

THE CHALLENGE

Marcus discovered an incorrect debt of \$3,500 on his credit report—a medical bill from a hospital he never visited. A debt collector has been calling him at 11 PM demanding payment. When he applied for an apartment, he was denied without explanation.

What laws protect Marcus in this situation, and what steps can he take to resolve these issues?

Learning Objectives

- Identify the major consumer credit protection laws and the rights they provide.
- Apply appropriate laws to real-world consumer credit scenarios.
- Understand how to exercise your rights when dealing with creditors and credit bureaus.

CORE CONCEPTS

Law	Key Protection
Truth in Lending Act (TILA)	Requires lenders to disclose APR, terms, and total costs before you sign.
Fair Credit Reporting Act (FCRA)	Gives you the right to free annual credit reports and to dispute errors.
Equal Credit Opportunity Act (ECOA)	Prohibits discrimination based on race, gender, age, religion, or marital status.
Fair Debt Collection Practices Act (FDCPA)	Prohibits harassment, late-night calls, and deceptive practices by debt collectors.
Credit CARD Act	Requires 45-day notice of rate increases and restricts fees on credit cards.

Background: Consumer credit laws exist because of historical abuses—lenders hiding true costs, credit bureaus reporting inaccurate information, and debt collectors using harassment. These laws establish your **rights as a borrower** and set rules that lenders must follow. Knowing these protections helps you identify when your rights are being violated and take appropriate action. From disputing errors on your credit report to stopping harassing debt collection calls, these laws give you real power.

APPLY IT

PART A: LAW APPLICATION SCENARIOS

For each scenario, identify the law that provides protection and explain what rights the consumer has.

Scenario 1: Hidden Loan Costs

Javier signed a car loan agreement. Three months later, he discovered there was a \$500 documentation fee that was never disclosed to him before signing.

Law that applies: _____

Consumer's rights: _____

Scenario 2: Credit Denial

Sophia, who has excellent credit, was denied a credit card. When she asked why, she was told "we don't give cards to single women." The representative refused to provide any other explanation.

Law that applies: _____

Consumer's rights: _____

Scenario 3: Aggressive Collector

Lena owes \$800 on a medical bill. A debt collector calls her cell phone 5 times a day, including at 10:30 PM. They threatened to tell her employer about the debt.

Law that applies: _____

Consumer's rights: _____

Hint: TILA = disclosure, FCRA = credit reports, ECOA = discrimination, FDCPA = debt collectors, CARD Act = credit card practices.

PART B: CONSUMER RIGHTS MATCHING

Match each consumer right with the law that provides it.

4. Free annual credit report from each bureau: _____
5. 45-day advance notice before credit card rate increase: _____
6. Right to know APR before signing loan documents: _____
7. Protection from lending discrimination based on age: _____

PART C: TAKING ACTION

8. You find an error on your credit report. List the THREE steps you should take to dispute it.

9. Where can consumers file complaints about credit law violations? Name TWO agencies.

CHECK YOUR UNDERSTANDING

1. Which law requires lenders to disclose the Annual Percentage Rate (APR) before you borrow?

- ☐ A. Fair Credit Reporting Act
- ☐ B. Truth in Lending Act
- ☐ C. Equal Credit Opportunity Act
- ☐ D. Credit CARD Act

2. Explain why the Fair Debt Collection Practices Act was needed. What abuses did it address?

3. Under the FCRA, how long does a credit bureau have to investigate your dispute after you file it?

4. Marcus (from The Challenge) faces three issues: incorrect debt on his report, late-night collection calls, and denial without explanation. Name the law that helps with each issue.

5. **Reflection:** Why do you think consumer credit protection laws are necessary? What might happen without them? How do these laws change your approach to borrowing?
