



Federal Trade Commission Protecting America's Consumers

July 17, 2013

FTC Testifies before Senate Banking, Housing, and Urban Affairs Subcommittee on Debt Collection and the Fair Debt Collection Practices Act

The Federal Trade Commission told a U.S. Senate subcommittee that it continues to crack down on unlawful debt collection practices through an active program of vigorous law enforcement, education and public outreach, and research and policy initiatives.

Testifying on behalf of the FTC before the Senate Committee on Banking, Housing, and Urban Affairs, Subcommittee on Financial Institutions and Consumer Protection, James Reilly Dolan, Acting Associate Director for the FTC's Division of Financial Practices, said that challenging unlawful debt collection practices continues to be one of the FTC's highest priorities. Dolan noted that the FTC receives more complaints about debt collection than any other single industry, and that while lawful debt collection helps keep credit more readily available and affordable, unlawful debt collection victimizes consumers and places law-abiding collectors at an unfair competitive disadvantage.

The testimony highlighted some of the FTC's recent work to ensure that debt collectors comply with the Fair Debt Collection Practices Act ("FDCPA") and FTC Act. It noted that since January 1, 2013, the FTC has brought 15 enforcement actions against debt collectors and obtained more than \$56 million in judgments, and has engaged in a number of education, outreach, research, and policy initiatives. The cases included a settlement filed last week with Expert Global Solutions, Inc., commonly known as NCO, in which the defendants agreed to pay a \$3.2 million civil penalty, the largest civil penalty the agency has obtained in a case alleging violations of the FDCPA.

The testimony also described enforcement actions in which the FTC has halted companies' exceptionally egregious collection tactics. In many of these cases, the FTC has sought and obtained strong preliminary relief, such as temporary restraining orders, asset freezes, and appointment of receivers. For instance, the FTC has focused on shutting down so-called "phantom" debt collectors, which engage in wholesale fraud by attempting to collect on debts that either do not exist or are not owed to the phantom debt collectors.

The testimony also described some of the FTC's research and policy initiatives concerning debt collection, including a [July 2010 report](#) that concluded that the system for resolving consumer debt collection disputes is broken, and a [January 2013 report](#) examining the results of the first empirical study of debt buyers. That report found there was room for improvement in the information debt buyers have when they contact consumers and try to collect on debts.

In addition, the testimony noted the FTC's collaboration with the Consumer Financial Protection Bureau ("CFPB") on debt collection issues, and coordination on enforcement. For example, in June 2013, the two agencies co-hosted a workshop about how consumer information is handled in the debt collection process.

The Commission vote approving the testimony and its inclusion in the formal record was 4-0.

The Federal Trade Commission works for consumers to prevent fraudulent, deceptive, and unfair business practices and to provide information to help spot, stop, and avoid them. To file a complaint in English or Spanish, visit the FTC's online [Complaint Assistant](#) or call 1-877-FTC-HELP (1-877-382-4357). The FTC enters complaints into Consumer Sentinel, a secure, online database available to more than 2,000 civil and criminal law enforcement agencies in the U.S. and abroad. The FTC's website provides [free information on a variety of consumer topics](#). Like the FTC on [Facebook](#), follow us on [Twitter](#), and [subscribe to press releases](#) for the latest FTC news and resources.

MEDIA CONTACT:

Betsy Lordan
Office of Public Affairs
202-326-3707

STAFF CONTACT:

Colin Hector
Bureau of Consumer Protection
202-326-3224

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Related Items:

Prepared Statement of the Federal Trade Commission On Shining A Light on the Consumer Debt Industry, Presented By James Reilly Dolan, Acting Associate Director of the Division of Financial Practices, Bureau of Consumer Protection, Before the Subcommittee on Financial Institutions and Consumer Protection of the Committee on Banking, Housing, and Urban Affairs, United States Senate (July 17, 2013).

- [Text of the Commission Testimony](#)

Last Modified: Wednesday, July 17, 2013