



NEW YORK STATE SENATOR

Kenneth P. LaValle

Senator Ken LaValle: NY making additional efforts to protect consumers from fraudulent and abusive debt collectors

KENNETH P. LAVALLE December 5, 2014

| ISSUE: **CONSUMER PROTECTION**

December 5, 2014 -Senator Ken LaValle announced that New York State will begin implementing new regulations to protect consumers. During this year alone, more than 20,000 complaints on debt collection providers were made across the state. The complaints ranged from complaints of harassment, aggressive phone calls to collect a debt, attempts to collect an incorrect amount and calls contacting the incorrect person.

Senator LaValle said, “We need to better protect responsible borrowers and stop unscrupulous debt collectors. The new rules and regulations will provide the necessary tools to help stop illegitimate debt collection practices.”

In an effort to guard against fraudulent and abusive debt collectors, the state will be implementing new reforms that will provide consumers with information to avoid paying fraudulent collectors what they don't owe.

New regulations adopted by New York include the following reforms:

- **Improved Disclosures and Debt Information**

The regulation requires initial disclosures when a new debt collector first contacts an alleged debtor. The disclosure must provide general information on the rights of debtors, the debts being charged, and specific information about the debt the collector is attempting to obtain.

- **Protections Against Collection of “Zombie Debts”**

If a collector attempts to collect on a debt that exceeded its expiration date, before accepting the debtor’s payment, the collector must provide notice that they believe the debt has expired.

- **“Substantiation” of the Debt Allegedly Owed**

These regulations establish protections that require a debt collector to “substantiate” that a debt is actually owed in response to a debtor’s oral or written dispute of a debt at any point in the collections process.

- **Written Confirmation of Settlement Agreements**

To ensure that creditors honor settlement agreements reached, consumers will now receive written confirmation of any debt settlement agreement. Consumers will also receive written confirmation once a debt is satisfied.

- **Opportunity for Email Contact**

Consumers will have the right and option to communicate with collectors via their personal email if they so choose, rather than interact with collectors over the phone, reducing the possibility of harassment.

The new regulations will take effect on March 3, 2015, with the exception of two regulations, which take effect on Aug. 30, 2015. Complete new regulation adoptions are located at:

<http://www.dfs.ny.gov/legal/regulations/adoptions/dfs23t.pdf>

Consumers who believe that they have been the victims of debt collection efforts that violate the new regulations and/or the state or federal Fair Debt Collection Practices Act are encouraged to file a complaint with the Department of Financial Services at (800) 342-3736 or online at <http://www.dfs.ny.gov/consumer/fileacomplaint.htm>.

For additional information about debt collection, and what to do if a debt collector is engaging in improper or abusive collection tactics, visit the NY state Department of Financial Services web page:

<http://www.dfs.ny.gov/consumer/debt-collect.htm>

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