their debts after receipt of CARES Act benefits at much higher rates than before the pandemic. Farrell, D., Ganong, P., Greig, F., Liebeskind, M., Noel, P., Sullivan, D., & Vavra, J. (2020, October). The unemployment benefit boost: Initial trends in spending and saving when the \$600 supplement ended, available at <https://www.jpmorganchase.com/institute/research/labor-markets/the-unemployment-benefit-boost>; Consumer Debt in the Age of COVID-19. (2020, July 7), available at <http://blog.trueaccord.com/wp-content/uploads/2020/07/TrueAccord-Consumer-Debt-in-the-Age-of-COVID-19.pdf>.

**FIGURE 2: NON-HOUSING CONSUMER DEBT SERVICE PAYMENTS AS A PERCENT OF DISPOSABLE INCOME, 2003-2020 (FRSTL)**

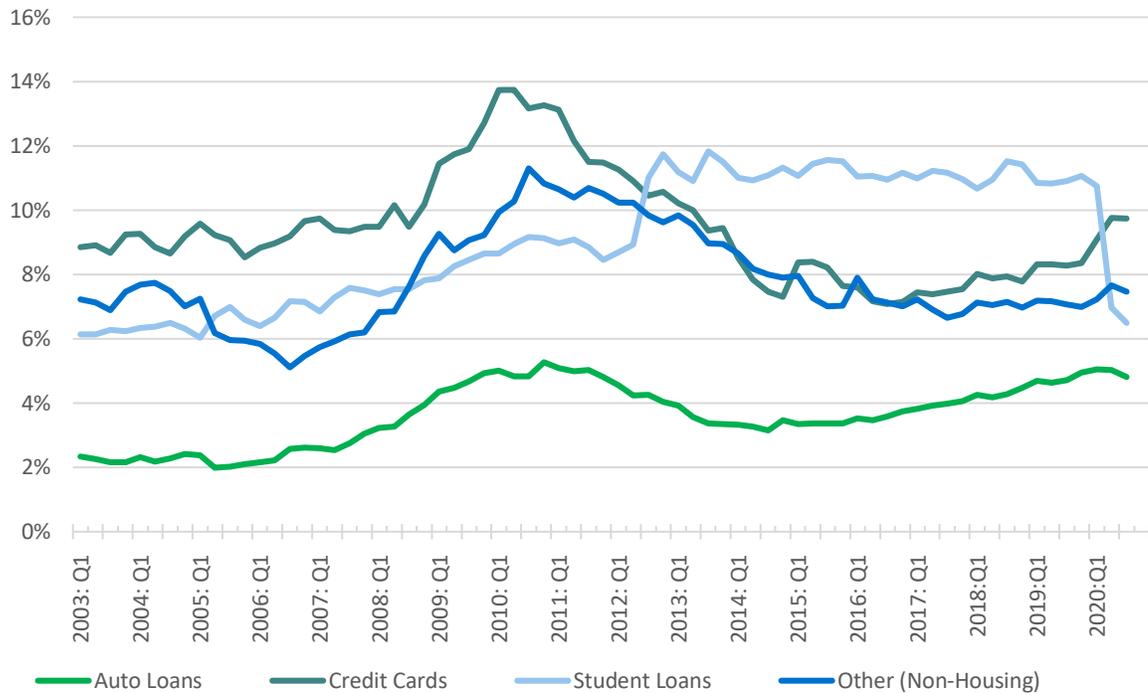


The share of balances considered “seriously delinquent” (90+ days past due) on student loans decreased from 11.06 percent in Q4 2019 to 6.45 percent in Q4 2020, likely due to the student loan payment suspension in the CARES Act. The 90+ day delinquency rate on auto loans slightly decreased over the past year. On the other hand, the seriously delinquent rate on credit cards increased from 8.36 percent to 9.36 percent over this period, and the rate for other types of non-housing debts ticked upwards.<sup>8</sup> Charge-off rates for credit card debts had been steadily rising over the past year, before declining from Q2 to Q4 2020 from 4.0 percent to 2.5 percent, potentially decreasing the number of new charged-off accounts that issuers may place for collection or sell to debt buyers.<sup>9</sup>

<sup>8</sup> Center for Microeconomic Data, Quarterly Report on Household Debt and Credit 2020: Q4, Federal Reserve Bank of New York (Nov. 2020), available at <https://www.newyorkfed.org/microeconomics/hhdc.html>.

<sup>9</sup> Board of Governors of the Federal Reserve System (US), Charge-Off and Delinquency Rates on Loans and Leases at Commercial Banks available at <https://www.federalreserve.gov/releases/chargeoff/chgallnsa.htm>.

**FIGURE 3: PERCENT OF NON-HOUSING BALANCES 90+ DAYS DELINQUENT, 2003-2020 (FRNY CONSUMER CREDIT PANEL/EQUIFAX)**



## 2.2 Debt Collection Industry

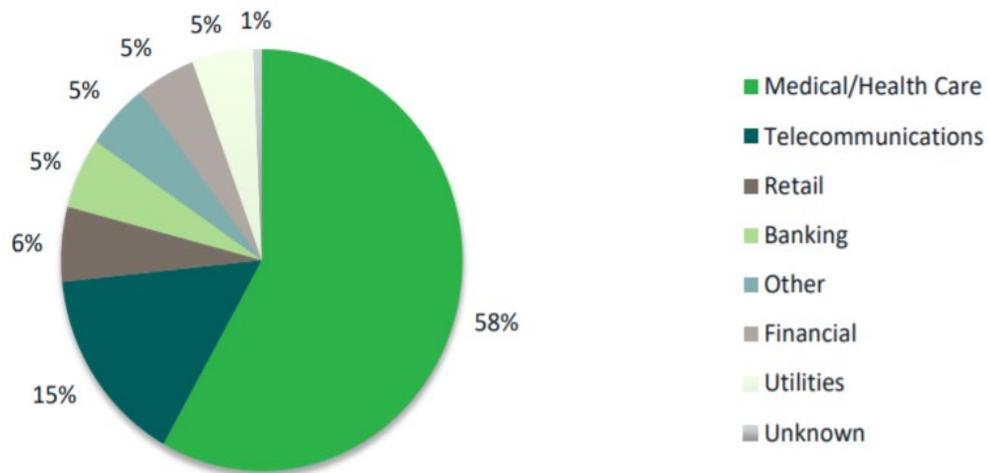
As of 2019, the third-party debt collection market was a \$12.7 billion industry that employs nearly 141,000 people across approximately 6,950 collection agencies in the United States.<sup>10</sup> The debt collection industry affects millions of Americans. About 26 percent of consumers have a third-party collection tradeline furnished to their credit report, according to the Bureau’s Consumer Credit Panel (CCP), a nationally representative sample of approximately five million de-identified credit records maintained by one of the three nationwide consumer reporting agencies. Additionally, the Bureau’s survey on consumers’ experiences with debt collection found that about one-in-three, or over 70 million consumers with a credit file, indicated that they had been contacted by at least one creditor or collector trying to collect one or more debts

<sup>10</sup> Gabriel Schulman, Debt Collection Agencies in the US, IBIS World (Dec. 2020).

during the year prior to the survey.<sup>11</sup> Debt collection efforts include phone calls, letters, emails, filing lawsuits, and other methods to collect alleged debts from consumers.

Most consumers with collection tradelines on their credit files have medical, telecommunications, retail, or banking and financial services debt.<sup>12</sup> In Q2 2018, healthcare debt made up 58 percent of third-party collections tradelines in the Bureau’s CCP.<sup>13</sup> However, several debt types may be underreported because they are furnished by the creditor and hence do not appear as collections tradelines. In particular, credit card debt likely accounts for a much larger share of accounts in third-party collections than the below figure suggests.

**FIGURE 4:** DISTRIBUTION OF ORIGINAL CREDITOR TYPE AMONG THIRD-PARTY COLLECTIONS TRADELINES IN Q2 2018 (SOURCE: CONSUMER CREDIT PANEL)<sup>14</sup>



A large majority of the industry’s revenue is generated by firms contracting with creditors and debt buyers to collect their debts on a contingency fee basis. In contingency fee collections, the creditor and the collector each receive a share of the amount collected. The Bureau’s survey of

<sup>11</sup> Bureau of Consumer Fin. Prot., *Consumer Experiences with Debt Collections: Findings from the CFPB’s Survey Consumer Views on Debt* (Jan 2017), available at [https://www.consumerfinance.gov/documents/2251/201701\\_cfpb\\_Debt-Collection-Survey-Report.pdf](https://www.consumerfinance.gov/documents/2251/201701_cfpb_Debt-Collection-Survey-Report.pdf).

<sup>12</sup>Bureau of Consumer Fin. Prot., *Consumer Financial Protection Bureau Releases Report on Third-Party Debt Collections* (July 2019), available at <https://www.consumerfinance.gov/about-us/newsroom/bureau-releases-report-third-party-debt-collections/>.

<sup>13</sup> Id.

<sup>14</sup> Id.

mass market credit card issuers for the 2019 Credit Card Market Report found that most surveyed issuers placed nearly one-third of post-charge-off inventory from 2017 and 2018 with third-party collectors, with the majority of these third-party debt collectors employing a contingency fee model.<sup>15</sup> A small share of collectors employ fixed fee collections.

A significant source of industry revenue comes from debt buyers, who purchase accounts (usually contained in portfolios) from the original creditor or other debt buyers and then generally seek to collect on the debt, either by themselves or through third-party debt collectors. The price of the debt depends on the age of the debt and other factors. Whereas third-party contingency collectors receive only a percentage share of recoveries, debt buyers purchase the debt at a fraction of the account balance, and their revenue consists of the total amount recovered. If debt buyers use third-party debt collectors to recover for them, the debt buyers typically pay a share of the amount collected to the third-party debt collectors. According to the Consumer Credit Panel, debt buyers furnished 12.5 percent of third-party collections tradelines.<sup>16</sup> The Bureau has found that portfolios of charged-off debt may also be available to purchase through online debt marketplaces.<sup>17</sup>

The industry continues to undergo consolidation and concentration in recent years. From 2015-2019, the estimated number of collection agencies declined from 8,581 to 6,969. The three largest debt buyers' share of total revenue increased by 27 percent over this period.<sup>18</sup> Several potential reasons for these trends include increased compliance costs, digital communication technology reducing the necessary number of collection agents, high fixed costs required for the technology adoption, and consolidation of collectors' client creditors.

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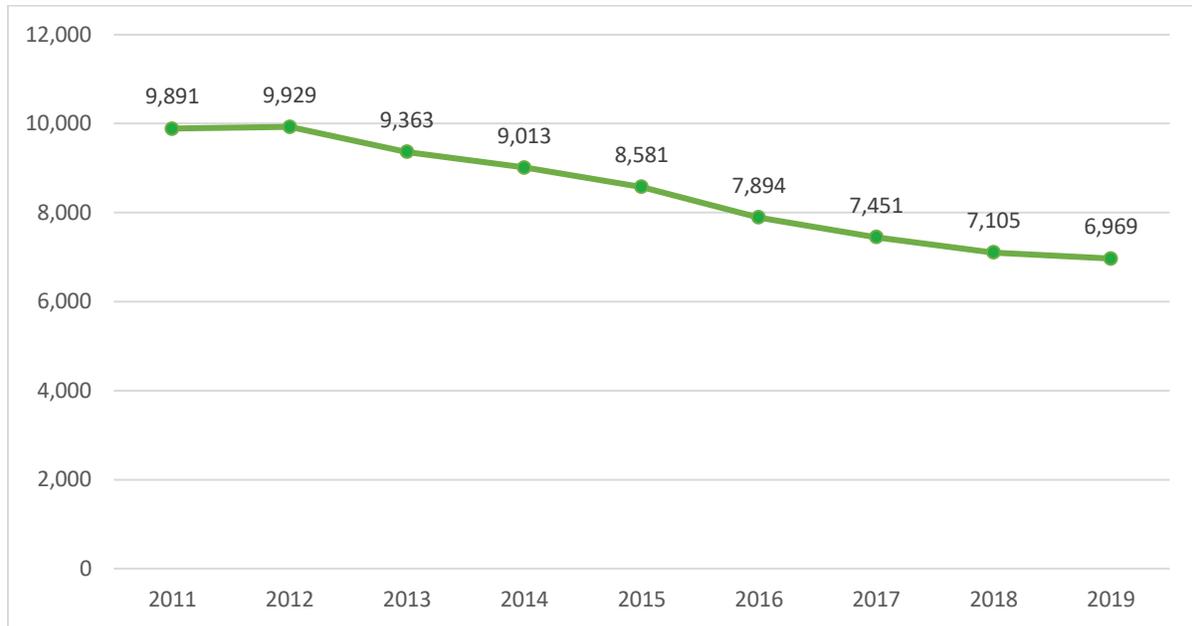
<sup>15</sup> Bureau of Consumer Fin. Prot., Consumer Credit Card Market Report (Aug. 2019), *available at* [https://files.consumerfinance.gov/f/documents/cfpb\\_consumer-credit-card-market-report\\_2019.pdf](https://files.consumerfinance.gov/f/documents/cfpb_consumer-credit-card-market-report_2019.pdf).

<sup>16</sup> The Bureau's Consumer Credit Panel is a longitudinal, nationally representative sample of approximately five million de-identified credit records maintained by one of the three nationwide credit reporting companies.

<sup>17</sup> Bureau of Consumer Fin. Prot., Market Snapshot: Online Debt Sales (Jan. 2017), *available at* [https://www.consumerfinance.gov/documents/2249/201701\\_cfpb\\_Online-Debt-Sales-Report.pdf/](https://www.consumerfinance.gov/documents/2249/201701_cfpb_Online-Debt-Sales-Report.pdf/).

<sup>18</sup> Gabriel Schulman, Debt Collection Agencies in the US, IBIS World (Dec. 2020).

**FIGURE 5: NUMBER OF THIRD-PARTY DEBT COLLECTION ENTERPRISES BY YEAR, 2011-2019 (SOURCE: IBISWORLD)<sup>19</sup>**



## 2.3 Collections During the COVID-19 Pandemic

During most of 2020, some participants in the debt collection industry reported an increase in consumer contacts and payments, which several attributed to more consumers being at home, reduced spending, and increased liquidity provided by pandemic assistance programs.

From the Bureau’s market monitoring and the supervisory prioritized assessments (PAs), it appears that debt collectors frequently altered their work practices in response to the pandemic to comply with state orders and reduce their employees’ risk of infection. In general, collectors responding to the Bureau’s supervisory PAs indicated that they transitioned partially or entirely to remote work during the review period. Other workplace changes were reported, including the implementation of remote call monitoring tools and modifications to telework policies.

Some states instituted pandemic measures that impacted the debt collection industry and consumers. These measures include prohibitions on new wage garnishments or bank

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<sup>19</sup> Id.

attachments, and a requirement that consumers be offered the option to defer scheduled payments.<sup>20</sup>

## 2.4 The FDCPA

In the course of attempting to collect debts, debt collectors must adhere to a number of laws and regulations, which govern topics as diverse as telephone communications (*e.g.*, the Telephone Consumer Protection Act, or TCPA) and furnishing information to credit reporting agencies (*e.g.*, the Fair Credit Reporting Act, or FCRA) as well as various state statutes.

The FDCPA, however, is the primary federal law that governs the conduct of debt collectors.<sup>21</sup> The FDCPA establishes consumer protections in the debt collection process, including a consumer's rights to dispute an alleged debt. The FDCPA prohibits debt collectors from engaging in certain types of conduct in connection with the collection of a debt. Among its provisions, the FDCPA prohibits collectors from: (1) harassing, oppressing, or abusing consumers; (2) utilizing false, deceptive, or misleading representations or means when collecting or attempting to collect; and (3) using unfair or unconscionable means to collect a debt.

The FDCPA empowers the Bureau, the FTC, and other agencies to enforce its provisions and establishes a private right of action against any debt collector who fails to comply with the FDCPA. The FDCPA also requires the Bureau to submit this annual report on “the administration of its functions” under the FDCPA and enables it to “obtain ... the views” of other agencies, such as the FTC, that enforce the FDCPA.<sup>22</sup>

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<sup>20</sup> Bureau of Consumer Fin. Prot., Supervisory Highlights COVID-19 Prioritized Assessments Special Edition Issue 23 (Jan. 2020), available at [https://files.consumerfinance.gov/f/documents/cfbp\\_supervisory-highlights\\_issue-23\\_2021-01.pdf](https://files.consumerfinance.gov/f/documents/cfbp_supervisory-highlights_issue-23_2021-01.pdf).

<sup>21</sup> 15 U.S.C. § 1692 et seq.

<sup>22</sup> 15 U.S.C. § 1692m.

## 3. Consumer complaints

Collecting, investigating, and responding to consumer complaints is one of the six statutory “primary functions” of the Bureau.<sup>23</sup> The Bureau facilitates the centralized collection of, monitoring of, and response to consumer complaints regarding consumer financial products or services and maintains procedures to provide timely responses to consumer complaints and inquiries.<sup>24</sup> Complaints help the Bureau in its work to regulate consumer financial products and services under existing federal consumer financial laws, enforce those laws judiciously, and educate and empower consumers to make better-informed financial decisions to reach their own life goals. The Bureau began taking consumer complaints about debt collection in July 2013.

The FTC accepts reports from consumers about problems they experience in the marketplace. These complaints are stored in the Consumer Sentinel Network (Sentinel), a secure online database available only to law enforcement. The Bureau shares complaint information with the FTC’s Consumer Sentinel system.

### 3.1 Number and types of complaints handled

From January 1, 2020, through December 31, 2020, the Bureau received approximately 82,700 debt collection complaints—an increase of approximately 10 percent compared to 2019.<sup>25</sup> Table 1 shows the types of debt collection complaints the Bureau received in 2020. This analysis excludes multiple complaints submitted by a given consumer on the same issue (i.e., duplicates) and whistleblower tips. For each of the six issues listed in Table 1, consumers also select additional, more detailed sub-issues when submitting a complaint.

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<sup>23</sup> 12 U.S.C. § 5511(c).

<sup>24</sup> 12 U.S.C. § 5493(b)(3).

<sup>25</sup> Complaint data in this report is current as of February 1, 2021. Complaint numbers are rounded throughout this section; therefore, numbers and percentages may not sum to sub-totals or 100 percent.

**TABLE 1: TYPES OF DEBT COLLECTION COMPLAINTS REPORTED BY CONSUMERS<sup>26</sup>**

<b>Types of debt collection complaints</b>	<b>%</b>
Attempts to collect debt not owed	49%
Written notification about debt	20%
Took or threatened to take negative or legal action	10%
False statements or representations	10%
Communication tactics	8%
Threatened to contact someone or share information improperly	2%
<b>Total debt collection complaints</b>	<b>100%</b>

As indicated in Table 1, the most common debt collection complaint was about attempts to collect a debt that the consumer reports is not owed. This has been the predominant issue selected by consumers since the Bureau began accepting debt collection complaints in 2013. In 2020, this issue saw the greatest increase in volume compared to 2019. Most consumers who claimed the debt is not owed report that the debt is not their debt (48 percent). In these complaints, consumers described a range of topics, such as being called about debts they do not recognize, attempts to collect a debt that belongs to someone else, and being in collections for services or products they did not receive. Consumers also reported that the debt resulted from identity theft (29 percent). Like last year, of all the complaints about debt not owed, complaints about identity theft had the greatest year-over-year increase. In these complaints, consumers often reported that they learned about the debt after reviewing their credit report. Many of these consumers described completing an identity theft report and contacting the collectors listed on their credit report in an attempt to remove the debt. In addition to these issues, consumers also

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<sup>26</sup> Percentages may not sum to 100 percent due to rounding.

complained that their debt was paid (19 percent) or was discharged in bankruptcy and is no longer owed (3 percent).

Complaints involving written notifications about debt were the second-most common issue selected by consumers (see line 2 in Table 1). The FDCPA requires that, within five days after the initial communication with a consumer, collectors provide the consumer with a written notice informing them, among other things, of their right to dispute, unless this information is contained in the initial communication or the consumer has paid the debt. Most consumers who complained about written notifications report they have not received enough information to verify the debt (72 percent). These consumers often complained of notices being vague and not having sufficient information to identify the account in question; therefore, in their complaints, consumers often asked for additional information, including supporting documentation. Additionally, similar to complaints about identity theft, many consumers reported first learning of the debt after reviewing their credit report. These consumers often stated that the limited amount of information furnished on their credit report made it difficult to understand details about the source of the debt. Some consumers complained that they did not receive a notice of their right to dispute (25 percent), while others reported that the notification did not disclose that it was an attempt to collect a debt (3 percent).

Complaints about taking or threatening to take a negative or legal action were the third-most common issue complained about in 2020 (see line 3 of Table 1). Most of these complaints were about threats or suggestions that consumers' credit histories would be damaged (40 percent), threats to sue on a debt that is old (23 percent), or threats to arrest or jail consumers if they did not pay (12 percent). Other complaints related to being sued without proper notification of the lawsuit (9 percent), seizures or attempts to seize property (8 percent), collection of or attempts to collect exempt funds such as child support or unemployment benefits (5 percent), being sued in a different state from where the consumer lives or where the consumer signed the contract (2 percent), or threats of deportation or turning the consumer into immigration (0.2 percent).

The majority of complaints about false statements or representations (see line 4 of Table 1) were about attempts to collect the wrong amount from the consumer (77 percent). In addition, consumers reported that companies impersonated an attorney or a law enforcement or government official (16 percent), indicated the consumer committed a crime by not paying debt (5 percent), or indicated that the consumer should not respond to a lawsuit (2 percent).

Consumers submitted complaints describing companies' communication tactics used when collecting debts (see line 5 of Table 1) with many of these types of complaints concerning communications held over the phone. Compared to 2019, this issue saw a decrease of more than

20 percent in 2020. This decline can be explained, in part, by temporary restrictions states imposed on debt collection practices, such as prohibiting certain communications from collectors at the beginning of the pandemic. The majority of complaints about communication tactics were about frequent or repeated calls (52 percent). Complaints of continued contact attempts despite requests to stop contact were also common (29 percent). Other communication tactics complaints related to reports of companies using obscene, profane, or abusive language (13 percent), or calling outside of the FDCPA's assumed convenient calling hours from 8:00 a.m. to 9:00 p.m. at the consumer's location (6 percent).

Like 2019, complaints about threatening to contact someone or sharing information improperly were the least complained about debt collection issue in 2020 (see line 6 of Table 1). This issue also saw the greatest year-over-year decrease in complaint volume. In these complaints, consumers most often reported that the collector talked to a third party about the debt (56 percent), contacted an employer (23 percent), contacted the consumer after being asked not to do so (20 percent), or contacted the consumer directly, instead of contacting their attorney (2 percent).

## 3.2 How companies respond to consumer complaints

From January 1, 2020, through December 31, 2020, the Bureau sent approximately 54,700 (66 percent) of approximately 82,700 debt collection complaints it received to companies for their review and response, a 16 percent increase in the number of complaints sent from last year. Debt collection complaints may relate to first-party (creditors collecting on their own debts) or third-party collections. When the Bureau received debt collection complaints about companies where it was not the primary federal regulator (e.g., a mobile phone or Internet service provider), it referred the complaints to other regulatory agencies, such as the FTC. In 2020, the Bureau referred approximately 26 percent of debt collection complaints to other regulatory agencies. The complaints the Bureau did not send to companies for review or refer to other agencies were either incomplete (8 percent), pending with the consumer<sup>27</sup> (0.5 percent), or pending with the Bureau (0.1 percent).

Companies have already responded to approximately 52,900 complaints or 99 percent of the approximately 54,700 complaints sent to them in 2020 for response. Company responses

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<sup>27</sup> This category contains complaints that do not include the necessary information for the Bureau to send the complaints to companies for responses or refer the complaints to other regulatory agencies.

generally include descriptions of steps taken or that will be taken, communications received from the consumer, any follow-up actions or planned follow-up actions, and categorization of the response. Response category options include “closed with monetary relief,” “closed with non-monetary relief,” “closed with explanation,” and other administrative options.<sup>28</sup> Monetary relief is defined as objective, measurable, and verifiable monetary relief to the consumer as a direct result of the steps taken or that will be taken in response to the complaint. Non-monetary relief is defined as other objective and verifiable relief to the consumer as a direct result of the steps taken or that will be taken in response to the consumer’s complaint. “Closed with explanation” indicates that the steps taken by the company in response to the complaint included an explanation that was tailored to the individual consumer’s complaint. For example, this category would be used if the explanation substantively meets the consumer’s desired resolution or explains why no further action will be taken. The Bureau gives consumers the option to review and provide feedback on all company closure responses, which it then shares with the responding company upon receipt.

The following table shows how companies have responded to consumer complaints.

**TABLE 2: HOW COMPANIES HAVE RESPONDED TO CONSUMER COMPLAINTS TO THE CFPB**

Company Response	#	%
Closed with explanation	46,700	85%
Closed with non-monetary relief	5,000	9%
Company did not provide a timely response	1,800	3%
Administrative response	700	1%
Closed with monetary relief	300	0.6%
Company reviewing	300	0.6%
<b>Total Complaints Sent to Companies for Response</b>	<b>54,700</b>	<b>100%</b>

<sup>28</sup> Companies provide administrative responses when further review by the Bureau may be needed. This includes complaints submitted by unauthorized third parties, complaints that are the result of fraud, scams or business identity theft, and complaints where a company cannot confirm a commercial relationship with the consumer.

## 4. Bureau supervision of debt collection activities

Under the Consumer Financial Protection Act of 2010 (CFPA) the Bureau has the authority to supervise certain entities that engage in consumer debt collection activities. These include non-bank entities that are larger participants in the consumer debt collection market. Under the Bureau’s larger participant rule for the debt collection market, the Bureau has supervisory authority over certain non-bank entities with more than \$10 million in annual receipts from consumer debt collection activities.

### 4.1 Supervisory Highlights from Examinations

The Bureau’s examinations conducted during 2019 identified one or more violations of the FDCPA as described in various Supervisory Highlights published in 2020.

#### 4.1.1 False litigation threats and misrepresentations regarding litigation

Section 807(5) of the FDCPA prohibits “[t]he threat to take any action that cannot legally be taken or that is not intended to be taken.” Section 807(10) prohibits “[t]he use of any false representation or deceptive means to collect or attempt to collect any debt . . . .” Examiners found that one or more debt collectors falsely threatened consumers with lawsuits that the collectors could not legally file or did not intend to file, in violation of Section 807(5). Examiners also determined that one or more debt collectors made false representations regarding the litigation process and a consumer’s obligations in the event of litigation, in violation of Section 807(10). In response to these findings, the debt collectors are making changes to their training, scripts, monitoring, and other compliance processes.<sup>29</sup>

#### 4.1.2 False implication that debt could be reported to Credit Reporting Companies (CRCs)

Section 807(10) of the FDCPA prohibits “[t]he use of any false representation or deceptive means to collect or attempt to collect any debt. . . .” Examiners observed that one or more debt collectors made implied representations to consumers that they would report their debts to CRCs if they were not paid by a certain date. The debt collectors did not report debts to CRCs for the relevant clients.

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<sup>29</sup> Bureau of Consumer Fin. Prot., Supervisory Highlight Issue 22 (Sept. 2020), *available at* [https://files.consumerfinance.gov/f/documents/cfbp\\_supervisory-highlights\\_issue-22\\_2020-09.pdf](https://files.consumerfinance.gov/f/documents/cfbp_supervisory-highlights_issue-22_2020-09.pdf).

Examiners concluded that the debt collectors' statements were false representations that violated Section 807(10). In response to these findings, the debt collectors are making changes to their training and monitoring.<sup>30</sup>

### 4.1.3 False representation that debt collector is a CRC

Section 807(16) of the FDCPA prohibits “[t]he false representation or implication that a debt collector operates or is employed by a consumer reporting agency . . . .” Examiners observed that one or more debt collectors falsely represented or implied to consumers that they operated or were employed by CRCs in violation of Section 807(16). In response to these findings, the debt collectors are making changes to their training and monitoring.<sup>31</sup>

## 4.2 Supervisory Highlights from COVID-19 Prioritized Assessments

In May of 2020, the Bureau rescheduled about half of its planned examination work and instead conducted prioritized assessments (PAs) in response to the pandemic. PAs were higher-level inquiries than traditional examinations. They were designed to obtain real-time information from a broad group of supervised entities that operate in markets posing elevated risk of consumer harm due to pandemic-related issues. The Bureau, through its supervision program, analyzed pandemic-related market developments to determine where issues were most likely to pose risk to consumers. The Bureau sent targeted information requests to a significant number of entities to obtain information necessary to assess the risks of consumer harm and violation of Federal consumer financial law.

PAs were not designed to identify violations of Federal consumer financial law, but rather to spot and assess risks and communicate these risks to supervised entities so that they could be addressed to prevent consumer harm. The Bureau sent closeout letters to entities that detailed any observed risks and contained supervisory recommendations, if applicable. The Bureau will be following up on risks identified in these closeout letters in the normal course of the Bureau's supervisory work.

### 4.2.1 Consumer Risk from the COVID-19 Pandemic

Examiners' review of debt collectors' responses to the Prioritized Assessment indicated several issues that raise the risk of consumer harm, discussed below.

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<sup>30</sup> Id.

<sup>31</sup> Id.

In certain instances, there were delays in processing suspensions of administrative wage garnishments (AWG), followed by attempts by collectors to rectify the effects of those delays. Several servicers of commercially owned federal student loans voluntarily suspended AWG collections. However, some employers did not promptly suspend garnishment of consumer wages. As a result, collectors made additional efforts to contact the employers and to provide refunds for wages garnished after the suspension.

Examiners reviewed the potential for FDCPA compliance risks associated with temporary restrictions on wage garnishment and bank attachments. FDCPA violations can occur independent of whether state law has been violated. Nonetheless, when evaluating whether an action taken to enforce a judgment violates FDCPA section 808's prohibition of "unfair or unconscionable" debt collection practices, one fact the Bureau may consider is whether applicable law permits resort to garnishment or attachment of a consumer's assets in a particular set of circumstances. Several state laws or regulations promulgated during the review period appear to prohibit debt collectors from imposing new attachments on bank accounts or new wage garnishments on employers. Of the examined debt collectors that engage in litigation and judgment enforcement activities, several voluntarily stopped imposing new bank attachments and/or wage garnishments during the review period. Due to significant complexities and a rapidly shifting landscape of state restrictions, continued litigation and judgment enforcement during the pandemic could still pose compliance risks and, as a result, risks to consumers.

There were payment processing delays for some entities caused by the transition to remote work. Certain collectors experienced delays in processing payments that were sent by mail and received at a physical location which was temporarily inaccessible due to the pandemic. In those instances, examiners generally observed the entity retroactively posting payments effective on the date payment was delivered.<sup>32</sup>

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<sup>32</sup> Bureau of Consumer Fin. Prot., Supervisory Highlights COVID-19 Prioritized Assessments Special Edition Issue 23 (Jan. 2020), available at [https://files.consumerfinance.gov/f/documents/cfpb\\_supervisory-highlights\\_issue-23\\_2021-01.pdf](https://files.consumerfinance.gov/f/documents/cfpb_supervisory-highlights_issue-23_2021-01.pdf).

## 5. Debt collection *amicus* briefs

In 2020, the Bureau filed *amicus curiae* (friend of the court) briefs in two cases involving the FDCPA. In addition, two FDCPA cases in which the Bureau filed *amicus* briefs in 2019 were decided in 2020.

### Itemization of Charges by Debt Collector: the *DeGroot* and *Collecto* *amicus* briefs

On May 15, 2020, the Bureau filed an *amicus* brief in the Seventh Circuit case of *Degroot v. Client Services, Inc.*, arguing that a debt collector did not violate the FDCPA when it accurately disclosed the total amount of the consumer’s debt and correctly specified that \$0.00 in interest and other charges had been added to the debt since it was charged off.<sup>33</sup> The Bureau argued further that the collector did not violate the Act when it truthfully disclosed that interest would not be added to the debt while the collector serviced the debt. Although a number of district courts had concluded that similar allegations stated valid FDCPA claims, the Seventh Circuit disagreed. Instead, the court held in an opinion on October 8, 2020, that an accurate itemization of a debt does not mislead consumers about the possibility of future interest or fees: “As the CFPB points out, the itemization of a debt is a record of what has already happened. It ‘discloses the interest or other charges that have been assessed between a date in the past (in this case, the date that the debt was charged-off) and the date of the notice.’ For that reason, the Bureau argues, such a breakdown cannot be construed as forward looking and therefore misleading. We agree.”<sup>34</sup>

On October 15, 2020, the Bureau filed an *amicus* brief in the Third Circuit case of *Hopkins v. Collecto, Inc.*, arguing that the Third Circuit should follow the Seventh Circuit’s decision in *Degroot* to find that a debt collector does not violate the FDCPA by accurately disclosing on an itemization table that \$0.00 in interest, charges, or fees had been applied to a consumer’s allegedly static debt.<sup>35</sup> The Bureau further argued that such itemizations are not misleading even

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<sup>33</sup> CFPB, Brief of Amicus Curiae Consumer Financial Protection Bureau in Support of Appellee and Affirmance, *Degroot v. Client Services, Inc.*, No. 20-1089 (May 2020), available at [https://files.consumerfinance.gov/f/documents/cfpb\\_amicus-brief\\_degroot-v-client-services.pdf](https://files.consumerfinance.gov/f/documents/cfpb_amicus-brief_degroot-v-client-services.pdf).

<sup>34</sup> *Degroot v. Client Servs., Inc.*, 977 F.3d 656 (7th Cir. 2020).

<sup>35</sup> CFPB, Brief of Amicus Curiae Consumer Financial Protection Bureau in Support of Appellees and Affirmance, *Hopkins v. Collecto, Inc.*, No. 20-1955 (Oct. 2020), available at [https://files.consumerfinance.gov/f/documents/cfpb\\_amicus-brief\\_hopkins-v-collecto-inc-et-al\\_2020-10.pdf](https://files.consumerfinance.gov/f/documents/cfpb_amicus-brief_hopkins-v-collecto-inc-et-al_2020-10.pdf).

when the collector does not intend to apply such interest, charges, or fees to the debt going forward. The appeal remains pending.

## When FDCPA Statute of Limitations Begins to Run: The *Bender* amicus brief

On May 28, 2019, the Bureau filed an amicus brief in the Fourth Circuit case of *Bender v. Elmore & Throop, P.C.*<sup>36</sup> This case presented the question whether the FDCPA’s one-year statute of limitations bars a consumer from suing to challenge violations that occurred in the prior year when the defendant previously engaged in similar unlawful attempts to collect the same debt that occurred outside the limitations period. The Bureau’s brief argued that consumers are not time-barred from challenging FDCPA violations that occurred in the prior year and that the contrary reading of the statute is inconsistent with its plain language, the weight of case law, and the express purposes of the FDCPA. On July 2, 2020, the Fourth Circuit, agreeing with the Bureau’s position, held that the FDCPA’s statute of limitations establishes a separate one-year limitations period for each discrete violation of the Act.<sup>37</sup>

## Prohibition on Extraneous Language or Symbols on Debt Collection Envelopes: the *Preston* amicus brief

On September 5, 2019, at the invitation of the U.S. Court of Appeals for the Seventh Circuit, the Bureau filed an amicus brief in *Preston v. Midland Credit Management, Inc.*, to address whether there is a “benign language” exception to the provision of the FDCPA that prohibits debt collectors from “using any language or symbol, other than the debt collector’s address, on any envelope when communicating with a consumer by use of the mails or by telegram, except that a debt collector may use his business name if such name does not indicate that he is in the debt collection business.”<sup>38</sup> 15 U.S.C. § 1692f(8). The district court determined that there was a “benign” language exception to this prohibition, and the consumer appealed. The Bureau’s brief on appeal argued that there is no “benign language” exception to this prohibition, but clarified that the provision does permit language or symbols that facilitate making “use of the mails,” such as a USPS barcode. The brief further argued that, if the Court were to adopt a “benign

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<sup>36</sup> CFPB, Brief of Amicus Curiae Consumer Financial Protection Bureau in Support of Plaintiffs-Appellants and Reversal, *Bender v. Elmore & Throop, P.C.*, No. 19-1325 (May 2019), available at [https://files.consumerfinance.gov/f/documents/cfpb\\_amicus\\_bender-v-Elmore--throop-PC\\_2019-05.pdf](https://files.consumerfinance.gov/f/documents/cfpb_amicus_bender-v-Elmore--throop-PC_2019-05.pdf).

<sup>37</sup> *Bender v. Elmore & Throop, P.C.*, 963 F.3d 403 (4th Cir. 2020).

<sup>38</sup> CFPB, Brief for the Consumer Financial Protection Bureau as Amicus Curiae, *Preston v. Midland Credit Mgmt., Inc.*, No. 18-3119 (Sept. 2019), available at [https://files.consumerfinance.gov/f/documents/cfpb\\_amicus-brief\\_preston-v-midland.pdf](https://files.consumerfinance.gov/f/documents/cfpb_amicus-brief_preston-v-midland.pdf).

language” exception, whether “Time Sensitive Document” would fall within that exception would be a question of fact. On January 21, 2020, the Seventh Circuit held that “the language of [section] 1692f(8) is clear, and its application does not lead to absurd results,” and therefore there is no “benign language” exception.<sup>39</sup> The Court stated further that section 1692f(8) “does not prohibit markings required by the United States Postal Services such as stamping or affixing language or symbols to ensure the successful delivery of [a] communication.”

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<sup>39</sup> *Preston v. Midland Credit Mgmt., Inc.*, 948 F.3d 772 (7th Cir. 2020).

## 6. Enforcement

In 2020, both the CFPB and the FTC brought and continued enforcement actions addressing harmful debt collection activity in violation of the FDCPA and other applicable laws. The Bureau's contributions to this section provide a synopsis of FDCPA matters only, some of which are still pending. Unlike the Bureau, the FTC has opted to include FDCPA matters and matters brought under other applicable law in this section.

The Bureau announced four new public enforcement actions in 2020 related to unlawful collection conduct in violation of the FDCPA. These actions included three litigations, one of which was settled soon after filing, and the resolution of an FDCPA investigation through a consent order. These actions resulted in judgments for more than \$15.2 million in civil money penalties<sup>40</sup> and approximately \$80,000 in consumer redress. At the end of 2020, four enforcement actions were pending in federal court. In addition to the Bureau's public enforcement actions involving FDCPA-covered debt collectors, the Bureau is conducting a number of non-public investigations of companies to determine whether they engaged in collection practices that violate the FDCPA or the CFPA.

The Commission is primarily a law enforcement agency, and law enforcement investigations and litigation are at the heart of the FTC's recent debt collection work. Both the FDCPA and the FTC Act<sup>41</sup> authorize the Commission to investigate and take law enforcement action against debt collectors that violate those statutes.<sup>42</sup> The Commission may file a federal court action seeking injunctive and equitable monetary relief under Sections 13(b) and 19 of the FTC Act, 15 U.S.C. § 53(b) and 57b, or refer the matter to the Department of Justice for civil penalties and injunctive relief under Section 5(m) of the FTC Act, 15 U.S.C. § 45(m).

From January 1 through December 31, 2020, the FTC brought or resolved seven debt collection cases. In the FTC's three new actions under Operation Corrupt Collector, the FTC obtained preliminary relief, including temporary restraining orders that froze the defendants' assets and appointed receivers to take over the debt collection businesses. The Commission also brought the first federal action against unlawful "debt parking," filed suit to combat the unlawful and unfair use of confessions of judgment and took

<sup>40</sup> Penalties paid to the Bureau are held in its Civil Penalty Relief Fund, which is used to provide relief to eligible consumers who would not otherwise receive full compensation.

<sup>41</sup> FDCPA, 15 U.S.C. § 1692-1692p; FTC Act, 15 U.S.C. §§ 41-58.

<sup>42</sup> The FDCPA authorizes the Commission to investigate and take law enforcement action against debt collectors that engage in unfair, deceptive, abusive, or other practices that violate the statute. FDCPA § 814, 15 U.S.C. § 1692l. Under the FTC Act, the FTC may investigate and take law enforcement action against entities that, in connection with collecting on debts, engage in unfair or deceptive acts and practices. FTC Act § 5, 15 U.S.C. § 45.

action against a telemarketing scheme that threatened organizations for failing to pay for unordered merchandise. Finally, the FTC resolved an action against a debt collection scheme involving “overbiffing” – i.e. demanding more money than consumers allegedly owe.

## 6.1 Bureau law enforcement actions

### Consumer Financial Protection Bureau v. Encore Capital Group, Inc., et al<sup>43</sup>

(S.D. Cal No. 20-CV-1750) (complaint filed September 8, 2020; consent order entered October 16, 2020)

In September 2020, the Bureau filed a complaint in the federal district court for the Southern District of California against Encore Capital Group, Inc. and its subsidiaries, Midland Funding, LLC; Midland Credit Management, Inc.; and Asset Acceptance Capital Corp (collectively “Encore”). Encore had been subject to a 2015 consent order with the Bureau based on previous findings that Encore violated the FDCPA, the CFPA, and the FCRA. The Bureau’s complaint alleged that since September 2015, Encore and its subsidiaries violated the 2015 consent order by suing consumers without possessing required documentation, using law firms and an internal legal department to engage in collection efforts without providing required disclosures, and failing to provide consumers with required loan documentation after consumers requested it. The Bureau also alleged that the companies violated the 2015 consent order, the CFPA, and the FDCPA by suing consumers to collect debts even though the statutes of limitations had run on those debts and violated the consent order by attempting to collect on debts for which the statutes of limitations had run without providing required disclosures. The Bureau further alleged that the companies violated the CFPA by failing to disclose possible international-transaction fees to consumers, thereby effectively denying consumers an opportunity to make informed choices of their preferred payment methods. On October 16, 2020, the court entered a stipulated final judgment and order that required Encore to pay \$79,308.81 in redress to consumers and a \$15 million civil money penalty. The consent judgment and order also required Encore to make various

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<sup>43</sup> Bureau of Consumer Fin. Prot., *Consumer Financial Protection Bureau Settles Lawsuit with Debt Collectors and Debt Buyers Encore Capital Group, Midland Funding, Midland Credit Management, and Asset Acceptance Capital Corp.* (Oct. 15, 2020), available at <https://www.consumerfinance.gov/about-us/newsroom/consumer-financial-protection-bureau-settles-lawsuit-debt-collectors-and-debt-buyers-encore-capital-group-midland-funding-midland-credit-management-and-asset-acceptance-capital-corp>.

material disclosures to consumers, refrain from the collection of time-barred debt absent certain disclosures to consumers, and abide by certain conduct provisions in the 2015 consent order for five more years.

## Consumer Financial Protection Bureau & State of New York v. JPL Recovery Solutions, LLC, et al<sup>44</sup>

(W.D.N.Y. No. 1:20-CV-01217) (complaint filed September 8, 2020)

On September 8, 2020, the CFPB, in partnership with the New York Attorney General, filed suit in the federal district court for the Western District of New York against JPL Recovery Solutions, LLC; Regency One Capital LLC; ROC Asset Solutions LLC, which does business as API Recovery Solutions; Check Security Associates LLC, which does business as Warner Location Services and Orchard Payment Processing Systems; and Keystone Recovery Group. Defendants also included Christopher Di Re and Scott Croce, who have held ownership interests in the defendant companies, and Brian Koziel and Marc Gracie, who are members of Keystone Recovery Group, and have acted as managers of some of the defendant companies. The complaint alleged that from at least 2015, the defendants have participated in a debt-collection operation that has used deceptive, harassing, and improper methods to induce consumers to make payments to them in violation of the FDCPA and the CFPA. Litigation is pending.

## RAB Performance Recoveries, LLC<sup>45</sup>

(2020-BCFP-0023) (consent order filed December 8, 2020)

On December 8, 2020, the CFPB issued a consent order against RAB Performance Recoveries, LLC (RAB). Through 2012, RAB, a New Jersey company, purchased and collected consumer debts from debt brokers, and through August 2014, it used collections law firms to obtain judgments against consumers. RAB has continued to collect on those judgments against consumers as well as on a handful of payment agreements it obtained

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<sup>44</sup> Bureau of Consumer Fin. Prot., Consumer Financial Protection Bureau and New York Attorney General Take Action Against Debt-Collection Operation and Its Owners and Managers (Sep. 8, 2020), available at <https://www.consumerfinance.gov/about-us/newsroom/cfpb-new-york-attorney-general-take-action-against-debt-collection-operation/>.

<sup>45</sup> Bureau of Consumer Fin. Prot., RAB Performance Recoveries, LLC (Dec. 8, 2020), available at <https://www.consumerfinance.gov/enforcement/actions/rab-performance-recoveries-llc>.

from debtors. The Bureau found that RAB threatened to sue, sued, and demanded payment from consumers in Connecticut, New Jersey, and Rhode Island even though RAB did not hold the licenses that those states required to sue to collect debts. Thus, RAB was not legally entitled to take the actions that it threatened to take against consumers in those states. The Bureau found that RAB misrepresented that it had a legally enforceable right to recover payments from consumers in these states through the judicial process in violation of the FDCPA and the CFPA. The consent order prohibits RAB from collecting on the judgments against, or payment agreements from, consumers it obtained in Connecticut, New Jersey, and Rhode Island when RAB did not hold a required debt-collection license in those states. It requires RAB to take all necessary steps to vacate those judgments and suspend collection of those judgments and to notify consumers with payment agreements that they have been satisfied. The consent order also requires RAB to pay a \$204,000 civil money penalty.

## Consumer Financial Protection Bureau v. BounceBack, Inc.<sup>46</sup>

(W.D. Mo. No. 5:20-CV-06179) (complaint filed December 9, 2020)

On December 9, 2020, the CFPB filed a lawsuit against BounceBack, Inc. for allegedly engaging in deceptive and otherwise unlawful debt collection acts or practices. BounceBank employed pre-trial diversion programs, which are designed to relieve state and local prosecutors' offices of the need to prosecute every potentially criminal bad-check complaint, while giving the check payees (usually merchants) a chance to recover funds they are owed. The complaint alleges that since at least 2015, in the course of administering these bad-check pretrial-diversion programs, BounceBack used district-attorney letterheads to threaten more than 19,000 consumers with prosecution if they did not pay the amount of the check, enroll and pay for a financial-education course, and pay various other fees. BounceBack did not reveal to consumers that BounceBack—and not district attorneys—sent the letters. Nor did BounceBack reveal that district attorneys almost never prosecuted these cases, even when consumers ignored BounceBack's threats. In fact, in most cases, BounceBack did not refer cases for prosecution, even if the check writer failed to respond to its collection letter. BounceBack's letters also failed to

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<sup>46</sup> Bureau of Consumer Fin. Prot., *Consumer Financial Protection Bureau Sues Debt Collector BounceBack, Inc.* (Dec. 9, 2020), available at <https://www.consumerfinance.gov/about-us/newsroom/consumer-financial-protection-bureau-sues-debt-collector-bounceback-inc/>.

include disclosures required under the FDCPA. The Bureau alleges that BounceBack’s conduct violated the FDCPA and was deceptive under both the FDCPA and the CFPA. Litigation is pending.

## 6.2 FTC law enforcement activities

### 6.2.1 Operation Corrupt Collector

In September 2020, the Commission announced Operation Corrupt Collector, a coast-to-coast law enforcement crackdown on “phantom debt collection”—the practice of coercing consumers to pay debts that either do not exist or that they do not owe—and other egregious debt collection practices. The FTC led the initiative, coordinating with three other federal agencies and partners from 16 states to bring more than 50 actions nationwide.<sup>47</sup> As part of Operation Corrupt Collector, the Commission initiated three law enforcement actions: (1) *National Landmark Logistics* (2) *Absolute Financial Services*, and (3) *Critical Resolution Mediation*. Litigation continues in all three of these matters. It is particularly important for the FTC, the federal agency responsible for protecting privacy and security across sectors, to bring phantom debt cases, which illustrate the financial harm that occurs when bad actors mishandle consumers’ personal information.<sup>48</sup>

In *National Landmark Logistics*, the FTC filed a complaint and secured a temporary restraining order in July 2020 to immediately halt defendants’ illegal practices.<sup>49</sup> The FTC alleges that National Landmark Logistics, four related companies, and three individuals took in revenue of at least \$13.7 million through an illegal debt collection scheme, which included pressuring consumers to pay debts they did not actually owe or that the defendants had no right to collect.<sup>50</sup> The defendants typically used robocalls to leave deceptive messages that people were subject to an audit or proceeding or would be served with papers at home or at work. When consumers returned the call to find out more, the defendants falsely claimed to be from a mediation or law firm, and that the consumer was delinquent on a debt. In many instances, collectors threatened

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<sup>47</sup> Press Release, Operation Corrupt Collector cracks down on illegal debt collection tactics (Sept. 29, 2020), available at <https://www.ftc.gov/news-events/press-releases/2020/09/ftc-state-federal-law-enforcement-partners-announce-nationwide>.

<sup>48</sup> The FTC’s other work to protect consumers’ personal information can be found in the annual Privacy and Data Security Update. See, e.g., Reports, *Privacy & Data Security Update: 2019* (Feb. 2019), available at <https://www.ftc.gov/system/files/documents/reports/privacy-data-security-update-2019/2019-privacy-data-security-report-508.pdf>.

<sup>49</sup> *FTC v. National Landmark Logistics LLC et al.*, 0:20-cv-02592-JMC (D.S.C. July 17, 2020) (Order).

<sup>50</sup> *FTC v. National Landmark Logistics LLC et al.*, 0:20-cv-02592-JMC (D.S.C. July 13, 2020) (Complaint); *FTC v. National Landmark Logistics LLC et al.*, 0:20-cv-02592-JMC (D.S.C. July 13, 2020) (Memo ISO Motion for TRO).

consumers with legal action unless they made an immediate credit or debit card payment. To make the pitch seem more believable, collectors often had (or claimed to have) personal information about the supposed debtor, such as their Social Security number, credit card or bank account numbers, or family members' contact information. At the FTC's request, the court granted a temporary restraining order that provided for the freezing of defendants' assets, the appointment of a temporary receiver, and immediate access to business premises and records.

The FTC simultaneously filed a companion action, *Absolute Financial Services, LLC*, and obtained a temporary restraining order in that action.<sup>51</sup> The complaint charges that Absolute Financial Services, two related companies, and two individuals collected more than \$6.9 million from consumers, using National Landmark Logistics to place deceptive robocalls on their behalf.<sup>52</sup> The prerecorded messages claimed that people would be served with important papers or face legal action or audits if they did not respond. The FTC alleges that once people called back, the defendants' collectors falsely claimed to be representatives of law firms or mediation companies. According to the complaint, the collectors told consumers that they owed a credit card or other debt and often threatened them with arrest if they did not immediately pay the debt. Using data from National Landmark Logistics, the Absolute Financial Services collectors used consumers' personal information in an attempt to add an aura of truth to the false statements they made about purported debts. As with *National Landmark Services*, the court granted the FTC's motion for a temporary restraining order that froze the defendants' assets, appointed a receiver, and allowed for immediate access to business premises and records.

In *Critical Resolution Mediation*, the FTC obtained a federal court order to shut down an Atlanta-based debt collection operation. The FTC's complaint alleged that defendants' agents threatened consumers with arrest and imprisonment and tried to collect debts that consumers did not actually owe.<sup>53</sup> According to the FTC, the collectors regularly posed as law enforcement officers, attorneys, mediators, or process servers when calling consumers, lending credence to their threats about supposed unpaid debts. In many cases, the defendants attempted to collect phantom debts.<sup>54</sup> According to the complaint, the company's collectors threatened not only to arrest and jail consumers who refused to pay immediately, but also to garnish consumers' wages, revoke their drivers' licenses, or lower their credit scores. In addition, the collectors

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<sup>51</sup> *FTC v. Absolute Financial Services, LLC et al.*, 0:20-cv-02596-JMC (D.S.C. July 17, 2020) (Order).

<sup>52</sup> *FTC v. Absolute Financial Services, LLC et al.*, 0:20-cv-02596-JMC (D.S.C. July 13, 2020) (Complaint); *FTC v. Absolute Financial Services, LLC et al.*, 0:20-cv-02596-JMC (D.S.C. July 13, 2020) (Memo ISO Motion for TRO).

<sup>53</sup> Press Release, FTC Acts to Shut Down Unlawful Debt Collection Operation (Oct. 15, 2020), available at <https://www.ftc.gov/news-events/press-releases/2020/10/ftc-acts-shut-down-unlawful-debt-collection-operation>; *FTC v. Critical Resolution Mediation LLC et al.*, 1:20-cv-3932-JPB (N.D. Ga. Sept. 30, 2020) (Order).

<sup>54</sup> *FTC v. Critical Resolution Mediation LLC et al.*, 1:20-cv-3932-JPB (N.D. Ga. Sept. 22, 2020) (Complaint).

allegedly contacted consumers at their workplaces or notified their families about the supposed debt, shared consumers' personal information, and threatened serious legal consequences. The collectors allegedly used profane language with consumers who refused to pay or asserted their right to review information about the purported debts. The defendants also refused to provide information about the alleged debts as required under the FDCPA. In November 2020, the court entered a stipulated preliminary injunction against all defendants, which maintained the relief secured by the September temporary restraining order, including the freezing of defendants' assets and appointment of a temporary receiver.

## 6.2.2 Debt Parking and Other Actions

*Debt Parking.* In *Midwest Recovery Systems*, the first federal action combatting unlawful “debt parking,” the Commission took action against a debt collection company and its owners that allegedly reported purported debts to credit reporting agencies without first communicating with the consumer about the debt. The FTC’s complaint alleges that Midwest Recovery Systems received thousands of complaints each month about the purported debts from consumers, with the company itself finding that between 80 and 97 percent of the debts it investigated were inaccurate or not valid.<sup>55</sup> In addition to phantom payday lending debts, the complaint notes that the company parked significant quantities of purported medical debt, which is often a source of confusion and uncertainty for consumers because of the complex, opaque system of insurance coverage and cost sharing. The FTC’s complaint alleges violations of the FDCPA (including the first federal law enforcement count addressing debt parking), the FCRA, and the FCRA’s Furnisher Rule. Under a November 2020 settlement, Midwest Recovery Systems is prohibited from debt parking and required to delete the debts it previously reported to credit reporting agencies. The settlement includes a monetary judgment of \$24.3 million, which is partially suspended based on an inability to pay. Brandon Tumber, one of the individual defendants and a co-owner of the company, also will be required to sell his stake in another debt collection company and provide the proceeds from that sale to the FTC. In addition, the company will be required to surrender all of its remaining assets.

*Confessions of Judgment.* In *RCG Advances*, the FTC sued two New York-based companies engaged in small business financing, along with several of their owners and officers. The June 2020 complaint alleged that the defendants deceived small businesses and other organizations

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<sup>55</sup> Press Release, FTC Stops Debt Collector’s Alleged “Debt Parking” Scheme, Requires it to Delete Debts it Placed on Consumers’ Credit Reports (Nov. 30, 2020), available at <https://www.ftc.gov/news-events/press-releases/2020/11/ftc-stops-debt-collectors-alleged-debt-parking-scheme-requires-it>.

by misrepresenting the terms of merchant cash advances they provided, and then used unfair collection practices, including sometimes threatening physical violence, to compel consumers to pay.<sup>56</sup> The FTC also alleged that defendants required businesses and their owners to sign confessions of judgment as part of their contracts, which allowed the defendants to go immediately to court and obtain an uncontested judgment in case of an alleged default. Defendants unlawfully and unfairly used these confessions of judgment to seize consumer personal and business assets, in circumstances not expected by consumers and not permitted by the defendants' financing contracts. Furthermore, the complaint alleges that the defendants made threatening calls to consumers, including telling one consumer that they would "break his jaw" if he did not make his payments and, in another case, threatening to ruin a consumer's reputation by falsely accusing him of being a child molester, if he did not pay. Litigation continues in this matter.

*Other Actions.* In *American Future Systems* (AFS), the FTC sued the operators of a Pennsylvania-based telemarketing scheme and a New York-based debt collection operation.<sup>57</sup> The May 2020 complaint alleges that the AFS telemarketers billed organizations such as businesses, schools, fire and police departments, and non-profits for books and newsletter subscriptions they never ordered. The telemarketers typically claimed that they would send two issues of a newsletter at "no risk," while enrolling the organization in a negative option program without their consent, under which they are automatically invoiced for annual subscriptions to the newsletters. After six months, AFS forwarded unpaid bills for unwanted and unordered subscriptions to a debt collection firm, International Credit Recovery, Inc. (ICR). According to the complaint, ICR illegally threatened those organizations if they failed to pay for the unordered merchandise. ICR made representations during the collection process that failure to pay the debt would impact their credit rating or would result in legal action or referral to collections. In addition to AFS and ICR, the FTC's complaint names the sole owner of AFS, as well as ICR's two principals. Litigation is ongoing in this matter.

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<sup>56</sup> Press Release, New York-Based Finance Companies Deceived Small Businesses, Non-Profits and Seized Their Personal and Business Assets, FTC Alleges (June 10, 2020), available at <https://www.ftc.gov/news-events/press-releases/2020/06/new-york-based-finance-companies-deceived-small-businesses>.

<sup>57</sup> Press Release, FTC Files Complaint Alleging Telemarketers and Debt Collectors Worked Together To Bilk Organizations for Subscriptions and Books They Never Ordered (May 13, 2020), available at <https://www.ftc.gov/news-events/press-releases/2020/05/ftc-files-complaint-alleging-telemarketers-debt-collectors-worked>; *FTC v. American Future Systems, Inc. et al.*, 2:20-cv-02266 (E.D. Pa. May. 13, 2020) (Complaint).

In February 2020, the Commission and the New York Attorney General settled claims against Robert Heidenreich, the operator of a debt collection scheme in *Campbell Capital*.<sup>58</sup> According to the October 2018 complaint, he and the companies he controlled lied to consumers about how much debt they owed and used illegal scare tactics to collect it. Defendants' employees often completed forms that showed they demanded more money than consumers allegedly owed, also known as "overbiffing." Some of defendants' collectors pretended to work for law enforcement agencies and threatened consumers with arrest. Other collectors falsely claimed to work on behalf of attorneys and falsely told consumers they would face lawsuits if they did not make a payment on an alleged debt.<sup>59</sup> The settlement permanently bans Heidenreich from working in the debt collection business, prohibits him from misleading consumers about any financial products, and includes a monetary judgment of \$1.7 million, which is partially suspended due to inability to pay.<sup>60</sup> The FTC and New York Attorney General filed a motion for a default judgment with the court against the case's remaining defendants, which the court also entered in February 2020.

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<sup>58</sup> Press Release, Operator of Fraudulent Debt Collection Scheme Settles With FTC, New York (Feb. 25, 2020), available at <https://www.ftc.gov/news-events/press-releases/2020/02/operator-fraudulent-debt-collection-scheme-settles-ftc-new-york>.

<sup>59</sup> *FTC v. Campbell Capital LLC et al.*, 1:18-cv-01163 (W.D.N.Y. Oct. 23, 2018) (Complaint); see also Press Release, FTC and New York Attorney General Sue Operators of Debt Collection Scheme (Nov. 1, 2018), available at <https://www.ftc.gov/news-events/press-releases/2018/11/ftc-new-york-attorney-general-sue-operators-debt-collection>.

<sup>60</sup> *FTC v. Campbell Capital LLC et al.*, 1:18-cv-01163 (W.D.N.Y. Feb. 7, 2020) (Orders).

## 7. Education and outreach initiatives

The Bureau provides consumers with the knowledge, tools, and capabilities they need in order to make better informed financial decisions. To that end, the Bureau offers a variety of information, tools, and programs about major financial choices and other money decisions directly to consumers. Educational offerings are provided in web and print, including the Bureau’s “Ask CFPB” content with hundreds of financial questions and answers, web tools such as Buying a House, and portals on specific money topics. The Bureau also makes it easier for people to access financial education in their local communities and to foster a lasting local financial education infrastructure. The Bureau does this by integrating financial education into established community channels, such as libraries, workplaces, social service organizations, military services, and government agencies, that consumers may trust.

The FTC also educates consumers and businesses about their rights and responsibilities under the FDCPA and the FTC Act.

### 7.1 Bureau education and outreach

The Bureau provides consumers with information about specific financial topics, including those relating to debt collection. In March 2020, the Bureau began publishing content to help consumers financially navigate the COVID-19 pandemic, including questions and answers on the topic of debt collection.<sup>61</sup> This COVID-related content, including blogs, web pages, and videos, has been accessed by users approximately 4.3 million times.

A major Bureau consumer education product is “Ask CFPB,” an online tool that helps consumers find clear answers to a wide variety of financial questions. In October 2012, the Bureau began publishing “Ask CFPB” content, including questions and answers on the topic of debt collection. From that beginning until December 31, 2020, “Ask CFPB” had been viewed more than 32.9 million times. Debt collection is consistently one of the two most-viewed categories in “Ask CFPB.” “Ask CFPB” includes practical tips to consumers regarding steps they can take when faced with debt collection as well as steps to take to manage debts in a way that may prevent the debts from ending up in collection.<sup>62</sup>

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<sup>61</sup>Bureau of Consumer Fin. Prot., *Protecting your finances during the coronavirus pandemic*, available at <https://www.consumerfinance.gov/coronavirus/>.

<sup>62</sup> Bureau of Consumer Fin. Prot., “Ask CFPB”, Debt Collection, *available at* <http://www.consumerfinance.gov/consumer-tools/debt-collection/>.

In July 2013, the Bureau added five sample letters to “Ask CFPB” that consumers may use when they interact with debt collectors. The five letters are intended for consumers who: (1) need more information about a debt; (2) want to dispute their debt; (3) want to restrict how and when a collector can contact them; (4) want to stop all communication from the debt collector; and (5) want to direct further communications with respect to the debt matter to an attorney.<sup>63</sup> These letters are available in English and Spanish.

These letters were downloaded more than 852,000 times from June 2014 to the end of December 2020. The two most downloaded letters are “I need more information about this debt” and “I do not owe this debt.”

**TABLE 3: DOWNLOADS OF THE BUREAU’S COLLECTION-RELATED LETTERS (JUNE 2014 – DECEMBER 2020)**

Letter	% total downloads
“I need more information about this debt”	34%
“I do not owe this debt”	33%
“I want to specify how the debt collector can contact me”	23%
“I want the debt collector to stop contacting me”	6%
“I want the debt collector to only contact me through my lawyer”	4%

In addition to online resources for consumers, the Bureau offers print publications on financial topics including debt collection. Consumers and organizations can download or order these print publications in bulk, free of charge. For example, the Bureau’s brochure titled “Planning to become debt-free?” was updated in 2019 and is available in both English and Spanish. One development in 2019, that continued in 2020, was the interest by some state and federal correctional facilities in two of the Bureau’s publications. The Bureau provided a total of 36,971 copies of its *Behind on Bills* and *Debt Getting in Your Way* publications to correctional facilities, up from 23,241 copies in 2019.

Debt collection, including debt management strategies to avoid entering collections, is covered in the Bureau’s *Your Money, Your Goals* financial empowerment toolkit. As of the end of 2020,

<sup>63</sup> Bureau of Consumer Fin. Prot., What Should I Do When a Debt Collector Contacts Me (Feb. 2017), available at <https://www.consumerfinance.gov/ask-cfpb/what-should-i-do-when-a-debt-collector-contacts-me-en-1695/>.

more than 34,000 staff and volunteers in social services organizations had been trained on *Your Money, Your Goals*.

A related resource focused on helping consumers address problems surrounding debt is the Bureau's booklet "Debt getting in your way?" This is a colorful, compact booklet that includes a selection of simplified paper tools from the *Your Money, Your Goals* toolkit.<sup>64</sup> The tools in this booklet can help consumers get a full picture of existing debt, order a credit report, prioritize debts, and set future repayment goals. Since the booklet's release in 2017 through the end of December 2020, 350,773 copies have been distributed throughout the United States.

The Bureau is now in the fourth year of operating the *Get a Handle on Debt Boot Camp*.<sup>65</sup> This is a 21-day email course that allows consumers to sign up for periodic messages about steps to manage their debt effectively and meet their financial goals. The program includes tools and resources from *Your Money, Your Goals*. By the end of December 2020, the *Debt Boot Camp* had attracted over 38,000 sign-ups.

In November 2019, the Bureau released a video<sup>66</sup> with useful tips on spotting debt collection scams and steps that consumers can take to protect themselves from scammers. Since its launch in November 2019, the video has been viewed more than 4,500 times. To help consumers tell the difference between possible scammers and legitimate debt collectors, the Bureau also developed two new "Ask CFPB" questions on making initial contact with a debt collector<sup>67</sup> and what to consider when sharing personal information with a debt collector.<sup>68</sup>

Debt collection is also a significant issue facing servicemembers, veterans, and their families (military consumers). In October 2017, the Bureau's Office of Servicemember Affairs (OSA) issued a spotlight report about state-by-state complaint information from military consumers.<sup>69</sup> Military consumers indicated that debt collection was the top category of

<sup>64</sup> Bureau of Consumer Fin. Prot., *Your Money, Your Goals*, available at <https://www.consumerfinance.gov/your-money-your-goals/>.

<sup>65</sup> Bureau of Consumer Fin. Prot., *Sign-up for our Email Course and Get Your Finances in Shape*, CFPB Blog (Feb. 2019), available at <https://www.consumerfinance.gov/about-us/blog/sign-our-email-course-and-get-your-finances-shape/>.

<sup>66</sup> Bureau of Consumer Fin. Prot., *How to spot a debt collection scam*, CFPB Youtube Channel (Nov. 2019), available at [https://www.youtube.com/watch?v=wcQ1a\\_Gg8tI](https://www.youtube.com/watch?v=wcQ1a_Gg8tI).

<sup>67</sup> Bureau of Consumer Fin. Prot., *Should I talk to a debt collector? "Ask CFPB"* (Sept. 2019), available at <https://www.consumerfinance.gov/ask-cfpb/should-i-talk-debt-collector-en-2097/>.

<sup>68</sup> Bureau of Consumer Fin. Prot., *Should I share my personal information, including birth date and Social Security number, with a debt collector? "Ask CFPB"* (Sept. 2019), available at <https://www.consumerfinance.gov/ask-cfpb/should-i-share-my-personal-information-including-birth-date-and-social-security-number-debt-collector-en-2098/>.

<sup>69</sup> Bureau of Consumer Fin. Prot., *50 State Snapshot of Servicemember Complaints* (Oct. 2017), available at [https://s3.amazonaws.com/files.consumerfinance.gov/f/documents/cfpb\\_monthly-complaint-report\\_50-state-snapshot-servicemembers\\_102017.pdf](https://s3.amazonaws.com/files.consumerfinance.gov/f/documents/cfpb_monthly-complaint-report_50-state-snapshot-servicemembers_102017.pdf).

complaints in each of the 50 states. This report was updated in April 2018 and debt collection was again listed as the highest category of complaints, comprising 37 percent of almost 110,000 complaints.<sup>70</sup> In March of 2019, the Bureau released another complaint snapshot focused on 2018 complaints from military consumers by state.<sup>71</sup> This release was an update of the earlier snapshots from 2017 and 2018. In FY 2019, debt collection remained relatively high at 25 percent of all servicemember complaints versus 22 percent of the non-servicemember community<sup>72</sup> and continues to be an important issue for military consumers.<sup>73</sup>

The Bureau's OSA released a report in April 2020 highlighting complaint data from 2019.<sup>74</sup> Almost half of debt collection complaints were about continued attempts to collect a debt that the servicemember believes is not owed by them. One of the areas of concern that the report noted was that the debt collector "took or threatened to take negative or legal action," which remains the third largest debt collection complaint category. The Bureau also received complaints about collector calls to third parties or servicemembers' chain of command. OSA has previously documented how debt collectors have threatened servicemembers with legal action under the Uniform Code of Military Justice (UCMJ).<sup>75</sup> The problems associated with unpaid debts, either real or perceived, can greatly affect military careers and may lead to administrative or criminal proceedings by servicemembers' chain of command.<sup>76</sup> In response to these complaints, the Bureau created a factsheet that explains to servicemembers and their families how to respond to debt collectors who are either contacting their chain-of-command or threatening them with UCMJ prosecution or other actions that might jeopardize their military security clearance.<sup>77</sup>

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<sup>70</sup> Bureau of Consumer Fin. Prot., *Complaints Submitted by Servicemembers, Veterans, and their Families (April 2018)*, available at [https://s3.amazonaws.com/files.consumerfinance.gov/f/documents/bcfp\\_servicemember-complaints-50-states\\_snapshot\\_201804.pdf](https://s3.amazonaws.com/files.consumerfinance.gov/f/documents/bcfp_servicemember-complaints-50-states_snapshot_201804.pdf).

<sup>71</sup> Bureau of Consumer Fin. Prot., *Complaint snapshot: Servicemembers, Veterans, and Military Families 50 State Report (Mar. 2019)*, available at [consumerfinance.gov/documents/7326/cfpb\\_complaint-snapshot-servicemembers-50-state\\_report.pdf](https://consumerfinance.gov/documents/7326/cfpb_complaint-snapshot-servicemembers-50-state_report.pdf).

<sup>72</sup> Bureau of Consumer Fin. Prot., *Office of Servicemember Affairs Annual Report for Fiscal Year 2019 (April 2020)*, available at <https://www.consumerfinance.gov/data-research/research-reports/office-servicemember-affairs-annual-report-fy-2019/>.

<sup>73</sup> For 2018, credit or consumer reporting received the largest number of complaints from military consumers, but on a cumulative basis debt collection remains the product for which military consumers have submitted the most complaints to the Bureau.

<sup>74</sup> Bureau of Consumer Fin. Prot., *Office of Servicemember Affairs Annual report (Jan. 2019)*, available at [https://s3.amazonaws.com/files.consumerfinance.gov/f/documents/cfpb\\_osa\\_annual-report\\_2019.pdf](https://s3.amazonaws.com/files.consumerfinance.gov/f/documents/cfpb_osa_annual-report_2019.pdf).

<sup>75</sup> Bureau of Consumer Fin. Prot., *Servicemembers 2015: A Year in Review*, available at <https://www.consumerfinance.gov/data-research/research-reports/servicemembers-2015-a-year-in-review-3/>.

<sup>76</sup> Bureau of Consumer Fin. Prot., *Are unpaid debts a military career-killer? (January 2015)*, available at <https://www.consumerfinance.gov/about-us/blog/are-unpaid-debts-a-military-career-killer/>.

<sup>77</sup> Bureau of Consumer Fin. Prot., *Servicemembers: Know your rights when a debt collector calls*, available at [files.consumerfinance.gov/f/documents/cfpb\\_servicemembers\\_know-your-rights-when-a-debt-collector-calls.pdf](https://files.consumerfinance.gov/f/documents/cfpb_servicemembers_know-your-rights-when-a-debt-collector-calls.pdf).

Older Americans also face issues relating to debt collection. In May 2019, the Office of Financial Protection for Older Americans and the Centers for Medicare & Medicaid Services (CMS) updated the blog “What to do if you’re wrongfully billed for Medicare costs.”<sup>78</sup> The blog and the accompanying consumer advisory<sup>79</sup> help people in the Qualified Medicare Beneficiary (QMB) Program understand their rights when they are wrongfully billed for Medicare costs by providers or debt collectors. The law prohibits providers from billing people in the Qualified Medicare Beneficiary Program for deductibles, coinsurance, and copayments. Older consumers submitted complaints reporting that debt collectors tried to collect these types of costs or sent the information to credit reporting companies. The blog and accompanying consumer advisory provided information on consumer rights and what to do when wrongfully billed, as well as getting a refund for payments already made. From the publication date through December 31, 2020, they have been viewed or downloaded over 3,000 times.

The CARES Act provided certain student loan borrowers with a range of protections. It temporarily reduced interest rates to zero and suspended monthly payments for all federal loans owned by the U.S. Department of Education (ED). In addition, ED stopped the collection of defaulted or delinquent federally held student loans. The CARES Act benefits did not extend to federal student loans held by commercial lenders or private student loans.

After passage of the CARES Act, the Bureau’s Section for Students and Young Consumers released advice and guidance on commonly asked questions related to the CARES Act benefits, repayment or forbearance options for non-federally held loans, and steps to take to avoid student loan default.<sup>80</sup> The Bureau also provided information to help consumers protect themselves from potential student loan scammers.

To further assist student loan borrowers who were delinquent or in default, the Bureau published information about the cessation of debt collection activity for federally held student loans and additional debt collection related material for borrowers with non-federally held loans.<sup>81</sup>

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<sup>78</sup> Bureau of Consumer Fin. Prot., What to do if you’re wrongfully billed for Medicare costs (May 2019), *available at* <https://www.consumerfinance.gov/about-us/blog/what-do-if-youre-wrongfully-billed-medicare-costs>.

<sup>79</sup> Bureau of Consumer Fin. Prot., Know your rights as a Qualified Medicare Beneficiary, *available at* [https://files.consumerfinance.gov/f/documents/201905\\_cfpb\\_Know-Your-Qualified-Medicare-Beneficiary-Rights\\_handout\\_PRINT.pdf](https://files.consumerfinance.gov/f/documents/201905_cfpb_Know-Your-Qualified-Medicare-Beneficiary-Rights_handout_PRINT.pdf).

<sup>80</sup> Bureau of Consumer Fin. Prot., Information for student loan borrowers, *available at* <https://www.consumerfinance.gov/coronavirus/student-loans/>.

<sup>81</sup> *Id.*

A partial list of the Bureau’s consumer education materials relating to debt collection and information on the extent of their distribution is set forth in Appendix A.

## 7.2 FTC's public outreach and cross-Agency coordination

*Public Outreach.* Consumer and business education and public outreach are also important parts of the Commission’s debt collection program. The FTC uses multiple formats and channels to educate consumers about their rights under the FDCPA, as well as what the statute requires of debt collectors, and to inform debt collectors about what they must do to comply with the law. The FTC also engages in education and public outreach to enhance legal services providers’ understanding of debt collection issues.

The Commission reaches tens of millions of consumers through English and Spanish print and online materials, blog posts, speeches, and presentations. To maximize its outreach efforts, FTC staff works with an informal network of about 9,000 community-based organizations and national groups that order and distribute FTC information to their members, clients, and constituents. In 2020, the FTC distributed 6.5 million print publications to libraries, police departments, schools, non-profit organizations, banks, credit unions, other businesses, and government agencies. The FTC also logged more than 75.6 million views of its business and consumer education website pages in 2020. The FTC’s channel at [YouTube.com/FTCvideos](https://www.youtube.com/FTCvideos) houses 383 business and consumer videos in English and Spanish, which were viewed more than 1.1 million times in 2020. The three videos that address debt collection<sup>82</sup> were watched a combined 23,400 times in 2020. Additionally, the consumer blogs in English<sup>83</sup> and Spanish<sup>84</sup> reached 284,323 and 55,163 email subscribers, respectively, and regularly serve as source material for local and national news stories.

As part of its work to raise awareness about scams targeting the Latino community, the FTC has a series of fotonovelas (graphic novels) in Spanish. These graphic novels tell stories based on complaints Spanish speakers make to the FTC and offer practical tips to help detect and stop common scams. The FTC distributed 15,755 copies of the *Cobradores De Deuda* (Debt Collectors) fotonovela in 2020. The FTC also uses infographics to attract readers’ attention and

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<sup>82</sup> *Debt Collection: Know Your Rights* summarizes consumer rights and encourages viewers to report problem calls to the FTC; *Fraud Affects Every Community: Debt Collection* tells a veteran’s experience with abusive debt collection and the legal assistance that helped him get the case dismissed; and *Dealing with Debt Collectors* summarizes what debt collectors may and may not do, and how viewers can exercise their rights and report violations to the FTC.

<sup>83</sup> <http://www.consumer.ftc.gov/blog>.

<sup>84</sup> <http://www.consumidor.ftc.gov/blog>.

convey educational messages with simple text and appealing graphics. In 2020, the FTC created the *Don't Recognize that Debt?* infographic<sup>85</sup> as part of the Operation Corrupt Collector<sup>86</sup> law enforcement sweep. State and local consumer protection agencies across the country have joined the FTC in introducing this new infographic to help consumers know their rights when contacted by debt collectors and to take protective steps if they are pressured to pay a debt they do not recognize. The colorful, easy-to-read infographic explains how to respond to a debt collection call, where to learn more, and how to report a complaint to the FTC. The infographic was added to the FTC's revised article on Fake and Abusive Debt Collectors<sup>87</sup> and was downloaded 800 times in three months. Also, as part of Operation Corrupt Collector, the FTC released a new online dashboard<sup>88</sup> that provides a state-by-state breakdown of consumer debt collection complaints received through the FTC's Consumer Sentinel Network.

The Commission also educates industry members by developing and distributing business education materials, delivering speeches, blogging, participating in panel discussions at industry conferences, and providing interviews to general media and trade publications. The FTC's business education resources can be found in its online Business Center. The Business Center logged more than 10.4 million page views in 2020, and there are more than 101,786 email subscribers to the Business Blog. A complete list of the FTC's consumer and business education materials relating to debt collection, and information on the extent of their distribution, is set forth in Appendix B.

FTC staff also regularly meets with legal service providers, consumer advocates, and people who work in immigrant, Native American, Latino, Asian, and African American communities to discuss consumer protection issues, including the FTC's work in the debt collection arena. For example, the FTC hosted three virtual Ethnic Media Roundtables in 2020, bringing together law enforcement, community organizations, consumer advocates and members of the ethnic media to discuss how consumer protection issues—including debt collection—affect their communities. FTC staff also convened ten listening sessions with legal service providers, consumer advocates and local, state, and federal law enforcement personnel to learn about debt collection and other issues affecting people because of COVID-19.

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<sup>85</sup> [https://www.consumer.ftc.gov/sites/www.consumer.ftc.gov/files/corrupt\\_collector\\_infographic\\_508\\_v2.pdf](https://www.consumer.ftc.gov/sites/www.consumer.ftc.gov/files/corrupt_collector_infographic_508_v2.pdf).

<sup>86</sup> Press Release, Operation Corrupt Collector cracks down on illegal debt collection tactics (Sept. 29, 2020), available at <https://www.ftc.gov/news-events/press-releases/2020/09/ftc-state-federal-law-enforcement-partners-announce-nationwide>.

<sup>87</sup> <https://www.consumer.ftc.gov/articles/0258-fake-and-abusive-debt-collectors>.

<sup>88</sup> <https://public.tableau.com/profile/federal.trade.commission#!/vizhome/DebtCollection/Infographic>.

*Cross Agency Coordination.* The FTC continues to work closely with the CFPB to coordinate efforts to protect consumers from unfair, deceptive, and abusive debt collection practices.<sup>89</sup> As part of this coordination, FTC and CFPB staff regularly meet to discuss ongoing and upcoming law enforcement, rulemaking, and other activities; share debt collection complaints; cooperate on consumer education efforts in the debt collection arena; and consult on debt collection rulemaking and guidance initiatives. The FTC also engages in regular coordination activities with other law enforcement partners at the federal, state, and local levels, and routinely provides technical assistance on draft legislation pertaining to debt collection.

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<sup>89</sup> The Dodd-Frank Act directs the FTC and the CFPB to coordinate their law enforcement activities and promote consistent regulatory treatment of consumer financial products and services, including debt collection. *See* Dodd-Frank Act, Pub. L. 111-203, 124 Stat. 1376 § 1024(c)(3) (July 21, 2010). In January 2012, the FTC and CFPB entered into a memorandum of understanding (MOU) that supplements the requirements of the Dodd-Frank Act and creates a strong and comprehensive framework for coordination and cooperation. Memorandum of Understanding Between the Consumer Financial Protection Bureau and the Federal Trade Commission (Jan. 2012), *available at* <http://www.ftc.gov/sites/default/files/attachments/press-releases/federal-trade-commission-consumer-financial-protection-bureau-pledge-work-together-protect-consumers/120123ftc-cfpb-mou.pdf>. The agencies reauthorized the MOU in February 2019. *See* Press Release, FTC and CFPB Reauthorize Memorandum of Understanding (Feb. 26, 2019), *available at* <https://www.ftc.gov/news-events/press-releases/2019/02/ftc-cfpb-reauthorize-memorandum-understanding>; Memorandum of Understanding between the FTC and the CFPB (Feb. 25, 2019), *available at* [https://www.ftc.gov/system/files/documents/cooperation\\_agreements/ftc-cfpb\\_mou\\_225\\_0.pdf](https://www.ftc.gov/system/files/documents/cooperation_agreements/ftc-cfpb_mou_225_0.pdf).

## 8. Bureau rulemaking, research, and policy initiatives

### 8.1 Bureau research projects

The Bureau is engaged in research to better understand debt collection and its impact on consumers and credit markets. One purpose of this research is to help the Bureau better understand the benefits, costs, and impacts of potential rules. As discussed below, the Bureau issued two final rules in 2020, the first on October 30 and the second on December 18 (hereinafter the “October 30 final rule” and the “December 18 final rule,” respectively). The Bureau describes research findings relevant to the benefits and costs of the October 30 final rule and the December 18 final rule in the preambles to each of those final rules.<sup>90</sup> The Bureau’s debt collection research relies on various data sources, including publicly and commercially available data as well as information obtained through industry outreach and other efforts.

In 2020, the Bureau published results of a quantitative online survey of over 8,000 respondents to test several versions of disclosures to support consumer understanding of time-barred debt and revival.<sup>91</sup> The report presents several findings about how disclosures about a debt can affect consumer understanding of the debt and when debt collectors can legally sue to collect a debt. The Bureau also worked with a contractor to conduct qualitative testing to assess consumer understanding of disclosures included in the December 18 final rule.<sup>92</sup>

### 8.2 FDCPA rulemaking

On February 21, 2020, the Bureau released a supplemental notice of proposed rulemaking to amend Regulation F to require debt collectors to make certain disclosures when collecting time-barred debts. The proposal provided a 60-day comment period that would have closed on May

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<sup>90</sup> Bureau of Consumer Fin. Prot., Debt Collection Practices (Regulation F), 85 FR 76734 (Nov. 30, 2020), available at <https://www.federalregister.gov/documents/2019/05/21/2019-09665/debt-collection-practices-regulation-f>; Bureau of Consumer Fin. Prot., Debt Collection Practices (Regulation F), 86 FR 5766 (Jan. 19, 2021), available at <https://www.federalregister.gov/documents/2021/01/19/2020-28422/debt-collection-practices-regulation-f>.

<sup>91</sup> Bureau of Consumer Fin. Prot., Disclosure of Time-Barred Debt and Revival (Feb. 2020), available at [https://files.consumerfinance.gov/f/documents/cfpb\\_debt-collection-quantitative-disclosure-testing\\_report.pdf](https://files.consumerfinance.gov/f/documents/cfpb_debt-collection-quantitative-disclosure-testing_report.pdf)

<sup>92</sup> Bureau of Consumer Fin. Prot., Consumer Financial Protection Bureau (CFPB) Usability Testing Report: Model Validation Notice (Nov. 20, 2020), available at [https://files.consumerfinance.gov/f/documents/cfpb\\_model-validation-notice\\_report\\_2020-12.pdf](https://files.consumerfinance.gov/f/documents/cfpb_model-validation-notice_report_2020-12.pdf).

4, 2020.<sup>93</sup> To allow interested persons more time to consider and submit their comments during the COVID-19 pandemic, the Bureau issued two extensions of the comment period, the first until June 5, 2020, and the second until August 4, 2020.<sup>94</sup> In response to the proposal, the Bureau received approximately 90 comments from consumers, consumer groups, members of Congress, other government agencies, creditors, debt collectors, industry trade associations, and others.

In October and December 2020, the Bureau issued two final rules governing the activities of debt collectors, as that term is defined in the FDCPA.

The October 30 final rule that was published in the Federal Register on November 30, 2020<sup>95</sup> finalized many of the provisions of the Bureau's May 2019 notice of proposed rulemaking,<sup>96</sup> with a particular focus on debt collection communications. For example, the October 30 final rule:

- Clarifies the FDCPA's restrictions regarding the times and places at which debt collectors may communicate with consumers about debt collection and empowers consumers to specify their preferred media (*e.g.*, mail, telephone, email) for debt collection communications;
- Specifies how debt collectors can leave voicemail messages for consumers without violating the FDCPA's prohibition on disclosing a debt to a third party, even if a third party overhears the voicemail message;
- Provides that a debt collector who neither places telephone calls to, nor engages in telephone conversations with, a person about a debt in excess of certain specified frequencies is presumed to comply with the FDCPA's prohibition on making repeated or continuous telephone calls with intent to harass the person at the called number (and a debt collector who places telephone calls or engages in telephone conversations in excess of those frequencies is presumed to violate that prohibition);

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<sup>93</sup> Bureau of Consumer Fin. Prot., Debt Collection Practices (Regulation F), 85 FR 12672 (March 3, 2020), *available at* <https://www.federalregister.gov/documents/2020/03/03/2020-03838/debt-collection-practices-regulation-f>.

<sup>94</sup> First extension at Bureau of Consumer Fin. Prot., Debt Collection Practices (Regulation F); Extension of Comment Period, 85 FR 17299 (March 27, 2020), *available at* <https://www.federalregister.gov/documents/2020/03/27/2020-06237/debt-collection-practices-regulation-f-extension-of-comment-period>; second extension at Bureau of Consumer Fin. Prot., Debt Collection Practices (Regulation F); Extension of Comment Period, 84 FR 23274 (May 21, 2020), *available at* <https://www.federalregister.gov/documents/2020/05/21/2020-10966/debt-collection-practices-regulation-f-extension-of-comment-period>.

<sup>95</sup> Bureau of Consumer Fin. Prot., Debt Collection Practices (Regulation F), 85 FR 76734 (Nov. 30, 2020), *available at* <https://www.federalregister.gov/documents/2019/05/21/2019-09665/debt-collection-practices-regulation-f>.

<sup>96</sup> Bureau of Consumer Fin. Prot., Debt Collection Practices (Regulation F), 84 Fed. Reg. 23274 (May 21, 2019), *available at* <https://www.federalregister.gov/documents/2019/05/21/2019-09665/debt-collection-practices-regulation-f>.

- Outlines procedures that debt collectors may use to obtain a safe harbor from liability for unintentionally violating the FDCPA’s prohibition on disclosing a debt to a third party when communicating with a consumer by email or text message;
- Requires debt collectors to provide opt-out instructions in all electronic communications with consumers;
- Generally prohibits debt collectors from using an email address that the debt collector knows is provided by the consumer’s employer;
- Limits how debt collectors can use social media for debt collection communications;
- Generally requires debt collectors who send required disclosures in writing or electronically to do so in a manner that is reasonably expected to provide actual notice and in a form that the consumer may keep and access later and specifies that, in certain cases, debt collectors who send required disclosures electronically must do so in accordance with the E-SIGN Act;
- Generally prohibits debt collectors from selling, transferring for consideration, or placing for collection a debt if the debt collector knows or should know that the debt was paid or settled or discharged in bankruptcy; and
- Generally requires debt collectors to retain records evidencing compliance or noncompliance with the FDCPA and Regulation F for at least three years from the date that collection activity begins on the debt.

The December 18 final rule that was published in the Federal Register on January 19, 2021<sup>97</sup> finalized certain provisions of the Bureau’s May 2019 and February 2020 proposals, with a particular focus on debt collection disclosures. For example, the December 18 final rule:

- Clarifies the information that a debt collector must provide to a consumer in an initial communication and, if applicable, in a validation notice and provides a model validation notice that debt collectors may use to obtain a safe harbor for compliance;
- Prohibits debt collectors from bringing or threatening to bring a legal action against a consumer to collect a time-barred debt; and
- Prohibits debt collectors from furnishing information about a debt to a consumer reporting agency before the debt collector takes certain specified actions to contact the consumer about the debt.

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<sup>97</sup> Bureau of Consumer Fin. Prot., Debt Collection Practices (Regulation F), 86 FR 5766 (Jan. 19, 2021), *available at* <https://www.federalregister.gov/documents/2021/01/19/2020-28422/debt-collection-practices-regulation-f>.

In response to public comments on the February 2020 supplemental notice of proposed rulemaking, the Bureau did not finalize certain proposed provisions that would have required disclosures regarding time-barred debt.

Both final rules are currently scheduled to take effect on November 30, 2021.<sup>98</sup> The Bureau is making resources available on its website to help industry participants understand, implement, and comply with the final rules.<sup>99</sup> In October 2020 and December 2020, with each final rule the Regulatory Implementation and Guidance team published an Executive Summary,<sup>100</sup> a high-level summary of the final rule.

## 8.3 Innovation Policies

The Office of Innovation (OI) administers the Bureau’s three innovation policies—the No-Action Letter (NAL) Policy, the Compliance Assistance Sandbox (CAS) Policy, and the Trial Disclosure Program (TDP) Policy<sup>101</sup>—which are intended to reduce regulatory uncertainty by providing a range of legal protections to entities who successfully apply under the policies.<sup>102</sup> In 2020, OI granted one application under these policies that is related to the FDCPA.

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<sup>98</sup> On February 4, 2021, the Bureau’s Acting Director directed staff to “explore options for preserving the status quo with respect to ... the debt collection rules.” Bureau of Consumer Fin. Prot., *The Bureau is working hard to address housing insecurity, promote racial equity, and protect small businesses’ access to credit*, available at <https://www.consumerfinance.gov/about-us/blog/the-bureau-is-working-hard-to-address-housing-insecurity-promote-racial-equity-and-protect-small-businesses-access-to-credit/>.

<sup>99</sup> Bureau of Consumer Fin. Prot., *Debt Collection Rule – Compliance Resources*, available at <https://www.consumerfinance.gov/compliance/compliance-resources/other-applicable-requirements/debt-collection/>.

<sup>100</sup> Bureau of Consumer Fin. Prot., *Executive Summary of the October 2020 Debt Collection Final Rule (October 2020)*, available at [https://files.consumerfinance.gov/f/documents/cfpb\\_october\\_2020\\_debt\\_collection\\_executive\\_summary.pdf](https://files.consumerfinance.gov/f/documents/cfpb_october_2020_debt_collection_executive_summary.pdf); Bureau of Consumer Fin. Prot., *Executive Summary of the December 2020 Debt Collection Final Rule (December 2020)*, available at [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).

<sup>101</sup> Bureau of Consumer Fin. Prot., *Policy on No-Action Letters*, (September 2019), available at [https://files.consumerfinance.gov/f/documents/cfpb\\_final-policy-0n-no-action-letters.pdf](https://files.consumerfinance.gov/f/documents/cfpb_final-policy-0n-no-action-letters.pdf); Bureau of Consumer Fin. Prot., *Policy on the Compliance Assistance Sandbox*, (September 2019), available at [https://files.consumerfinance.gov/f/documents/cfpb\\_final-policy-on-cas.pdf](https://files.consumerfinance.gov/f/documents/cfpb_final-policy-on-cas.pdf); Bureau of Consumer Fin. Prot., *Policy to Encourage Trial Disclosure Programs* (September 2019), available at [https://files.consumerfinance.gov/f/documents/cfpb\\_final-policy-to-encourage-tdp.pdf](https://files.consumerfinance.gov/f/documents/cfpb_final-policy-to-encourage-tdp.pdf).

<sup>102</sup> No-Action Letters available under the NAL Policy provide a Bureau commitment not to bring a supervisory or enforcement action against the recipient for engaging in the conduct within the scope of the letter. Approvals available under the CAS Policy provide the recipient with a statutorily described safe harbor (under the Truth in Lending Act, the Electronic Fund Transfer Act, and the Equal Credit Opportunity Act) for conduct in good faith compliance with the terms of the approval. Similarly, waivers provided under the TDP Policy provide the recipient with a safe harbor from liability in accordance with the terms of Section 1032(e) of the Dodd-Frank Act.

Submitted by Brace Software, Inc. (Brace), the application requested a No-Action Letter “Template”<sup>103</sup> that could serve as the basis for follow-on NAL applications by mortgage servicers intending to use Brace’s digital loss mitigation solution (the Brace Platform) to process borrowers’ loss mitigation applications.<sup>104</sup> NALs based on the Template would provide recipients with increased regulatory certainty through a Bureau commitment not to bring a supervisory or enforcement action against them for engaging in the conduct within the scope of the letter.

The Brace NAL Template anticipates that follow-on NALs will cover the application of section 805(c) of the FDCPA<sup>105</sup> to mortgage servicers’ use of the Brace Platform as described in the Template. Relevant to the FDCPA, that described use requires servicer-applicants to process and give effect to cease communication requests (i.e., by not communicating further with the borrower with respect to such debt, except under the circumstances outlined in 15 U.S.C. 1692c(c)) received both on the Brace Platform and in writing.

## 8.4 Market monitoring and outreach

The Bureau continues to monitor the debt collection industry and engage key debt collection stakeholders to improve its understanding of the market and to develop informed policies that will protect consumers without imposing unnecessary costs.

Because of the pandemic, most in-person industry conferences were cancelled throughout 2020. Therefore, in 2020, Bureau staff spoke at virtual regional and national debt collection industry events. The Bureau also held conference calls with consumer advocates, industry groups, vendors, the Bureau’s Consumer Advisory Board, and government officials to better understand consumers’ experiences with debt collection as well as how the market and industry function.

In addition, the Bureau held conference calls with market participants and consumer advocates to inform the Bureau as part of the rulemaking and rule implementation process.

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<sup>103</sup> “Template” applications can be used by service providers who may not be directly covered by a relevant enumerated statute. A template approval is not legally binding, but it is intended to provide the foundation for expedited first-party applications by one or more of the service provider’s clients that is so regulated.

<sup>104</sup> Bureau of Consumer Fin. Prot., Brace Software Inc.’s Application for a No-Action Letter Template, (May 2020), available at [https://files.consumerfinance.gov/f/documents/cfpb\\_brace\\_no-action-letter-request.pdf](https://files.consumerfinance.gov/f/documents/cfpb_brace_no-action-letter-request.pdf); Bureau of Consumer Fin. Prot., Brace Software Inc.’s No-Action Letter Template, (May 2020), available at [https://files.consumerfinance.gov/f/documents/cfpb\\_brace\\_no-action-letter.pdf](https://files.consumerfinance.gov/f/documents/cfpb_brace_no-action-letter.pdf).

<sup>105</sup> 15 U.S.C. 1692c(c).

The results of this outreach have provided Bureau staff with detailed information related to the potential impacts of the proposed and final rules. This information has helped inform both the Bureau's rulemaking, as well as its rule implementation and guidance efforts.

In March 2020, the Bureau hosted a day-long convening called Evolutions in Consumer Debt Relief. It was an open discussion for creditors, consumer advocates, bankruptcy experts, and providers from credit counseling and debt settlement services about the current state of debt relief. The event explored options for consumers facing unmanageable unsecured debt and limited credit options.<sup>106</sup>

The Bureau released a report examining recent trends in debt settlement and credit counseling. Using the Bureau's CCP, this report shows that nearly one in thirteen consumers with a credit record had at least one account reported by the creditor as settled or with payments managed by a credit counseling agency from 2007 through 2019. The report also shows debt settlements rose dramatically during the Great Recession to a peak of \$11.4 billion.<sup>107</sup>

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<sup>106</sup> Bureau of Consumer Fin. Prot., Evolutions in Consumer Debt Relief (March 10, 2020), *available at* <https://www.consumerfinance.gov/about-us/events/archive-past-events/evolutions-in-consumer-debt-relief-event/>.

<sup>107</sup> Bureau of Consumer Fin. Prot., Quarterly Consumer Credit Trends: Recent Trends in Debt Settlement and Credit Counseling (July 10, 2020), *available at* <https://www.consumerfinance.gov/data-research/research-reports/quarterly-consumer-credit-trends-debt-settlement-credit-counseling/>.

## 9. Appendix A

### 9.1 CFPB Debt Collection Information 2020

Consumer information	Page views or downloads in English	Page views or downloads in Spanish	Print distribution in English	Print distribution in Spanish
<a href="#">All Ask CFPB debt collection questions</a>	1,861,607	220,356		
<a href="#">How to negotiate a settlement with a debt collector</a>	702,399	2,050		
<a href="#">What should I do when a debt collector contacts me? Sample letters</a>	282,777	310		
<a href="#">What should I do if a creditor or debt collector sues me?</a>	42,050	4,218		
<a href="#">My debt is several years old. Can debt collectors still collect?</a>	27,364	1,902		
<a href="#">Can I be responsible to pay off the debts of my deceased spouse?</a>	89,838	2,037		
<a href="#">Are there laws that limit what debt collectors can say or do?</a>	62,283	428		
<a href="#">Know Your Rights When a Debt Collector Calls</a> (also available as audio file in English and Spanish)	1,776	414	122,187	59,413
<a href="#">Behind on bills?</a>	41		65,139	12,626
<a href="#">Behind on bills? (correctional facilities edition)</a>			7,310	1,930
Planning to become debt free?  (also available as audio file in English and Spanish)	2,016	534	107,845	71,553
<a href="#">Debt getting in your way? Get a handle on it.</a>			54,053	
<a href="#">Debt getting in your way? Get a handle on it. (correctional facilities edition)</a>	40		4,790	
<a href="#">Servicemembers: Know your rights when a debt collector calls</a>	307		2,125	

## Consumer blog posts

- [Coronavirus and dealing with debt: Tips to help ease the impact](#)
- [Alphabet soup: The ABCs of military consumer protection](#)
- [CFPB's clear rules of the road for debt collector communications lead to stronger consumer rights](#)
- [How can a debt collector contact you? Our new rule will help clarify.](#)

# 10. Appendix B

## 10.1 FTC Debt Collection Information 2020

### 2020 Debt Collection Information

<b>Consumer information</b>	<b>Page views or downloads in English</b>	<b>Page views or downloads in Spanish</b>	<b>Print distribution in English</b>	<b>Print distribution in Spanish</b>
<a href="#">Debt Collection FAQ</a>	206,179	1,037	68,350	8,975
<a href="#">Debt Collectors (Fotonovela)</a>				15,755
<a href="#">Debts and Deceased Relatives</a>	49,834	111,967		
<a href="#">Fake Debt Collectors</a>	62,160	68,312		
<a href="#">Fake and Abusive Debt Collectors</a>	12,043	457		
<a href="#">Garnishing Federal Benefits</a>	40,191	2,426		
<a href="#">Identity Theft Letter to a Debt Collector</a>	6,006	207		
<a href="#">Managing Debt: What to Do</a>	4,152	12,563	36,000	6,500
<a href="#">Settling Credit Card Debt</a>	121,204	45,184		
<a href="#">Time-Barred Debts</a>	64,751	90,187		

<b>Video Consumer Information</b>	<b>Page views or downloads in English</b>	<b>Page views or downloads in Spanish</b>	<b>Print distribution in English</b>	<b>Print distribution in Spanish</b>
<a href="#">Fraud Affects Every Community: Debt Collection</a>	346			
<a href="#">Debt Collection: Know Your Rights</a>	3,860	2,590		

<b>Business Information</b>	<b>Page views or downloads in English</b>	<b>Page views or downloads in Spanish</b>	<b>Print distribution in English</b>	<b>Print distribution in Spanish</b>
Article: <a href="#">The Fair Debt Collection Practices Act</a>	7,915			
Video: <a href="#">Debt Collection</a>	2,806	177		

## 2020 Consumer Blog Posts

- [Debt collectors: Mind the “No Parking” signs on credit reports](#)
- [Have you gotten a collection call about a debt you don’t recognize?](#)
- [Dealing with debt collectors during the pandemic](#)

## 2020 Business Blog Posts

- [Setting the debt parking brake](#)
- [Operation Corrupt Collector cracks down on illegal debt collection tactics](#)