

CONSUMER FINANCIAL PROTECTION BUREAU | SEPTEMBER 2024

Fair Debt Collection Practices Act

CFPB Annual Report 2024



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1. Introduction and spotlight on medical and rental debt

The Consumer Financial Protection Act (CFPA) requires the Consumer Financial Protection Bureau (CFPB), as the primary federal regulator of the consumer debt collection industry, to report annually on the CFPB’s activities to administer the Fair Debt Collection Practices Act (FDCPA) and enables the CFPB to obtain the views of other agencies that enforce the FDCPA.¹ This report provides background on the debt collection market and summarizes activities by the CFPB and other federal agencies relating to debt collection.

This introductory section of the report focuses on medical and rental bills, and the related debt collection ecosystem. Medical debt was a primary focus of the CFPB’s 2023 Fair Debt Collection Practices Act Annual Report.² That report highlighted issues raised by consumer complaints and market monitoring regarding medical debt collection, including where the medical bill was not owed by the consumer or where the amount being collected was inaccurate.³ The report described how attempts to collect these inaccurate medical debts may violate the FDCPA, its implementing regulation (Regulation F), and the CFPA’s prohibition on unfair, deceptive, or abusive acts or practices.

Since publishing last year’s report, the CFPB has continued to work on issues relating to medical debt. For example, in June 2024, the CFPB released a notice of proposed rulemaking to remove a regulatory exception that broadly permits lenders to obtain and use information about medical debt for credit eligibility determinations.⁴ The CFPB has also taken action against medical debt

¹ 15 U.S.C. § 1692m.

² CFPB, “Fair Debt Collection Practices Act CFPB Annual Report 2023” (Nov. 2023), available at <https://www.consumerfinance.gov/data-research/research-reports/fair-debt-collection-practices-act-cfpb-annual-report-2023>.

³ CFPB, “Fair Debt Collection Practices Act CFPB Annual Report 2023” (Nov. 2023), at 3-4, available at https://www.consumerfinance.gov/data-research/research-reports/fair-debt-collection-practices-act-cfpb-annual-report-2023.

⁴ 89 Fed. Reg. 51682 (June 2024), available at <https://www.consumerfinance.gov/about-us/newsroom/cfpb-proposes-to-ban-medical-bills-from-credit-reports/#:~:text=The%20proposal%20would%20stop%20credit.and%20coercive%20credit%20reporting%20practices>. Numerous states have enacted similar rules to prohibit the furnishing or reporting of medical bills. See Connecticut S.B. No. 395 (2024) (“to prohibit the reporting of medical debt to credit rating agencies); Colorado H.B. 23-1126 (2023) (“prohibiting the reporting of medical debt information by consumer reporting agencies”); New Jersey, *Louisa Carman Medical Debt Relief Act*, A.B. 3861 (2024) (“a medical creditor or medical debt collector shall not report a patient’s medical debt to any consumer reporting agency”); New York S.B. 2023-S4907A (“prohibits medical debt from being collected by a consumer reporting agency or included in a consumer report”); Virginia H.B. 1370 (2024) (“prohibits certain health care facilities... from reporting any portion of a medical debt”); Rhode Island S.B. 2709A (2024); Illinois S.B. 2933 (2024); Minnesota, *Minnesota Debt Fairness Act*, S.F. 4097 (2024).

collectors for illegal debt collection practices.⁵ Additionally, the CFPB has released more research indicating the continued impact of medical debt on consumer credit reports notwithstanding Equifax, Experian, and TransUnion removing many medical debt collections tradelines in April 2023. As of June 2023, 15 million Americans still had medical bills on their credit reports, a 14% decrease from March 2022.⁶

Following up on last year's analysis, this year's report describes additional trends in complaints about the collection of medical bills. For example, this year's report highlights consumer complaints regarding the collection of allegedly owed medical bills that consumers indicate have actually already been satisfied by the financial assistance programs that non-profit hospitals are required by federal law to have. This year's report also focuses on the collection of rental-housing debt.

One of the trends in both the medical and rental debt collection complaints is the increased financialization of these markets – in particular through new or increased offering of financial products and services to consumers related to healthcare or rental-housing. Specifically, this report notes that when non-profit hospitals partner with financial institutions in the offering of medical payment products, the hospitals get compensated for bills when patients are enrolled in products that are collected on via practices that would be prohibited by IRS regulations if engaged in by the hospitals themselves. Further, in the rental-housing market, this report describes debt collection issues related to the growing offering of financial products or services to landlords and property management companies. For instance, this report explains that law enforcement officials in several states as well as individual renters have alleged that rapid increases in rent have been driven by illegal price-fixing by revenue cycle management companies. These allegations suggest that many rental debt collectors are collecting allegedly unpaid rental bills in the wrong amount.

1.1 Medical debt

In 2023, the CFPB sent more than 68,000 debt collection complaints to companies for review and response. Around 7,400 (11 percent) of these complaints were about attempts to collect a

⁵ Commonwealth Financial Systems, Inc., No. 2023-CFPB-0018 (Filed Dec. 2023), available at <https://www.consumerfinance.gov/about-us/newsroom/cfpb-shuts-down-commonwealth-financial-systems-for-illegal-debt-collection-practices/>; and Phoenix Financial Services, LLC, No. 2023-CFPB-0004 (Filed June 2023), available at <https://www.consumerfinance.gov/about-us/newsroom/cfpb-takes-action-against-phoenix-financial-services-for-illegal-medical-debt-collection-and-credit-reporting-practices/>.

⁶ Zachary Blizzard and Ryan Sandler, "Recent Changes in Medical Collections on Consumer Credit Records" (Apr. 2024), available at <https://www.consumerfinance.gov/about-us/newsroom/cfpb-finds-15-million-americans-have-medical-bills-on-their-credit-reports/>.

medical bill. As described below, many of the trends noted in last year’s FDCPA report persisted throughout 2023, and the CFPB has continued to analyze these trends to determine more specific patterns.

As was noted in last year’s FDCPA report and continues to be the case, many companies responded to medical debt collection complaints by closing the account, removing the collections tradeline from credit reporting, or returning the account to their original client. That so many debt collectors close accounts or return them to their clients without any follow-up questions whenever a consumer disputes a debt suggests that many collectors may lack confidence in the information in their possession and therefore may be collecting on bills that are not actually owed or are the wrong amount.

1.1.1 Medical debt not owed

As in previous years, more than half of the complaints about medical debt collection that the CFPB sent to companies in 2023 were about attempts to collect debt not owed. Last year’s FDCPA report highlighted some common reasons why such medical debts may not be owed or may be collected in the wrong amount. Common trends among consumer complaint narratives noted in last year’s report include medical bills that have been paid or should have been paid by another person or entity (including insurance), collection attempts long after services were provided (and that consumers believed should not be collected), and debt that appeared on consumer credit reports despite consumers having no prior knowledge of it. Complaints received by the CFPB show that these trends have remained prevalent. As explained at length in last year’s FDCPA report, attempting to collect debts that are not owed may violate the FDCPA, its implementing regulation (Regulation F), and the CFPB’s prohibition on unfair, deceptive, or abusive acts or practices.

1.1.2 Information quality

Similarly, last year’s report noted that many consumers complained to the CFPB about the quality of information in medical debt collection, and this remained a prevalent issue in 2023. In particular, the CFPB’s continued analysis of these consumer complaints has found many consumer complaints noting difficulties navigating between healthcare providers, insurance, and debt collectors that fail to communicate with each other. In many instances, the healthcare provider and the debt collector provide the consumer with different and sometimes conflicting information regarding the status of the consumer’s account. Sometimes the amount being collected appears to change significantly and for no apparent reason. Consumers also complain that debt collectors continue to collect on and report to the credit bureaus medical bills even after the consumer has shown that they do not owe the amount. As one consumer described:

“My dentist’s office and I tried on several occasions to get this loan cancelled because the information was incorrect and the account was no longer needed. We were continuously told the account was cancelled. Then several months later I found out the account was placed in collections and they wouldn’t be able to help me. I haven’t been able to get any help since.”⁷

Additionally, as previously documented by the CFPB, receiving too little information in written notifications about a debt is common in complaints about medical debt.⁸ Consumers often complain of notices being vague and not having sufficient information to identify the account in question.

1.1.3 Financial Assistance

Based on the CFPB’s continued analysis of medical debt collection complaints, the CFPB has received many complaints from consumers being pursued for debts the consumer alleges have been fully or partially paid through hospital financial assistance. The CFPB has previously reported on financial assistance that non-profit hospitals are required to provide, its funding, who is eligible, and its likely beneficiaries.⁹

More than half of the community hospitals in the United States operate as nonprofit organizations.¹⁰ To maintain their tax-exempt status, non-profit hospitals are required under federal law to offer financial assistance, or “charity care,” to patients who may otherwise not be able to afford medical care.¹¹ The criteria for a patient to receive financial assistance are largely determined by hospital “financial assistance policies,” with minimum requirements set by IRS rules as well as state laws. Financial assistance may cover all or a portion of a consumer’s medical debt.

⁷ Consumer Complaint 8039895, available at <https://www.consumerfinance.gov/data-research/consumer-complaints/search/detail/8039895>.

⁸ See, e.g., CFPB, “Complaint Bulletin: Medical billing and collection issues described in consumer complaints” (Apr. 2022), available at https://files.consumerfinance.gov/f/documents/cfpb_complaint-bulletin-medical-billing_report_2022-04.pdf.

⁹ Octavian Carare, Susan Singer, and Eric Wilson, “Understanding Required Financial Assistance in Medical Care” (July 2022), available at <https://www.consumerfinance.gov/data-research/research-reports/understanding-required-financial-assistance-in-medical-care/>.

¹⁰ American Hospital Association, “Fast Facts on U.S. Hospitals, 2024,” available at <https://www.aha.org/statistics/fast-facts-us-hospitals> (last visited July 29, 2024).

¹¹ 26 CFR § 1.501(r)-4.

The CFPB has received many complaints about attempts to collect on medical debts that have already been paid through hospital financial assistance.¹² In most cases, consumers apply for financial assistance with a hospital soon after receiving treatment and before receiving notice from a debt collector. Consumers state that they have received full or partial coverage through hospital financial assistance and are surprised to find out the debt is in collections. As one consumer described:

“I used to have a medical bill [with a hospital]. I filed for some bill assistance program with the hospital and my bill was overlooked and forgiven. [A debt collector then] contacted me in regard to this bill and I was confused, I thought the hospital was messing or joking with me.”¹³

Another consumer stated:

“I had a medical bill back in 2020. I paid part of the bill but requested for assistance. I received [financial assistance to] pay off my debt. Didn’t know all the debt was not paid and the rest sent to collections. Saw collections company on my credit report today.”¹⁴

In attempting to resolve these debts, many consumers again describe poor communication and information-sharing between the debt collector and the hospital, with the former often claiming to be unaware that the consumer has received financial assistance and the latter often reaffirming to consumers that their obligations have been fully or partially covered with charity care. In many cases, the burden falls on the consumer to prove that they do not owe the debt, and consumers are forced to navigate between these competing and conflicting sources of information. As one consumer described:

“I had [a] minor [medical procedure]. Due to my monthly finances, [the hospital] waived all my finances. I received a letter indicating the same. [The hospital] advised me to tell that to [the debt collector], however, [the debt collector] chooses to STILL call me more. It has been ridiculous! I told them to obtain the information from the hospital, although my word should have been sufficient. Further, to make matters worse, they have placed this on

¹² The CFPB has noted receiving complaints on this issue previously. See CFPB, “Complaint Bulletin: Medical billing and collection issues described in consumer complaints” (Apr. 2022), available at <https://www.consumerfinance.gov/data-research/research-reports/complaint-bulletin-medical-billing-and-collection-issues-described-in-consumer-complaints/>. Further, many consumers who have complained about medical debt collection for debts that have been covered by hospital financial assistance only listed the name of the hospital and not the debt collector. As such, many of these complaints have been referred to other regulators.

¹³ Consumer Complaint 3827190, available at <https://www.consumerfinance.gov/data-research/consumer-complaints/search/detail/3827190>.

¹⁴ Consumer Complaint 5958847, available at <https://www.consumerfinance.gov/data-research/consumer-complaints/search/detail/5958847>.

*my credit report... I recently emailed the billing dept at [the hospital] and they reconfirmed this billing matter is waived and I have [no] balance with them due to financial assistance... THEY NEED TO REMOVE THIS INFORMATION FROM MY CREDIT REPORT AS SOON AS POSSIBLE!"*¹⁵

Another consumer reported:

*"I was a patient at [a hospital] and was then filing for [financial assistance] and was accepted. I even had a patient advocate call on my behalf, the hospital said it was under charity care and didn't need to be dealt with. A few months later the collection notices showed. They didn't give me a chance to discuss or settle it in any way. Secondly, the collection agency didn't validate the actual claim."*¹⁶

Consumers have reported broad-reaching and negative impacts of debts that have already been covered by financial assistance being referred to collections. For example, consumers have reported significant drops in their credit scores due to allegedly inaccurate reporting.¹⁷ Other consumers have stated that they have been denied credit due to similarly inaccurate reporting.¹⁸ Some complaints cite the psychological toll of collections, noting how exhausting it is to be constantly fielding calls from debt collectors for a debt that has already been paid.¹⁹ And consumers have reported that debt collectors have threatened to sue for collection of such debts.²⁰

In addition to these complaints about debts that have already been covered by financial assistance, the CFPB continues to hear reports that many medical bills from low-income consumers do not get addressed by hospital financial assistance in the first place. For instance, the CFPB continues to hear reports that many medical bills do not get addressed by hospital financial assistance because non-profit hospitals have requirements in their financial assistance policies that arbitrarily deny assistance to patients who would otherwise be eligible for such aid.

¹⁵ Consumer Complaint 8850258, available at <https://www.consumerfinance.gov/data-research/consumer-complaints/search/detail/8850258>.

¹⁶ Consumer Complaint 6484739, available at <https://www.consumerfinance.gov/data-research/consumer-complaints/search/detail/6484739>.

¹⁷ Consumer Complaint 5120871, available at <https://www.consumerfinance.gov/data-research/consumer-complaints/search/detail/5120871>.

¹⁸ Consumer Complaint 5322461, available at <https://www.consumerfinance.gov/data-research/consumer-complaints/search/detail/5322461>.

¹⁹ Consumer Complaint 6496479, available at <https://www.consumerfinance.gov/data-research/consumer-complaints/search/detail/6496479>; Consumer Complaint 6270471, available at <https://www.consumerfinance.gov/data-research/consumer-complaints/search/detail/6270472>.

²⁰ Consumer Complaint 6818332, available at <https://www.consumerfinance.gov/data-research/consumer-complaints/search/detail/6818332>.

For example, many hospitals place restrictions so that patients are ineligible if they don't have a large enough medical bill, if they have insurance, if they have already paid, if they have signed up for a medical credit card, or if they're not a resident of the area where they happen to have received emergency care.

The reports that the CFPB has received about medical bills that do not get addressed by hospital financial assistance are supported by academic research and other sources. One study estimated that non-profit hospitals' tax exemptions were worth \$28 billion in 2020,²¹ and yet 77 percent of non-profit hospitals spent less on charity care and community investment than the value of their tax exemption.²² Law enforcement officials,²³ policymakers,²⁴ auditors,²⁵ and consumer advocates²⁶ have all also raised substantial concerns that consumers who should be eligible for free or reduced cost care are not receiving it.

1.1.4 Medical Payment Products

The CFPB continues to work with our interagency partners following up on the joint request for information regarding medical payment products,²⁷ which are one example of financialization in

²¹ KFF, “The Estimated Value of Tax Exemption for Nonprofit Hospitals Was About \$28 Billion in 2020” (Mar. 2023), available at <https://www.kff.org/health-costs/issue-brief/the-estimated-value-of-tax-exemption-for-nonprofit-hospitals-was-about-28-billion-in-2020/>.

²² Lown Institute, “Fair Share Spending” (2024), available at <https://lownhospitalsindex.org/hospital-fair-share-spending-2024/>. Hospital financial assistance is one component of hospital community investment. Other components include community benefit spending and other uncompensated care. This data also includes both state and federal tax benefits.

²³ See, e.g., Washington State, Office of the Attorney General, “AG Ferguson: Providence must provide \$157.8 million in refunds and debt relief for unlawful medical charges to low-income Washingtonians,” (Feb. 2024), available at <https://www.atg.wa.gov/news/news-releases/ag-ferguson-providence-must-provide-1578-million-refunds-and-debt-relief> (citing Providence, one of the nation’s largest health care systems, for charging low-income Washingtonians \$157.8 million despite knowing they qualified for free or reduced care).

²⁴ See “Senator Warren, Bipartisan Group of Senators Urge Treasury, IRS to Investigate Potential Abuse of Tax-Exempt Status by Nonprofit Hospitals to Restrict Care and Overcharge Patients,” (Aug. 2023), available at <https://www.warren.senate.gov/oversight/letters/senator-warren-bipartisan-group-of-senators-urge-treasury-irs-to-investigate-potential-abuse-of-tax-exempt-status-by-nonprofit-hospitals-to-restrict-care-and-overcharge-patients>.

²⁵ GAO, “TAX ADMINISTRATION: IRS Oversight of Hospitals’ Tax-Exempt Status, Testimony Before the Subcommittee on Oversight, Committee on Ways and Means, House of Representatives,” Statement of Jessica Lucas-Judy (Apr. 2023), available at <https://www.gao.gov/assets/gao-23-106777.pdf>.

²⁶ See, e.g., Dollar For, “Bridging the Chasm: Closing the \$14 Billion Access Gap In Charity Care” (May 2024), available at <https://dollarfor.org/bridging-the-chasm/>; Andrea Bopp Stark, Jenifer Bosco, and Berneta Haynes, “An Ounce of Prevention, A Review of Hospital Financial Assistance Policies in the States,” NCLC (Aug. 2023), available at https://www.nclc.org/wp-content/uploads/2023/08/202310_Report_An-Ounce-of-Prevention.pdf; Dollar For, “The Path to Charity Care: Exploring the Journey & Roadblocks to Financial Assistance for Medical Bills,” (2024), available at <https://dollarfor.org/the-path-to-charity-care/>.

²⁷ CFPB et al., “Request for Information Regarding Medical Payment Products,” 88 Fed. Reg. 44281 (July 2023), available at <https://www.federalregister.gov/documents/2023/07/12/2023-14726/request-for-information-regarding-medical-payment-products>.

the healthcare sector (i.e., the infusion of financial products or services into the market). The CFPB continues to receive a variety of complaints about medical payment products, which are offered to consumers by some non-profit hospitals as well as other healthcare providers. The CFPB has received reports about patients being offered medical payment products without regard to whether the patients may be eligible for financial assistance, as well as complaints about collection activity on medical payment products. These include complaints about high interest rates and retroactive application of interest after a period of deferment,²⁸ negative credit reporting,²⁹ and other aggressive collection tactics.³⁰

When non-profit hospitals partner with financial institutions in the offering of medical payment products, the hospitals get compensated for bills when patients are enrolled in products that are collected on via practices that would be prohibited by IRS regulations if engaged in by the hospitals themselves. IRS regulations governing requirements for hospitals to maintain their tax-exempt status prohibit non-profit hospitals from engaging in some of the collection activities consumers have complained about prior to determining whether a consumer is eligible for financial assistance.³¹ Accordingly, when a non-profit hospital partners with a financial institution in the offering of a medical payment product, the patient is set up to be pursued by debt collectors in ways that those hospitals are themselves prohibited from doing.

1.2 Rental debt

In August 2023, the CFPB started accepting complaints about rental debt collection. From August 2023 to the end of that year, the CFPB received and sent over 1,700 rental debt complaints to companies for review and response. In the United States, rental debt is estimated at over \$9 billion, with over 4.5 million households estimated to be behind on rent payments.³² During the Covid-19 pandemic, rental debt in the United States rose dramatically, and the

²⁸ Consumer Complaint 8700410, available at <https://www.consumerfinance.gov/data-research/consumer-complaints/search/detail/8700410>; Consumer Complaint 7616526, available at <https://www.consumerfinance.gov/data-research/consumer-complaints/search/detail/7616526>.

²⁹ Consumer Complaint 8167982, available at <https://www.consumerfinance.gov/data-research/consumer-complaints/search/detail/8167982>.

³⁰ Consumer Complaint 6921103, available at <https://www.consumerfinance.gov/data-research/consumer-complaints/search/detail/6921103>.

³¹ 26 CFR § 1.501(r)-6. Extraordinary collection actions include selling an individual's debt to another party; adverse credit reporting; deferring, denying, or requiring payment before providing care because of previous debts; and anything else that requires a legal or judicial process.

³² National Equity Atlas, “Rent Debt in America: Stabilizing Renters is Key to Economic Recovery,” Rent Debt Dashboard, available at <https://nationalequityatlas.org/rent-debt> (last accessed July 29, 2024).

impact of the pandemic on rental debt persists, as many consumers currently facing rental debt report having lost their jobs during the pandemic.³³

Debt collectors collect on unpaid rent on behalf of landlord and property management companies from both (1) tenants who vacate the property prior to an eviction and (2) tenants who have been evicted. Rental debt collectors often charge consumers collection fees, in addition to the unpaid rent itself, based on provisions in rental leases. Many debt collectors also furnish rental debt to credit reporting agencies as a means of collecting on the debt.

As the CFPB has noted, the FDCPA applies to the collection of residential rental debt by debt collectors, including by attorneys, such as when attorneys file eviction actions with a demand for unpaid rent.³⁴ Beyond eviction actions, law firms or others that provide services to landlords related to unpaid rent may be covered by the FDCPA.³⁵ And debt collectors may be liable under the FDCPA regardless of whether the debt collector knew the amount billed was incorrect because knowledge is irrelevant for FDCPA deception claims.³⁶

A debt collector may violate the FDCPA if the collector tries to collect a rental debt that is inflated by fees that are not actually owed under the original lease agreement or expressly permitted by state law. As discussed further below, this would include impermissible fees for basic repairs and routine upkeep, improper “convenience” fees,³⁷ and rental bills that are inflated by illegal price-fixing. Yet in responding to complaints about rental debt, many companies simply closed the consumer’s account. As noted above, when debt collectors simply close accounts or return them to their client without any follow-up questions whenever a consumer disputes a debt, that suggests that collectors may not have confidence in the

³³ National Equity Atlas, “Rent Debt in America: Stabilizing Renters is Key to Equitable Recovery,” Rent Debt Dashboard, available at <https://nationalequityatlas.org/rent-debt> (last accessed July 29, 2024), *see also* National Equity Atlas, “Rent Debt in America: Stabilizing Renters is Key to Equitable Recovery,” (Sep. 2021), available at <https://nationalequityatlas.org/rent-debt-in-america>.

³⁴ 86 Fed. Reg. 21163 (Apr. 2021), available at https://files.consumerfinance.gov/f/documents/cfpb_debt_collection_practices_global_covid-19_pandemic_interim_final_rule_2021-04.pdf.

³⁵ For instance, as a federal district court held, firms that draft and send rent delinquency notices may be covered by the FDCPA, even if the communications appear to be from the landlord, because the FDCPA applies to those who regularly collect debts on behalf of another. *See Lord v. Senex L., P.C.*, 2023 WL 3727003, at *5 (W.D. Va. May 30, 2023).

³⁶ Seth Frotman, “Holding debt collectors responsible for false statements” (Jan. 2024), available at <https://www.consumerfinance.gov/about-us/blog/holding-debt-collectors-responsible-for-false-statements/>.

³⁷ Indeed, a CFPB advisory opinion from 2022 specifically articulated that debt collectors may only charge “pay-to-pay” or “convenience” fees when such fees are authorized by the agreement creating the debt or are “permitted by law,” noting that where no law expressly authorizes a fee, it is not “permitted by law.” 87 Fed. Reg. 39733 (July 5, 2022), available at <https://www.consumerfinance.gov/about-us/newsroom/cfpb-moves-to-reduce-junk-fees-charged-by-debt-collectors/>.

information in their possession and therefore may be collecting on bills that are not actually owed or in the wrong amount.

1.2.1 Rental debt not owed

As with medical debt, one very common issue cited in rental debt complaints are debts not actually owed. The consumer complaints about rental debt collection suggest that tenant liability in the rental market is particularly contested and difficult for consumers to assess, albeit for somewhat different reasons than in the medical debt context.

Many lease agreements include terms that allow landlords, at their discretion, to withhold funds from a renter's security deposit for damages. In some cases, lease provisions governing a tenant's liability for damages and repairs are ambiguous, and some leases allow landlords to charge tenants additional fees should the tenant's security deposit not cover all damages and repairs. Many rental debt collection complaints involve consumers receiving collections notices for debts consumers allege they, according to their lease agreements, are not responsible for.

As one consumer described:

*"My previous landlord withheld my security deposit illegally and charged for carpet replacement that I wasn't liable for. I took my landlord to court and finally got a judgment this year. I got the court documents that state I am not liable for the debt, and I've contacted both [my landlord] and the Debt Collector to remove it and they refuse to remove the debt... [The debt collector] refuses to accept the court judgment, which is preventing me from getting a new apartment and damaging my credit so I can't buy a new car either."*³⁸

More broadly, the CFPB has received complaints about rental debt collectors collecting amounts that are inflated by junk fees or other sums that are not owed. The collection of amounts that are not owed as a matter of state law has also been the subject of litigation. For instance, landlords and debt collectors may improperly charge tenants for basic repairs and routine upkeep that should be the landlord's financial responsibility under the warranty of habitability in most states.³⁹ The charging of these amounts would not typically be permissible under state laws. If rental bills including these unowed amounts end up in debt collection, debt collectors may be violating the FDCPA.

³⁸ Consumer Complaint 8081433, available at <https://www.consumerfinance.gov/data-research/consumer-complaints/search/detail/8081433>.

³⁹ See, e.g., Complaint, *Nichole Collins v. Grep Southwest, LLC, d/b/a Greystar*, Col. D. Denver County (Jan. 9, 2024) (alleging that Greystar, a large corporate landlord, charged tenants fees that effectively shifted the cost of complying with the warranty of habitability onto tenants).

1.2.2 Financialization

The CFPB is aware of many new entrants into the rental housing market offering landlords and tenants new financial products. The infusion of consumer financial products and services into the rental market raises risks for consumers, including improper debt collection. For example, a variety of new and established market participants now offer dedicated rental payment processing services,⁴⁰ and some also market consumer-facing incentives such as rewards “points” or cash-back for rental payments.⁴¹ In addition, ancillary financial companies have sprung up across the rental payment lifecycle, including firms offering collection services for landlords to recover delinquent rent payments.⁴² Other recent entrants to the rental space provide loans to cover consumers’ rent,⁴³ security deposits,⁴⁴ and more.⁴⁵ The CFPB is monitoring the risks created by this increased financialization of the rental housing market, including but not limited to the possible collection of amounts not actually owed.⁴⁶

⁴⁰ See, e.g., Appfolio, “Product Overview,” available at <https://www.appfolio.com/property-manager/> (last visited June 12, 2024); Avail, “Avail,” available at <https://www.avail.co/> (last visited June 12, 2024); Buildium, “Buildium,” available at <https://www.buildium.com/> (last visited June 12, 2024).

⁴¹ See, e.g., Bilt, “Bilt for you,” available at <https://www.biltrewards.com/rewards/bilt-for-you> (last visited June 12, 2024); StakePay, “YOUR PAYMENTS NOW WITH CASH BACK,” available at <https://www.stake.rent/stakepay> (last visited June 12, 2024); Bridge, “Earn,” available at <https://www.bridgemoney.co/earn> (last visited June 12, 2024); Piñata, “Meet Piñata: Pay rent. Get rewards. Build credit,” available at <https://www.pinata.ai/> (last visited June 12, 2024).

⁴² See, e.g., IC System, “Rental Debt Collection Services,” available at <https://www.icsystem.com/industries/rent-recovery/> (last visited June 12, 2024); Landlord Collection Agency, “WE COLLECT RENTS THAT LANDLORDS COULD NOT,” available at <https://landlordcollections.net/> (last visited June 12, 2024); Jack Harris, Inc., “Rent Collection & Skip Tracing Services for Property Management,” available at <https://www.jackharrisinc.com/debt-collection-services/property-management.html> (last visited June 12, 2024).

⁴³ See, e.g., Flex, “Split rent into smaller payments,” available at <https://getflex.com/how-it-works/> (last visited June 12, 2024).

⁴⁴ See, e.g., TheGuarantors, “Rent the home you want for the life you’ve dreamed of,” available at <https://www.theguarantors.com/renter> (last visited June 12, 2024). Some of these companies have been sued by state attorneys general for violating state consumer protection or security deposit laws. See, e.g., “Attorney General Frosh Announces Settlement with LeaseLock, Inc.,” (Jan. 2022), available at <https://www.marylandattorneygeneral.gov/press/2022/012422.pdf>.

⁴⁵ See, e.g., Jetty, “Financial services for renters,” available at <https://www.jetty.com/> (last visited June 12, 2024).

⁴⁶For example, as corporate landlords have increased their rental holdings, demand has substantially increased for “tenant screening” products that perform digital, algorithmic scoring of prospective tenants or that even use machine learning and artificial intelligence. As the CFPB has noted, the determinations made by these companies are often opaque, inaccurate, difficult to challenge, or even discriminatory. A CFPB report from November 2022 emphasized that tenant screening reports are filled with largely unvalidated information of uncertain accuracy or predictive value. CFPB, “CFPB Reports Highlight Problems with Tenant Background Checks” (Nov. 2022), available at <https://www.consumerfinance.gov/about-us/newsroom/cfpb-reports-highlight-problems-with-tenant-background-checks/>. The CFPB also issued an advisory opinion earlier this year that explained that consumer reporting companies, including companies that prepare tenant screening reports, must maintain reasonable procedures to avoid producing reports with false or misleading information, including ensuring disposition information is reported for eviction proceedings or other court filings. 89 Fed. Reg. 4171 (Jan. 23, 2024), available at <https://www.consumerfinance.gov/about-us/newsroom/cfpb-addresses-inaccurate-background-check-reports-and-sloppy-credit-file-sharing-practices/>.

For instance, consumers as well as landlords have complained to the CFPB about fees from rental payment companies as a condition of rent payment. As one landlord described in a complaint to the CFPB:

“The software, AppFolio used to manage the buildings is now going to start charging a fee to have the owners pay their monthly assessments. This company marketed this as a free service and as soon as I got the majority of my owners to pay through their software they decided to start charging \$2.00 for each ACH transfer.”⁴⁷

A consumer similarly described their experience:

“I recently received an email from the software company that provides frontend services for the property management company that I rent my house from. Recently, they sent the following email: “We are reaching out to you today to inform you of a change we are making to eCheck payments. We will no longer waive the transaction fee for payments made by eCheck. All eCheck payments moving forward will have a \$2.00 AppFolio transaction fee.” They provide no explanation for this fee, nor do they provide any way to avoid paying the fee. I believe this company is using its monopoly power to take advantage of consumers.”⁴⁸

Because these complaints indicate that rental payment companies have unilaterally added payment fees with little notice to landlords and tenants, including in the middle of the term of a lease agreement, it is often not clear whether these fees are allowed under the lease agreement. Accordingly, when these bills end up in debt collection, debt collectors may – whether they know it or not – collect amounts that are inflated or otherwise in the wrong amount or not actually owed by the tenant.

Additionally, in other complaints, consumers describe difficulty investigating fraudulent charges through rental payment applications.⁴⁹ Indeed, the CFPB has received consumer complaints about difficulty accessing adequate customer support across a range of rental payment products and services.⁵⁰ Consumers have also noted how rental payment application websites seem designed for landlords, with almost no information geared towards tenants. Under these

⁴⁷ Consumer Complaint 7280483, available at <https://www.consumerfinance.gov/data-research/consumer-complaints/search/detail/7280483>.

⁴⁸ Consumer Complaint 7259032, available at <https://www.consumerfinance.gov/data-research/consumer-complaints/search/detail/7259032>.

⁴⁹ Consumer Complaint 6377513, available at <https://www.consumerfinance.gov/data-research/consumer-complaints/search/detail/6377513>.

⁵⁰ See, e.g., Consumer Complaint 8819192, available at <https://www.consumerfinance.gov/data-research/consumer-complaints/search/detail/8819192>.

circumstances, amounts that consumers do not owe may end up in debt collection. For example, one consumer complained:

*“Wells Fargo/Bilt Card services failed to properly investigate a fraudulent charge on my account... The card in question comes with a “zero fraud guarantee”, however the issuer is ignoring the spirit of said guarantee by not even investigating the charge, or providing any documentation as to the nature of the transaction or, reason why the dispute analyst believes it is valid.”*⁵¹

Similarly, another consumer described the following issues with a rental payment product:

*“I have experienced multiple problems setting up an account through [the company’s] email links. When one gives bank info with them conducting mini deposits and withdrawals, their site always claims the reported amounts were wrong when they weren’t... I can not directly reach [the company] through the email this [customer service representative] sent nor do I have a phone number for them. The only people who have direct links are the landlords. Even the website is geared only to landlords.”*⁵²

1.2.3 Price-fixing

The growth of revenue cycle management companies is another example of the increased financialization of the rental-housing market.⁵³ Among other things, these companies provide “revenue management software” to residential landlords and property management companies. This software takes property owners’ internal competitively sensitive data (including pricing and supply data) and applies an algorithm allegedly using these data to recommend prices for rental units.⁵⁴

Law enforcement officials in several states as well as individual renters have alleged that rapid increases in rent have been driven by illegal price-fixing by landlords and management companies through the use of such software. Specifically, landlords and management companies

⁵¹ Consumer Complaint 6597538, available at <https://www.consumerfinance.gov/data-research/consumer-complaints/search/detail/6597538>.

⁵² Consumer Complaint 6608927, available at <https://www.consumerfinance.gov/data-research/consumer-complaints/search/detail/6608927>.

⁵³ See Hannah Garden-Monheit and Ken Merber, “Price fixing by algorithm is still price fixing,” FTC Business Blog (Mar. 2024), available at <https://www.ftc.gov/business-guidance/blog/2024/03/price-fixing-algorithm-still-price-fixing>.

⁵⁴ See *In re Realpage*, MEMORANDUM OF LAW IN SUPPORT OF THE STATEMENT OF INTEREST OF THE UNITED STATES OF AMERICA (Nov. 2023); *McKenna Duffy v. Yardi Systems, Inc., et al.* Statement of Interest of the United States of America, MEMORANDUM OF LAW IN SUPPORT OF THE STATEMENT OF INTEREST OF THE UNITED STATES (Mar. 2024).

have allegedly cooperated with their competitors to raise their prices by sharing private information about homes they are renting, including price information, with these companies.⁵⁵ These allegations include claims against some of the largest landlords and management companies in the United States.⁵⁶ Indeed, in many housing markets, the majority of multifamily apartment units – as much as 70% – are set by these companies.⁵⁷ One analysis found that 90% of the market for investment-grade multifamily housing units relied on a single company for algorithmic rent-setting.⁵⁸

These allegations suggest that many renters are being pursued for allegedly unpaid rental bills that have been improperly inflated by illegal price-fixing. And debt collectors collecting on bills that are inflated due to illegal price-fixing may be violating the FDCPA, regardless of whether the debt collectors know that the bills are inaccurate for this or any other reason.

1.2.4 Debt verification

In many rental debt complaints, consumers have also noted issues verifying the debt. Many consumers have alleged that although they reached out to the debt collector to obtain debt verification, they never heard back from the debt collector and still saw the debt reported to consumer reporting agencies. As one consumer described:

“I requested that the collection company validate a debt that is reporting on my credit report that I was unaware of. The company did not provide documentation to validate the debt and the account is still reporting on my credit report. The company never sent me anything about this account and still has validated the account and it is now [two months later].”⁵⁹

⁵⁵ *McKenna Duffy v. Yardi Systems, Inc., et al.* Statement of Interest of the United States of America, MEMORANDUM OF LAW IN SUPPORT OF THE STATEMENT OF INTEREST OF THE UNITED STATES (Mar. 2024), at 4.

⁵⁶ Heather Vogell, “Rent Going Up? One Company’s Algorithm Could Be Why.” (Oct. 2022), available at <https://www.propublica.org/article/yieldstar-rent-increase-realpage-rent>.

⁵⁷ NPR, “The lawsuit that could shake up the rental market” (Jan. 2024), available at <https://www.npr.org/transcripts/119796103#:%~:text=STUCKE%3A%20You%20have%20over%2040.RealPage%20as%20their%20pricing%20algorithm>; Heather Vogell, “Rent Going Up? One Company’s Algorithm Could Be Why.” (Oct. 2022), available at <https://www.propublica.org/article/yieldstar-rent-increase-realpage-rent>.

⁵⁸ American Economic Liberties Project, “A New Culprit in the Housing Crisis: Rent-Setting Software Algorithms” (Mar. 2024), available at <https://www.economicliberties.us/our-work/a-new-culprit-in-the-housing-crisis-rent-setting-software-algorithms/>.

⁵⁹ Consumer Complaint 7884247, available at <https://www.consumerfinance.gov/data-research/consumer-complaints/search/detail/7884247>.

Other complaints show debt collectors refusing to verify a consumer’s rental debt yet still reporting to credit agencies. As described by one consumer:

“Despite my repeated efforts, including sending multiple letters and a validation letter, [the rental debt collector has] continuously failed to respond. Yet, they persist in reporting to [credit reporting agencies].”⁶⁰

1.2.5 Information Quality

The CFPB has previously reported on the many documented errors by tenant screening companies and how renters often lack agency to correct such errors that may appear on their rental housing background checks.⁶¹ Consumer complaints similarly suggest that the delay in how landlords charge tenants for damages – as well as the subjective and often contested nature of charges – may contribute to information discrepancies and errors that result in consumers receiving incorrect collection notices, such as for debts they have already paid. For example, the following consumer who had recently moved out of her apartment stated:

“I received an email stating that I [still owed money] for rent and damages to the carpet that were not visible when we left the apartment (They claimed the “damage” was only visible when they lifted up the carpet). I went and got a money order for [the fee amount] per [the property manager’s] instruction. Despite paying on time and giving my money order directly to [the property manager], we received letters from [a collections agency] stating that we still owe the [money] that I already paid.”⁶²

In the rental debt collection space, and especially in the context of security deposits and fees for damages and repairs, tenants may receive many different charges for different payment obligations at different times, both while renting a unit and once they have vacated that unit. As complaints like the one above suggests, landlords may not be adequately managing information on when tenants have satisfied certain obligations, which may result in consumers receiving collections notices for debts they do not owe. Again, when debt collectors pursue consumers for these incorrect amounts, they may be violating the FDCPA.

⁶⁰ Consumer Complaint 8035999, available at <https://www.consumerfinance.gov/data-research/consumer-complaints/search/detail/8035999>.

⁶¹ CFPB, “Tenant Background Checks Market Report” (Nov. 2022), available at <https://www.consumerfinance.gov/data-research/research-reports/tenant-background-checks-market-report/>.

⁶² Consumer Complaint 8079665, available at <https://www.consumerfinance.gov/data-research/consumer-complaints/search/detail/8079665>.

1.3 Conclusion

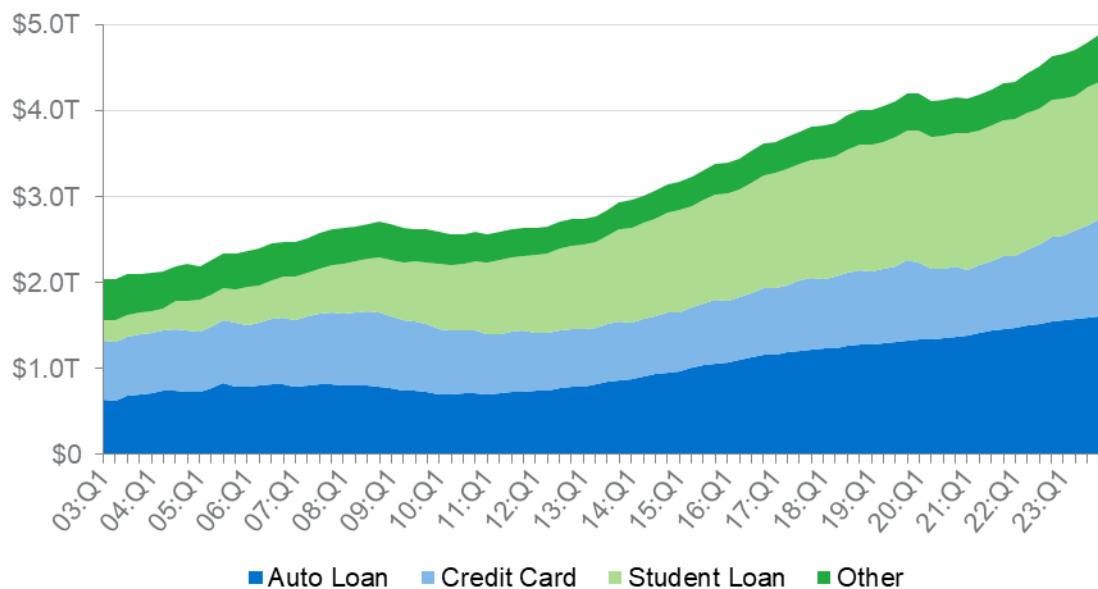
As consumers continue to report debt collection issues in the healthcare and rental-housing markets, the CFPB is paying attention and will take action against debt collectors that violate the law. In particular, the CFPB will continue to pursue debt collectors for attempting to collect amounts from consumers that are not actually owed, and individual consumers are able to do the same under the FDCPA. In addition to the important information that the FDCPA requires debt collectors to disclose to consumers, the prohibition on collecting unowed bills and bills in the wrong amount is thus a significant consumer protection that contributes to a transparent and competitive marketplace.

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. 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.

FIGURE 1: NON-HOUSING CONSUMER DEBT BALANCES (IN TRILLIONS), 2003-2023



Source: Federal Reserve Bank of New York, Consumer Credit Panel/Equifax

Throughout 2023, consumer debt steadily increased, setting new record highs each quarter. Total consumer debt rose to \$17.50 trillion by the end of the 2023, after starting at \$17.05 trillion in the first quarter.⁶³ Mortgage balances increased by \$329 billion in 2023, while non-housing debt increased by \$250 billion. Figure 1 shows non-housing debt for each quarter 2003

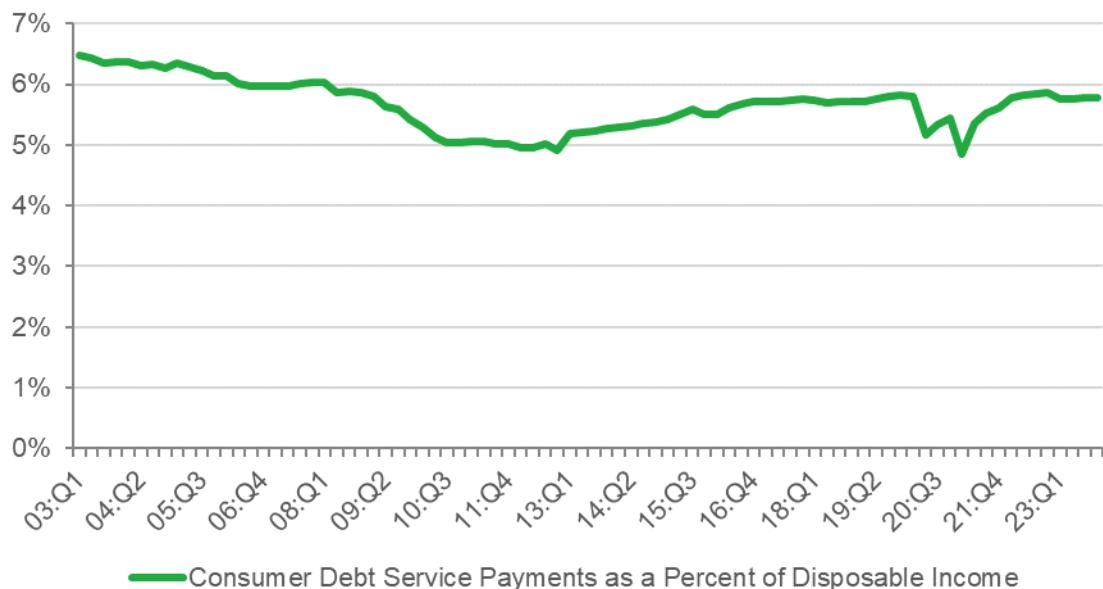
⁶³ Center for Microeconomic Data, “Household Debt and Credit Report: Q4 2023,” Federal Reserve Bank of New York (Feb. 2024), available at <https://www.newyorkfed.org/microeconomics/hhdc.html>.

through 2023. The increase in non-housing debt in 2023 was primarily driven by rising credit card balances, which grew by \$143 billion during the year, reaching \$1.13 trillion by December 2023. Auto loan balances grew by \$55 billion over the year, reaching a total of \$1.61 trillion, and student loan balances increased by \$6 billion, reaching \$1.60 trillion in total.

This increase in consumer debt can be partially attributed to higher inflation and interest rates. Consumer prices rose by 3.2 percent between December 2022 and December 2023, although this is lower than the 6.5 percent increase seen in the year prior.⁶⁴ The Federal Reserve continued its rate hikes during the first half of the year, with interest rates reaching 5.5 percent in July 2023 and remaining at that level since then.⁶⁵

The estimated total consumer debt balances are in nominal dollars and are unadjusted for inflation and population growth. These balances are likely underestimates because they also exclude emerging consumer loan products, such as buy now pay later (BNPL).

FIGURE 2: NON-HOUSING CONSUMER DEBT SERVICE PAYMENTS AS A PERCENT OF DISPOSABLE INCOME, 2003-2023



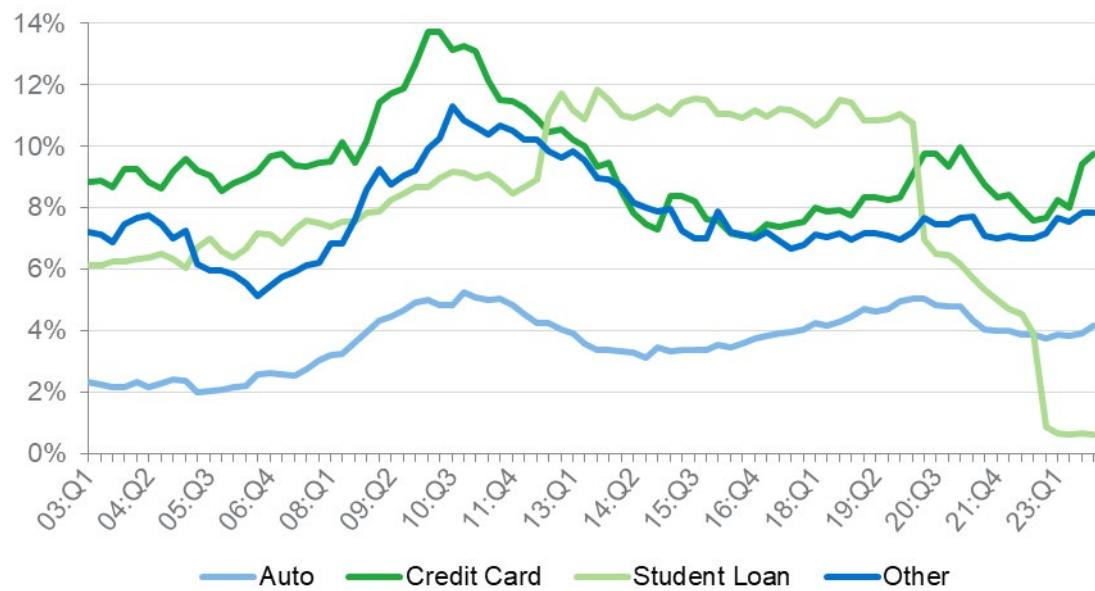
Source: *Federal Reserve Bank of St. Louis*

⁶⁴ Bureau of Labor Statistics, “Consumer Price Index News Release,” U.S. Dept. of Labor (Jan. 2024), available at <https://www.bls.gov/news.release/cpi.nro.htm>.

⁶⁵ Board of Governors of the Federal Reserve System (US), “Open Market Operations” (Mar. 2024), available at <https://www.federalreserve.gov/monetarypolicy/openmarket.htm>.

Figure 2 shows consumer debt service payments as a percent of disposable personal income, which remained relatively stable throughout 2023.⁶⁶ The consumer debt service ratio (DSR) is the total quarterly scheduled consumer debt payments, excluding mortgage debt, divided by the total quarterly disposable personal income. After fluctuating significantly during the COVID-19 public health emergency, the consumer DSR exceeded 5.7 percent in Q1 2022 and has remained at or near that figure through Q3 2023.

FIGURE 3: PERCENT OF NON-HOUSING BALANCES 90+ DAYS DELINQUENT, 2003-2023



Source: Federal Reserve Bank of New York, Consumer Credit Panel/Equifax

As of December 2023, 3.1 percent of outstanding debt was in some stage of delinquency, which is higher than year-end 2022, but still 1.6 percentage points lower than the last quarter of 2019. Figure 3 includes delinquency data for auto, credit card, and student loan debt. For each of these categories, the 90+ day delinquency rate was higher in the fourth quarter of 2023 than in the previous year. However, the share of student loans with seriously delinquent status (90+ days past due) continued a precipitous decline due to the federal government's suspension of payments.

After a decline in the proportion of credit card loans charged off during the COVID-19 public health emergency, charge off rates increased in 2022, and continued to rise throughout 2023. Starting the year at 3.02 percent, the charge-off rate ended up at 4.07 percent by the fourth

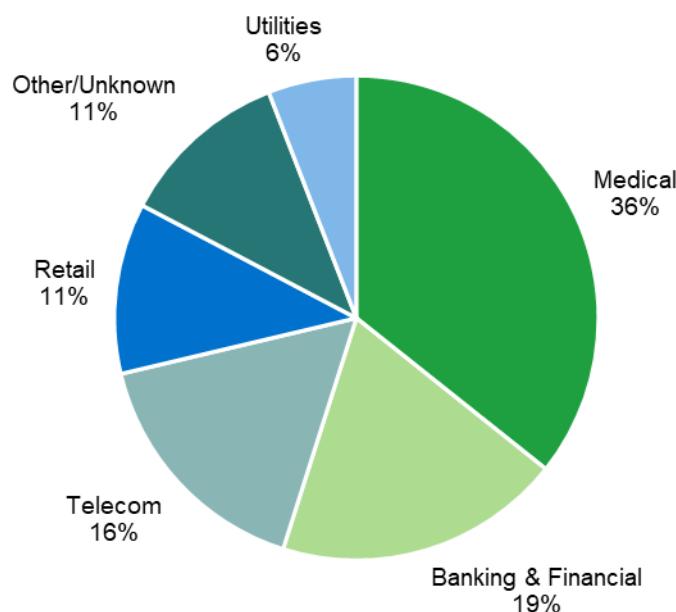
⁶⁶ Federal Reserve Economic Data (FRED), “Consumer Debt Service Payments as a Percent of Disposable Personal Income,” Federal Reserve Bank of St. Louis (Apr. 2024), available at <https://fred.stlouisfed.org/series/CDSP>.

quarter, indicating that there will be more charged-off accounts that issuers may place for collection or sell to debt buyers in 2024.

2.2 Debt collection industry

The debt collection industry affects millions of Americans. According to the latest available estimates, the third-party debt collection market is a \$20.2 billion industry that employs about 140,000 people across more than 6,400 collection agencies in the United States.⁶⁷ Nearly one in five people with a credit report had at least one collections tradeline on their credit report as of Q1 2023, according to the CFPB's Consumer Credit Panel (CCP), a national 1-in-48 sample of de-identified credit records maintained by one of the three nationwide consumer reporting companies.⁶⁸

FIGURE 4: DISTRIBUTION OF ORIGINAL CREDITOR TYPE AMONG THIRD-PARTY COLLECTIONS TRADELINES, Q1 2023



Source: CFPB Consumer Credit Panel

As seen in Figure 4, the most common debt collection tradeline is medical debt, making up 36 percent of third-party collections tradelines. This is a decrease from 2022, when 57 percent of these tradelines were associated with medical debt. This decline is likely related to the April

⁶⁷ IBIS World. "Debt Collection Agencies in the US" (Feb. 2024).

⁶⁸ Consumer Credit Panel (CCP).

2023 credit reporting change, in which the three nationwide consumer reporting companies (Equifax, Experian, and TransUnion) announced that they removed unpaid medical collections under \$500 from consumer credit reports.⁶⁹ Figure 4 also shows the most common third-party collections tradelines, after medical debt, are from financial institutions, telecommunications services, and retail products. Several debt types may be underreported because they are furnished by the creditor and do not appear as collections tradelines.

A large majority of the industry's revenue is generated by firms contracting with third-party creditors and debt buyers to collect their debts on a contingency fee basis. The CFPB's survey of mass market credit card issuers for the 2023 *Consumer Credit Card Market Report* found that, in 2021 and 2022, the surveyed credit card issuers placed 14 percent of post charge-off inventory with third-party collectors on average, most of whom employ a contingency fee model.⁷⁰ CFPB research found that contingency-fee-based debt collectors typically furnish non-financial accounts, such as medical, telecommunications, and utilities accounts, to the nationwide consumer reporting companies (NCRCs).⁷¹

Another major 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 CFPB has found that portfolios of charged-off debt are available to purchase through online debt marketplaces, as well as through more traditional channels.⁷² The price of the debt depends on the age of the debt and other factors. Whereas contingency-fee-based debt 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. In contrast to contingency-fee-based debt collectors who sometimes furnish non-financial accounts, debt buyers typically furnish information to the NCRCs on debts from financial institutions (e.g., credit cards and personal loans) and retail charge cards.

⁶⁹ Business Wire, “Equifax, Experian, and TransUnion Remove Medical Debt Under \$500 From U.S. Credit Reports,” (Apr. 2023), available at <https://www.businesswire.com/news/home/20230411005392/en/EquifaxExperian-and-TransUnion-Remove-Medical-Collections-Debt-Under-500-From-U.S.-Credit-Reports>.

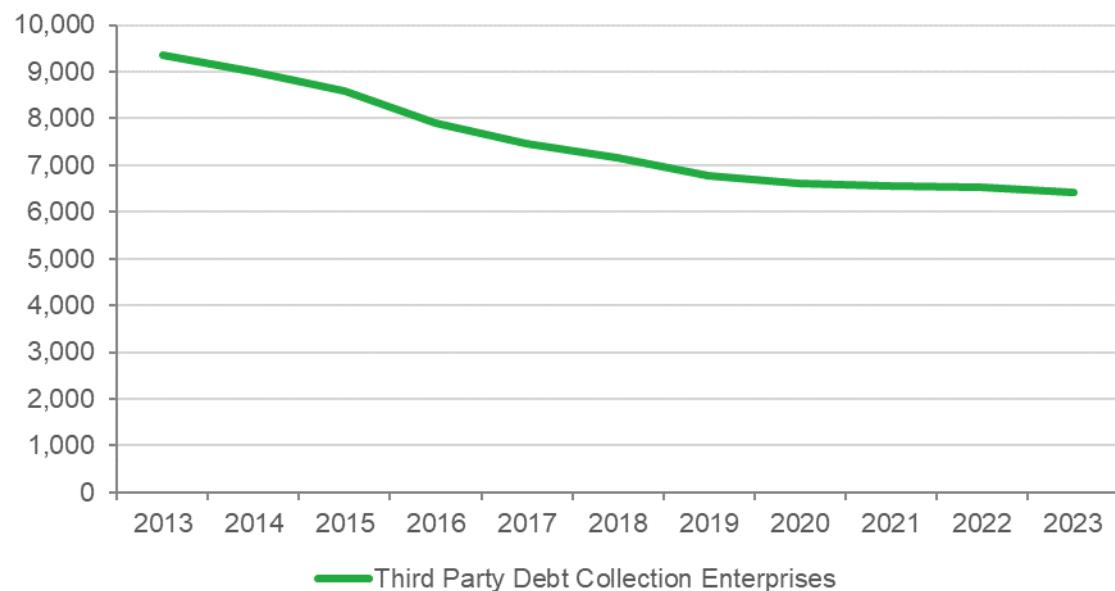
⁷⁰ CFPB, “The Consumer Credit Card Market Report” (Oct. 2023), available at https://files.consumerfinance.gov/f/documents/cfpb_consumer-credit-card-market-report_2023.pdf.

⁷¹ CFPB, “Market Snapshot: An Update on Third Party Debt Collections Tradelines Reporting” (Feb. 2023), available at https://files.consumerfinance.gov/f/documents/cfpb_market-snapshot-third-party-debt-collections-tradelines-reporting_2023-02.pdf.

⁷² CFPB, “Market Snapshot: Online debt sales” (Jan. 2017), available at https://files.consumerfinance.gov/f/documents/201701_cfpb_Online-Debt-Sales-Report.pdf.

The debt collection industry continues to experience consolidation, with the estimated number of collections agencies falling to 6,345 enterprises in 2023 (Figure 5).⁷³

FIGURE 5: NUMBER OF THIRD-PARTY DEBT COLLECTION ENTERPRISES, 2013-2023



Source: IBISWorld

2.3 The FDCPA

In the course of attempting to collect debts, debt collectors must adhere to a number of laws and regulations, including those that govern topics ranging from telephone communications (*e.g.*, the Telephone Consumer Protection Act, or TCPA) to furnishing information to credit reporting companies (*e.g.*, the Fair Credit Reporting Act, or FCRA), and various state statutes. Debt collectors are also subject to the CFPA, including its prohibition on unfair, deceptive, or abusive acts and practices. Additionally, debt collectors are subject to the Federal Trade Commission (FTC) Act's prohibition on unfair methods of competition and unfair or deceptive acts or practices.⁷⁴

The FDCPA, however, is the primary federal law that governs the conduct of debt collectors.⁷⁵ The FDCPA establishes consumer protections in the debt collection process, including a

⁷³ IBIS World, “Debt Collection Agencies in the US” (Feb. 2024).

⁷⁴ 15 U.S.C. § 45(a)(1).

⁷⁵ 15 U.S.C. § 1692 *et seq.*

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 CFPB 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 CFPB to submit this annual report on "the administration of its functions" under the FDCPA and enables it to "obtain ... the views" of other agencies that enforce the FDCPA.⁷⁶

⁷⁶ 15 U.S.C. § 1692m.

3. Consumer complaints

Collecting, investigating, and responding to consumer complaints is one of the “primary functions” of the CFPB.⁷⁷ The CFPB 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.⁷⁸ With respect to debt collection, consumers can submit complaints about creditors collecting their own debts (i.e., first-party collectors) or companies collecting debt on behalf of others (i.e., third-party collectors). When the CFPB received debt collection complaints about companies where it was not the primary federal regulator (e.g., depository institution with less than \$10 billion in assets), it referred the complaints to other regulatory agencies or a prudential regulator.

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

3.1 Number and type of complaints handled

The CFPB received approximately 109,900 debt collection complaints in 2023.⁷⁹ Of these, the CFPB sent 69,600 (or 63 percent) to companies for their review and response, referred 28 percent to other regulatory agencies, and found 9 percent to be not actionable.⁸⁰ As of March 1, 2024, less than 0.1 percent of debt collection complaints were pending with the consumer and less than 0.1 percent were pending with the CFPB.

Companies responded to approximately 97 percent of debt collection complaints sent to them

⁷⁷ 12 U.S.C. § 5511(c).

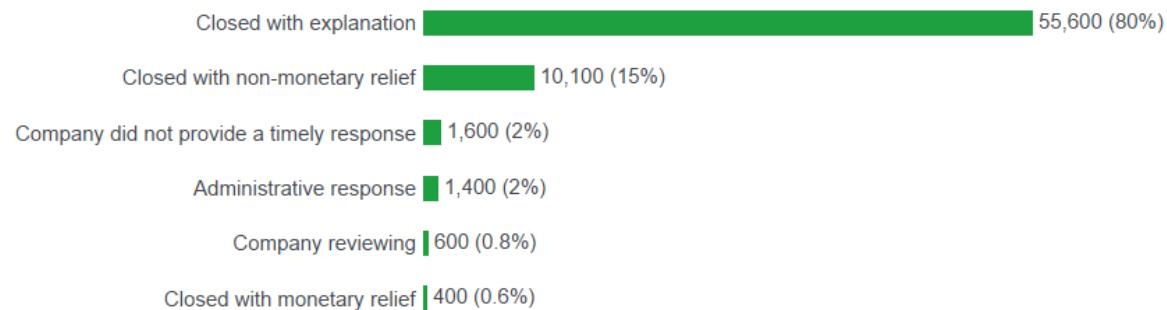
⁷⁸ 12 U.S.C. § 5493(b)(3).

⁷⁹ Complaint data in this report are current as of March 1, 2024. This report excludes some complaints that the CFPB received, including multiple complaints submitted by a given consumer on the same issue (i.e., duplicates) and whistleblower tips. Complaint numbers are rounded throughout the report; therefore, numbers and percentages may not sum to 100%.

⁸⁰ Complaints that are *not actionable* are not sent to the company for a response or referred to other agencies for processing. These complaints include incomplete submissions, withdrawn complaints, and complaints in which the CFPB discontinued processing because it had reason to believe that a submitter did not disclose its involvement in the complaint process.

for review and response.⁸¹ Companies closed 80 percent of complaints with an explanation, 15 percent with non-monetary relief, and 0.6 percent with monetary relief (Figure 6). Companies provided an administrative response for 2 percent of complaints. As of March 1, 2024, 0.8 percent of complaints were pending review by the company. Companies did not provide a timely response for 2 percent of complaints.

FIGURE 6: DEBT COLLECTION COMPLAINTS BY COMPANY RESPONSE



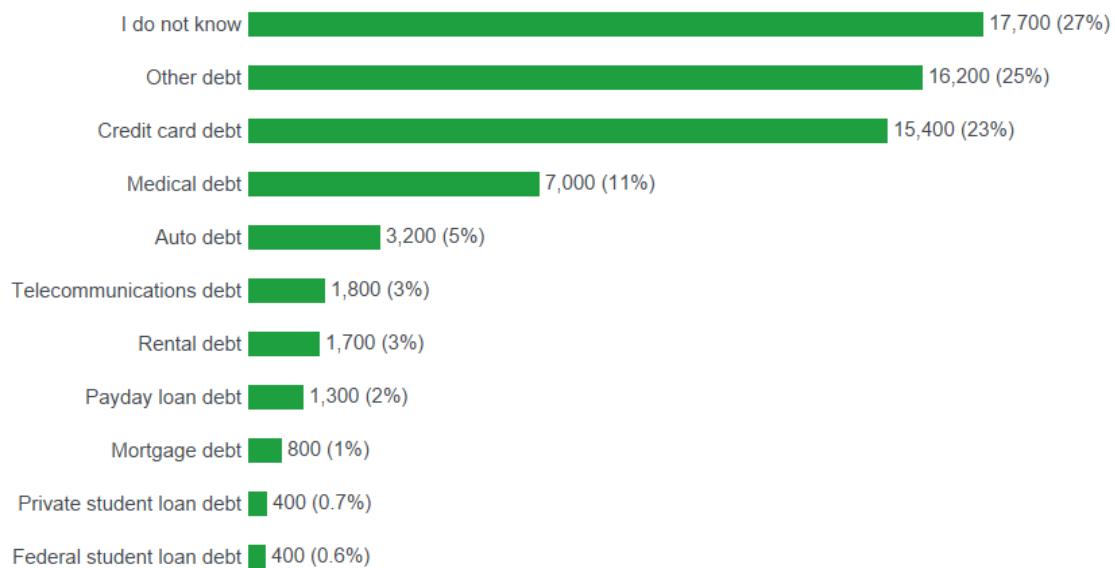
The remainder of this analysis focuses only on those debt collection complaints for which the company confirmed a commercial relationship with the consumer and responded with an explanation or relief (i.e., complaints closed with explanation, closed with non-monetary relief, and closed with monetary relief).

When submitting debt collection complaints, consumers specify the category of debt.⁸² In 2023, the category that generated the highest number of complaints, after the miscellaneous category of other debt (e.g., phone bill, health club membership, utilities), was credit card debt (Figure 7).

⁸¹ See generally CFPB, “Consumer Response Annual Report”, at sec. 3 (Mar. 2024), available at https://files.consumerfinance.gov/f/documents/cfpb_cr-annual-report_2023-03.pdf (discussing company response elements and response closure categories).

⁸² The categories of debt consumers can select from are: auto debt, credit card debt, federal student loan debt, medical debt, mortgage debt, payday loan debt, private student loan debt, other debt (e.g., phone bill, health club membership, utilities), and debt that is not known.

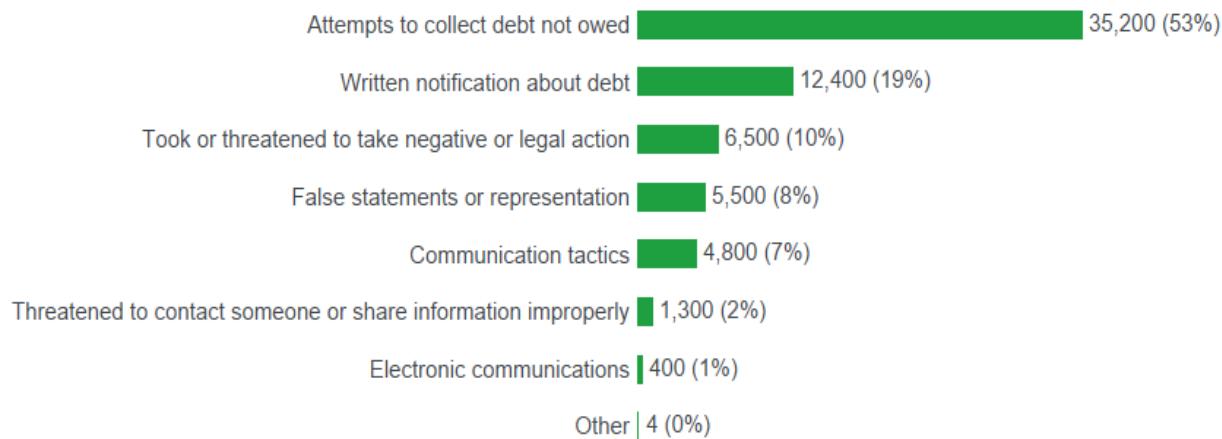
FIGURE 7: DEBT COLLECTION COMPLAINTS BY CATEGORY OF DEBT



3.2 Consumer issues in debt collection complaints

When submitting complaints, consumers identify the issue that best describes the problem they experienced. Consistent with the findings described in section one about medical and rental-housing debt, in 2023, the most common issue across all types of debt was attempts to collect debt not owed (Figure 8).

FIGURE 8: DEBT COLLECTION COMPLAINTS BY ISSUES



Complaints about attempts to collect a debt that the consumer reports is not owed has been the predominant issue selected by consumers since the CFPB began accepting debt collection complaints in 2013. In 2023, most consumers who stated that the debt is not owed reported that the debt is not their debt (51 percent). Consumers described being contacted 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 (32 percent). In these complaints, consumers often reported that they learned about the debt after reviewing their credit report or after receiving an alert from a credit monitoring service. 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 complained that their debt was paid (14 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. The FDCPA requires collectors, within five days after the initial communication with a consumer, to 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.⁸³ Most consumers who complained about written notifications report they have not received enough information to verify the debt (69 percent). As noted above, receiving too little information in written notifications about a debt is especially common in complaints about medical debt.⁸⁴

Consumers continued to report 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 (27 percent), while others reported that the notification did not disclose that it was an attempt to collect a debt (4 percent).

Complaints about taking or threatening to take a negative or legal action were the third-most common issue complained about in 2023. Most of these complaints were about threats or suggestions that consumers' credit histories would be damaged (50 percent), threats to sue on a debt that is old (17 percent) or being sued without proper notification of the lawsuit (12 percent). Other complaints related to seizures or attempts to seize property (10 percent), collection of or attempts to collect exempt funds such as child support or unemployment benefits (5 percent),

⁸³ 15 U.S.C. § 1692g(a).

⁸⁴ See, e.g., CFPB, “Complaint Bulletin: Medical billing and collection issues described in consumer complaints” (Apr. 2022), available at https://files.consumerfinance.gov/f/documents/cfpb_complaint-bulletin-medical-billing_report_2022-04.pdf.

threats to arrest or jail consumers if they did not pay (3 percent), being sued in a different state from where the consumer lives or where the consumer signed the contract (3 percent), or threats of deportation or turning the consumer into immigration authorities (less than 1 percent).

The majority of complaints about false statements or representations 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 (11 percent), indicated the consumer committed a crime by not paying debt (10 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 with many of these types of complaints concerning communications held over the phone. The majority of complaints about communication tactics were about frequent or repeated calls (54 percent). Complaints of continued contact attempts despite requests to stop contact were also common (30 percent). Other communication tactics complaints related to reports of companies using obscene, profane, or abusive language (12 percent), or calling before 8:00 a.m. or after 9:00 p.m. at the consumer's time zone, which is generally impermissible under the FDCPA (5 percent).

In complaints about debt collectors threatening to contact someone or sharing information improperly, consumers most often reported that the collector talked to a third party about the debt (61 percent), contacted the consumer after being asked not to do so (25 percent), contacted an employer (12 percent), or contacted the consumer directly, instead of contacting their attorney (2 percent).

In August 2023, as part of a broader update to the CFPB consumer complaint form, the CFPB added more options for debt collection complaints. These updates included adding electronic communications as an issue and the following sub-issues under electronic communications: frequent or repeated messages, contacted before 8am or after 9pm, you told them to stop contacting you, but they keep trying, and used obscene, profane, or other abusive language.⁸⁵ Among debt collection complaints reporting an electronic communication issue, the most commonly reported sub-issue was frequent or repeated messages (54 percent), followed by told them to stop contacting you, but they keep trying (36 percent).

⁸⁵ See CFPB, "Consumer complaint form product and issue options" (Aug. 2023), available at https://files.consumerfinance.gov/f/documents/cfpb_consumer_complaint_form_product_issue_options_August_2023_FINAL.pdf.

4. CFPB supervision of debt collection activities

Under the Consumer Financial Protection Act of 2010 (CFPA), the CFPB has the authority to supervise certain entities that engage in consumer debt collection activities. These include nonbank entities that are larger participants in the consumer debt collection market. Under the CFPB's larger participant rule for the debt collection market, the CFPB has supervisory authority over certain non-bank entities with more than \$10 million in annual receipts from consumer debt collection activities. Receipts from the collection of bills for medical services and commercial debt are generally not used in this calculation. The CFPB publishes Supervisory Highlights to help institutions and the general public better understand how we examine institutions for compliance with Federal consumer financial laws. Supervisory Highlights summarizes existing legal requirements and violations identified during the CFPB's exercise of supervisory and enforcement authority.

4.1 Supervisory highlights from examinations

Recent examinations of larger participant debt collectors identified several violations of the FDCPA. The findings discussed in this section are from examination results reported in editions of Supervisory Highlights published in 2023, which could include examination findings reached prior to 2023. Specifically, reported findings cover CFPB's examinations that were completed from January 1, 2022, to November 30, 2023. Additionally, a summary of recent developments in the CFPB's supervision program and remedial actions related to debt collections can be found in the Supervisory Highlights published in the Fall and Spring of 2022.

4.1.1 Unlawful attempts to collect medical debt

Examiners found that debt collectors continued collection attempts for work-related medical debts after receiving sufficient information to render the debts uncollectible under state worker's compensation law absent written evidence to the contrary, which the collector did not obtain from its client. The collectors made multiple calls over several years, during which they implied that consumers owed debts due to ambulance rides originating from consumers' homes, despite evidence in the collectors' files that the rides originated from the consumers' workplaces. Examiners found that, through these practices, the debt collectors violated the

FDCPA by collecting an amount not permitted by law or agreement,⁸⁶ by falsely representing the character, amount, or legal status of a debt,⁸⁷ by engaging in conduct which had the natural consequence of harassing, oppressing, or abusing the consumer,⁸⁸ and by using false, deceptive, or misleading representations in connection with the collection of a debt.⁸⁹

In response to these findings, Supervision directed debt collectors to: establish and maintain adequate collection policies, procedures, and training by setting limits on contacting consumers with pending workers' compensation claims, improving call monitoring to review these accounts, and stop collection attempts on accounts with pending workers' compensation claims.

4.1.2 Deceptive representations about interest payments

Examiners found that debt collectors advised consumers that if they paid balances in full by a certain date, any interest assessed on the debts would be reversed. The debt collectors then failed to credit the consumers' accounts with the accrued additional interest, resulting in the consumers paying more than the agreed-upon amounts. Examiners found this practice to be deceptive in violation of the CFPA.⁹⁰ In response to these findings, Supervision directed the debt collectors to remediate all consumers who had overpaid.

⁸⁶ 15 U.S.C. §1692f(1).

⁸⁷ 15 U.S.C. §1692e(2)(A).

⁸⁸ 15 U.S.C. §1692d.

⁸⁹ 15 U.S.C. §1692e.

⁹⁰ 12 U.S.C. §5536(a)(1)(B).

5. Enforcement

In 2023, the CFPB brought and continued enforcement actions addressing harmful debt collection activity in violation of the FDCPA and other applicable laws. Of the other federal agencies with enforcement authority over subsets of market participants, the FTC was the only agency to exercise this authority through enforcement actions.

5.1 CFPB law enforcement actions

5.1.1 Bureau of Consumer Financial Protection v. Forster & Garbus, LLP, (E.D.N.Y. No. 2:19-cv-2928) (complaint filed May 17, 2019).

On January 18, 2023, the court entered a stipulated final judgment and order against Forster & Garbus, LLP, a debt-collection law firm based in Commack, New York. The stipulated judgment resolved a suit in which the CFPB alleged that Forster & Garbus falsely represented to consumers that attorneys were meaningfully involved in preparing and filing lawsuits against them, violating the FDCPA's prohibition against collecting debts by using false, deceptive, or misleading representations and the CFPB's prohibition against deceptive acts and practices. The stipulated judgment requires Forster & Garbus to possess documents with specific information about the debt on which it sues and to certify that an attorney whose name will appear on the complaint has reviewed the documentation supporting the debt and determined that the complaint is consistent with that documentation. The stipulated judgment also requires that Forster & Garbus pay \$100,000 in civil monetary penalties and dismiss any pending lawsuit that fails to comply with the judgment's specified documentation and meaningful attorney review requirements, within a set period of time.

5.1.2 Consumer Financial Protection Bureau v. Portfolio Recovery Associates, LLC, (E.D.Va. No. 2:23-cv-110) (complaint filed March 23, 2023).

On April 13, 2023, the court entered a stipulated final judgement and order against Portfolio Recovery Associates, LLC (PRA), one of the largest debt collectors in the nation, for violating a 2015 CFPB order and engaging in other violations, including collecting on unsubstantiated debt, collecting on debt without providing required documentation and disclosures to consumers, suing or threatening legal action against consumers without offering or possessing required

documentation, and suing to collect on debt outside the statute of limitations. PRA also failed to properly investigate and resolve consumer disputes about the company's credit reporting. The stipulated judgment prohibits PRA from collecting debts unless it has access to certain documents that meet its obligation to have a reasonable basis to believe it is collecting debts that consumers actually owe. It also requires PRA to improve its response when consumers report that they do not owe a debt because of fraud or identity theft. And it ensures that PRA adequately responds to consumer disputes in a timely manner about information PRA has furnished to consumer reporting companies. PRA must pay more than \$12 million to consumers harmed by its illegal debt collection practices, in addition to a \$12 million civil monetary penalty.

5.1.3 In the Matter of Phoenix Financial Services, LLC (File No. 2023-CFPB-0004).

On June 8, 2023, the CFPB issued an order against Phoenix Financial Services, LLC (Phoenix), an Indiana-based debt collector that mostly collects medical debts. The CFPB found that Phoenix violated the FDCPA by misrepresenting to consumers that they owed debts when Phoenix lacked a reasonable basis to make those representations; and by sending debt collection letters to consumers before providing the consumer a verification of the debt when Phoenix had received a written dispute from the consumer within 30 days of the consumer's receipt of a debt validation notice. The CFPB also found that Phoenix violated the FCRA and its implementing Regulation V by failing to establish and implement reasonable written policies and procedures regarding the accuracy and integrity of information it furnishes to credit reporting companies (CRCs); failing to conduct reasonable investigations of consumer disputes about information Phoenix furnished to CRCs; and failing to report the results of direct dispute investigations to consumers. The order requires Phoenix to provide redress to affected consumers by refunding all amounts paid to Phoenix on an unverified debt since January 1, 2017, to consumers who received an unlawful debt collection letter from Phoenix after disputing the validity of the alleged debt. The order also requires Phoenix to abide by certain conduct provisions to prevent it from engaging in the violations found by the CFPB and to pay a \$1.675 million civil money penalty.

5.1.4 In the Matter of Commonwealth Financial Systems, Inc. (File No. 2023-CFPB-0018):

On December 15, 2023, the CFPB issued an order against Commonwealth Financial Systems, Inc. (Commonwealth), a Pennsylvania-based third-party debt collection company that collects past-due medical debts. The CFPB found that Commonwealth violated the FDCPA by continuing debt collection activities without providing the consumer a verification of the debt when

Commonwealth had received a written dispute from the consumer within 30 days of the consumer's receipt of a debt validation notice; misrepresenting to consumers that they owed alleged debts in certain circumstances when Commonwealth lacked a reasonable basis to make those representations; and communicating credit information about alleged debts to CRCs but failing to communicate that the debts were disputed. The CFPB also found that Commonwealth violated the FCRA and its implementing Regulation V by failing to establish and implement reasonable written policies and procedures regarding the accuracy and integrity of information it furnishes to CRCs; failing to conduct reasonable investigations of consumer disputes about information Commonwealth furnished to CRCs; failing to report the results of direct dispute investigations to consumers; and furnishing information to CRCs without notifying the CRC that the information was disputed. The order permanently bans Commonwealth from participating in or assisting others in any debt collection activities, debt buying, debt selling, and consumer reporting activities and requires Commonwealth to submit to all CRCs to whom it previously furnished information about any consumer a request to delete all collection accounts for such consumers. The order also requires Commonwealth to pay a \$95,000 civil money penalty.

5.2 Law enforcement activities by other federal agencies

While the CFPB is authorized by the FDCPA to bring enforcement actions against any person subject to the Act, the statute also provides other agencies enforcement authority for certain subsets of market participants. The U.S. Department of Transportation, the U.S. Department of Agriculture, Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation, the Office of the Comptroller of the Currency, the National Credit Union Administration, and the Federal Trade Commission (FTC or the Commission) are eligible to exercise this enforcement authority.⁹¹ The FTC has provided the information below about its law enforcement activities, which it has undertaken under its various authorities, including under the FTC Act. .

5.2.1 Debt collection issues affecting small businesses

Protecting small businesses is a high priority for the Commission. In addition to the Commission's authority relating to household debt under the FDCPA, the FTC Act empowers the FTC to take action to protect small business consumers. Unfair and deceptive debt collection

⁹¹ 15 U.S.C. § 1692.

practices harm both small businesses and individual consumers, and the FTC is committed to combating these practices, as highlighted by its continued enforcement actions.

For example, in *RCG Advances*, the FTC sued an enterprise and five defendants for using illegal tactics when collecting on merchant cash advances. In its 2020 complaint, the FTC alleged that defendants used unfair debt collection practices, including egregious threats of physical violence, to compel consumers to pay.⁹² In 2022, the FTC announced two settlements with four of the five defendants, permanently banning them from the debt collection and merchant cash advance industries and requiring them to pay \$675,000 and \$2.7 million, respectively.⁹³ The FTC was granted partial summary judgment against the remaining defendant,⁹⁴ also resulting in the entry of a permanent injunction in October 2023 banning that defendant from the debt collection and merchant cash advance industries, with the court to determine the amount of monetary relief after a trial.⁹⁵

In another ongoing enforcement action related to small businesses, *American Future Systems* (AFS), the FTC and the Commonwealth of Pennsylvania sued the operators of a telemarketing scheme and a debt collection operation.⁹⁶ The complaint alleges that defendants targeted small businesses, non-profits, and first responders to collect on debt for subscriptions they never ordered. The debt collection firm, International Credit Recovery, Inc. (ICR), allegedly contacted consumers that it knew or had reason to know did not agree to order paid subscriptions, used

⁹² FTC Press Release, “FTC Files Amended Complaint Seeking Civil Penalties Against Small Business Financing Providers” (June 2021), available at <https://www.ftc.gov/news-events/press-releases/2021/06/ftc-files-amended-complaint-seeking-civil-penalties-against-small>.

⁹³ FTC Press Release, “Merchant Cash Advance Providers Banned from Industry, Ordered to Redress Small Businesses” (Jan. 2022), available at <https://www.ftc.gov/news-events/news/press-releases/2022/01/merchant-cash-advance-providers-banned-industry-ordered-redress-small-businesses>; FTC Press Release, “FTC Action Results in Ban for Richmond Capital and Owner From Merchant Cash Advance and Debt Collection Industries and Return of More Than \$2.7M to Consumers” (June 2022), available at <https://www.ftc.gov/news-events/news/press-releases/2022/06/ftc-action-results-ban-richmond-capital-owner-merchant-cash-advance-debt-collection-industries>.

⁹⁴ FTC Press Release, “FTC Case Leads to Permanent Ban Against Merchant Cash Advance Owner for Deceiving Small Businesses, Seizing Personal and Business Assets” (Oct. 2023), available at <https://www.ftc.gov/news-events/news/pressreleases/2023/10/ftc-case-leads-permanent-ban-against-merchant-cash-advance-owner-deceiving-small-businesses-seizing>.

⁹⁵ In 2015, the FTC began publishing a list of every individual and company that the agency has sued that has been banned from the debt collection industry. This list, located at <https://www.ftc.gov/enforcement/cases-proceedings/banned-debt-collectors>, is a valuable resource to help law-abiding collection industry professionals avoid doing business with these defendants, as well as to help state debt collection licensing officials and law enforcers better protect consumers. Currently, the list includes 233 banned individuals and companies.

⁹⁶ FTC Press Release, “FTC Files Complaint Alleging Telemarketers and Debt Collectors Worked Together To Bilk Organizations for Subscriptions and Books They Never Ordered” (May 2020), available at <https://www.ftc.gov/news-events/press-releases/2020/05/ftc-files-complaint-alleging-telemarketers-debt-collectors-worked>; Complaint, FTC v. *American Future Systems, Inc.*, 2:20-cv-02266 (E.D. Pa. May 13, 2020); First Amended Complaint, FTC v. *American Future Systems, Inc.*, 2:20-cv-02266 (E.D. Pa. Jan. 21, 2021).

false or unsubstantiated representations to try to get consumers to pay, and illegally threatened consumers if they did not pay. In April 2023, the FTC announced settlements with ICR and certain individual defendants, permanently banning them from the debt collection industry.⁹⁷ A trial against the remaining defendants concluded in December 2023 and a decision from the court is forthcoming.

5.2.2 Halting Collection of Millions in Student Debt

When schools use deceptive tactics to induce students to enroll and take on significant student debt, the damaging effects can be far reaching. The FTC works to stop the harm that results from the accrual of such debt by taking action against schools who engage in illegal conduct.

In *Sollers College*, for example, the Commission and the state of New Jersey brought parallel actions against a for-profit school, resulting in the cancellation of \$3.4 million in student debt.⁹⁸ In addition to deceiving students into enrolling by falsely touting job-placement rates and its relationships with prominent companies, the FTC alleged that Sollers College trapped students into illegal income-share agreements. Indeed, the FTC's complaint alleges that Sollers encouraged students to finance their education through income-share agreements, whereby students agreed to pay Sollers a fixed percentage of their future income on a monthly basis. It further alleges that these agreements violated the law because they failed to include mandated disclosures regarding borrower protections. Many of those income-share agreements were later sold to third parties. Pursuant to the October 2023 settlement order, Sollers cancelled all income share agreements issued by the school, including by re-purchasing and cancelling any agreements sold to third parties. Sollers also requested that the debt be removed from affected consumers' credit reports, and provided written notification to consumers who are receiving debt forgiveness.

5.2.3 Combating Unauthorized and Illegal Charges That Add to Consumers' Debt Burden

As part of the Commission's holistic approach to protecting consumers in the debt collection arena, the FTC combats unauthorized and illegal charges that would otherwise add to

⁹⁷ FTC Press Release, "Action by FTC and Pennsylvania Leads to Permanent Ban For Debt Collectors That Targeted Businesses, Non-Profits, First Responders" (Apr. 2023), available at <https://www.ftc.gov/news-events/news/press-releases/2023/04/action-ftc-pennsylvania-leads-permanent-ban-debt-collectors-targeted-businesses-non-profits-first>.

⁹⁸ FTC Press Release, "Sollers College to Cancel \$3.4 Million in Student Debt to Resolve Charges It Used Deceptive Ads to Lure Prospective Students into Illegal Contracts" (Oct. 2023), available at <https://www.ftc.gov/news-events/news/press-releases/2023/10/sollers-college-cancel-34-million-student-debt-resolve-charges-it-used-deceptive-ads-lure>.

consumers' debt burden. The FTC's actions in this area include both law enforcement actions and rulemaking.

Dark Patterns and Recurring Subscription Charges

Pursuant to a November 2023 settlement, Bridge It, Inc. ("Brigit") agreed to turn over \$18 million to resolve allegations that it violated the Restore Online Shoppers' Confidence Act and used unfair and deceptive practices in connection with their cash advance subscription service, including through the use of dark patterns.⁹⁹ According to the FTC's complaint, Brigit told consumers that they could obtain these cash advances by signing up for a \$9.99 per month subscription. However, once consumers had signed up, they learned that Brigit charged an undisclosed junk fee for instant delivery of funds. The company also allegedly prevented subscribers with open advances from cancelling their subscriptions, which subjected them to continued automatic withdrawals while they were already struggling to pay off a cash advance.

The company further prevented consumers from cancelling their subscription by using manipulative, coercive, or deceptive user-interface designs known as "dark patterns" to create a confusing and misleading cancellation process. These practices created significant financial hardship, and the \$18 million settlement will be used to refund harmed consumers.

In another action involving recurring charges, the FTC filed a complaint in June 2023 against Amazon.com, Inc., charging that the online retailer used dark patterns to trick consumers into enrolling in automatically-renewing subscriptions to its Amazon Prime service.¹⁰⁰ The complaint also alleges that consumers who wished to cancel their Prime subscriptions were routed through a complex and confusing process, which Amazon internally called the "Iliad flow," to deter consumers from successfully unsubscribing. These practices subjected consumers to ongoing and unwanted charges, putting a drain on consumers' pocketbooks. Litigation in this matter is ongoing.

Auto Debt

Auto purchases are a significant source of consumer debt – for many, a vehicle is the single most expensive item they will ever purchase. The December 2023 announcement of the Combating

⁹⁹ FTC Press Release, "FTC Action Leads to \$18 Million in Refunds for Brigit Consumers Harmed by Deceptive Promises About Cash Advances, Hidden Fees, and Blocked Cancellation" (Nov. 2023), available at <https://www.ftc.gov/news-events/news/press-releases/2023/11/ftc-action-leads-18-million-refunds-brigit-consumers-harmed-deceptive-promises-about-cash-advances>.

¹⁰⁰ FTC Press Release, "FTC Takes Action Against Amazon for Enrolling Consumers in Amazon Prime Without Consent and Sabotaging Their Attempts to Cancel" (June 2023), available at <https://www.ftc.gov/news-events/news/press-releases/2023/06/ftc-takes-action-against-amazon-enrolling-consumers-amazon-prime-without-consent-sabotaging-their>.

Auto Retail Scams (CARS) Rule demonstrates the Commission’s commitment to protecting consumers and leveling the playing field for law-abiding automobile dealers.¹⁰¹ The CARS Rule will ban bait-and-switch tactics and hidden junk fees that consumers face at car dealerships and is expected to save consumers \$3.4 billion each year.¹⁰² Auto finance is currently the third-largest source of debt for U.S. consumers, and the second-largest source for U.S. consumers aged 40 and over.

The CARS Rule will prohibit misrepresentations about key information, such as price and cost, and addresses the illegal tactics that make it hard or impossible for consumers to comparison shop or leave them saddled with thousands of dollars in unwanted junk charges. Additionally, the rule will require dealers to make key disclosures to consumers, including providing a true “offering price” – that is, the actual price any consumer can pay for the vehicle. It also will prohibit dealers from charging junk fees for items that provide no benefit to the consumer – such as service contracts for oil changes on an electric vehicle – or for any item unless the consumer knows what the charge is for and agrees to pay for it.

For members of the military, the issues addressed by the CARS Rule are compounded by dealers who prey especially on young servicemembers. Servicemembers have an average of twice as much auto debt as civilians, and by the age of 24, around 20 percent of young servicemembers have at least \$20,000 in auto debt, which creates a substantial challenge to servicemembers’ financial well-being. The rule includes specific protections for members of the military and their families – for example, by prohibiting dealers from lying to servicemembers about whether the dealers are affiliated with the military or whether servicemembers can move their vehicles out of state or out of the country.

The FTC also continues to bring enforcement actions against car dealers engaging in illegal practices. For example, the FTC announced an October 2023 settlement with Wisconsin-based auto dealer Rhinelander Auto Center.¹⁰³ The complaint alleged that Rhinelander charged customers junk fees for “add-on” products or services without authorization or through deception. These junk fees can significantly drive up the amount that customers finance when they purchase their vehicle, which in turn leads to higher cost over the life of the loan. The FTC

¹⁰¹ Combating Auto Retail Scams Trade Regulation Rule, 16 C.F.R. § 463 (2023), available at https://www.ftc.gov/system/files/ftc_gov/pdf/p204800_cars_rule.pdf.

¹⁰² FTC Press Release, “FTC Announces CARS Rule to Fight Scams in Vehicle Shopping” (Dec. 2023), available at <https://www.ftc.gov/news-events/news/press-releases/2023/12/ftc-announces-cars-rule-fight-scams-vehicle-shopping>.

¹⁰³ FTC Press Release, “FTC and Wisconsin Take Action Against Rhinelander Auto Center for Illegally Discriminating Against American Indian Customers and Charging Unlawful Junk Fees” (Oct. 2023), available at <https://www.ftc.gov/news-events/news/press-releases/2023/10/ftc-wisconsin-take-action-against-rhinelander-auto-center-illegally-discriminating-against-american>.

also alleged that Rhinelander discriminated against American Indian customers by adding more “markup” to their interest rates, and that it charged American Indian customers for unwanted add-ons at a higher rate than non-Latino white customers. According to the complaint, American Indians paid on average approximately \$1,362 more for add-ons in credit transactions than non- Latino White customers since 2016. The settlement requires Rhinelander to stop its unlawful practices, and to pay \$1.1 million, which will be used to refund harmed consumers.

Proposed Rule Banning Junk Fees

In October 2023, the FTC announced a proposed rule to prohibit hidden and misleading fees, or junk fees, that accompany routine transactions such as booking hotels, buying concert tickets online, renting an apartment, and paying utility bills.¹⁰⁴ The Commission estimates that these fees can cost consumers tens of billions of dollars per year in unexpected costs. As the public comments to the Commission’s advanced notice of proposed rulemaking made clear, consumers are fed up with sellers that do not advertise the total amount that consumers will have to pay and fail to disclose mandatory fees until consumers are well into completing the transaction. Consumers also complained that sellers misrepresent or do not adequately disclose the nature or purpose of certain fees.

The proposed rule would ban hidden and bogus fees, preventing businesses from engaging in bait-and-switch pricing tactics that hide mandatory fees and deceive customers about the price. It would also prohibit sellers from misrepresenting fees and require disclosures about fees for shipping, government charges, and optional add-ons, before customers consent to pay.

6. Consumer Education

The CFPB provides consumers with a range of financial education resources. This educational information is available via the CFPB’s website, which includes hundreds of financial questions

¹⁰⁴ FTC Press Release, “FTC Proposes Rule to Ban Junk Fees” (Oct. 2023), available at <https://www.ftc.gov/newsevents/news/press-releases/2023/10/ftc-proposes-rule-ban-junk-fees>; Trade Regulation Rule on Unfair or Deceptive Fees, 88 Fed. Reg. 77420 (proposed Nov. 9, 2023) (to be codified at 16 C.F.R. § 464). The proposed rule is available at <https://www.federalregister.gov/documents/2023/11/09/2023-24234/trade-regulation-rule-on-unfair-or-deceptive-fees>.

and answers featured in “Ask CFPB”, an online educational tool. It also includes details on how to submit complaints or inquiries if consumers are having an issue with a financial product or service. The CFPB seeks to help consumers understand and assert their rights by providing financial empowerment resources through established community partners that consumers may trust, such as workplaces, social service organizations, military services, and government agencies.

A major CFPB consumer-facing product is “Ask CFPB,” an online educational tool that provides clear, impartial, action-oriented answers to common questions about financial products and services. From the tool’s inception in October 2012 through December 31, 2023, “Ask CFPB” has been viewed approximately 93 million times. Debt collection is consistently one of the two most-viewed categories. “Ask CFPB” includes practical information for consumers regarding steps they can take when faced with debt collection,¹⁰⁵ with questions related to debt collection generating 15.8 percent of all traffic to “Ask CFPB” for the year.

“Ask CFPB” includes sample letters that consumers can use when they interact with debt collectors. The letters are intended for consumers who need more information about a debt, want to dispute their debt, want to restrict how and when a collector can contact them, want to stop all communication from the debt collector, or want to direct further communications with respect to the debt matter to an attorney.¹⁰⁶

These letters were downloaded more than 1,215,000 times from June 2014 to the end of December 2023. The two most downloaded letters are “I need more information about this debt” and “I do not owe this debt.”

The CFPB offers in-language pages in eight different languages (Arabic, Chinese, Haitian Creole, Korean, Russian, Spanish, Tagalog, and Vietnamese). These pages offer the “Know your rights when a debt collector calls” resource. There are “Key Terms” related to debt collection in the seven languages (Arabic, Chinese, Haitian Creole, Korean, Russian, Spanish, Tagalog, and Vietnamese.) where consumers can learn the meaning of some key terms related to debt collection in their language.

¹⁰⁵ CFPB, “Ask CFPB,” Debt Collection, available at <http://www.consumerfinance.gov/consumer-tools/debt-collection/>.

¹⁰⁶ CFPB, “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/>.

TABLE 1: DOWNLOADS OF CFPB LETTERS RELATED TO DEBT COLLECTION

Letter	Percent of total downloads
“I need more information about this debt”	37%
“I do not owe this debt”	31%
“I want the debt collector to stop contacting me”	23%
“I want to specify how the debt collector can contact me”	7%
“I want the debt collector to only contact me through my lawyer”	3%

On November 30, 2021, the CFPB’s debt collection rule became effective. New “Ask CFPB” questions were created as well as updates to a number of existing questions and other resources. This includes information on the debt collection validation notice, how often a debt collector can call, use of social media by debt collectors, the limited-content message, and the reporting of debts to credit reporting companies.¹⁰⁷ Interest in the debt collection rule and the new validation notice was demonstrated by the amount of traffic to the CFPB’s Debt Collection consumer tools page.¹⁰⁸ In 2023, the debt collection consumer tools page was the highest visited consumer tools page, with over 963,000 pageviews. As noted, this interest extends to “Ask CFPB” questions, with the share of total pageviews to debt collection content representing 15.8 percent of total “Ask CFPB” pageviews in 2023.

A partial list of the CFPB’s consumer education materials relating to debt collection and information on the extent of their distribution is set forth in Appendix A. Additionally, a list of some of the CFPB’s consumer education materials related to medical debt are included in Appendix B. The FTC has also produced a number of consumer education materials related to debt collection. 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 C.

¹⁰⁷ CFPB, “Understand how the CFPB’s Debt Collection Rule impacts you” (Nov. 2021), available at <https://www.consumerfinance.gov/about-us/blog/understand-how-cfpb-debt-collection-rule-impacts-you/>.

¹⁰⁸ CFPB, “Debt Collection,” available at <https://www.consumerfinance.gov/consumer-tools/debt-collection/>.

7. CFPB rulemaking, research, and policy initiatives

7.1 CFPB research projects

The CFPB is engaged in research to better understand the debt collection market and its impact on consumers and credit markets. One purpose of this research is to help the CFPB identify potential harms to consumers. Another is to better understand the benefits, costs, and impacts of potential rules. The CFPB’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 2023, the CFPB received data from a survey designed in 2022 under the Making Ends Meet survey program. Fielded in early 2023, the survey included a battery of questions about collection of medical debts and their genesis. The CFPB received data from this survey during 2023 and will use those data to better understand how medical collections affect consumers.

Also in 2023, CFPB researchers published a report focused on the removal of medical collections under \$500 from consumer credit reports. The report estimates the number of consumers impacted and analyzes potential impacts on access to credit using the CFPB’s Consumer Credit Panel.¹⁰⁹ In 2024, CFPB researchers published an updated report showing that, between March 2022 and June 2023, a majority of individual collections items related to medical bills were removed from consumers’ credit.¹¹⁰

¹⁰⁹ Alyssa Brown and Eric Wilson, “Consumer Credit and the Removal of Medical Collections from Credit Reports” (Apr. 2023), available at <https://www.consumerfinance.gov/data-research/research-reports/consumer-credit-and-the-removal-of-medical-collections-from-credit-reports/>.

¹¹⁰ Zachary Blizzard and Ryan Sandler, “Recent Changes in Medical Collections on Consumer Credit Records” (Apr. 2024), available at <https://www.consumerfinance.gov/data-research/research-reports/recent-changes-in-medical-collections-on-consumer-credit-records/>.

7.2 Research and outreach to special populations

The CFPB engages with consumers and other providers to understand the impact of debt collection practices on consumers' financial lives. Using those insights, CFPB works with local, state, and federal partners to influence policy aimed at improving marketplace conditions and empowering consumers to take control of their finances. CFPB's population insights focuses on analyzing issues faced by specific populations of consumers – economically underserved, older Americans, students and young consumers, and servicemembers. Our research in those particular areas is to ensure that our rules, guidance, and other activity is aligned with our goals for the consumer marketplace, spotlighting unique challenges these consumers may have, and uncovering and eradicating activity that harms consumers.

Older Americans

The CFPB's Office for Older Americans continues to lead discussions with stakeholders to further examine how medical debt impacts older Americans. Specifically, they have studied why Medicare providers send improper bills for cost-sharing to Medicare enrollees living at or below the poverty line and send unpaid bills to debt collection. These stakeholders include the Center for Medicare and Medicaid Services (CMS), the Administration on Community Living, and state health insurance counseling programs.

Additionally, the CFPB's Office for Older Americans is studying issues reported by consumers who are part of the Qualified Medicare Beneficiary (QMB) program. The QMB program is a Medicare savings program that helps consumers pay their Medicare Part A premiums, Part B premiums, deductibles, coinsurance, and copayments.¹¹¹ Consumers who qualify as QMBs are typically older people or people with disabilities who have income at or below the federal poverty level and have limited assets.¹¹² In 2021, about 1 in 8 Medicare beneficiaries or 8.7 million people were QMBs. Federal law prohibits healthcare providers who accept Medicare from billing QMBs for cost-sharing (e.g. co-pays or deductibles) for most care that is covered by

¹¹¹ See Benefits.gov, "Qualified Medicare Beneficiary (QMB) Program," available at <https://www.benefits.gov/benefit/6177>.

¹¹² More precisely, Qualified Medicare Beneficiaries have income at or below the federal poverty level and have limited assets; Medicare beneficiaries must apply for QMB status. See Medicare Savings Programs. Although all QMBs are "dual eligibles," i.e., enrolled in both Medicare and Medicaid, not all dual eligibles are QMBs. That is, all QMBs are enrolled in both Medicare and Medicaid, but additional people in certain states are enrolled in both Medicare and Medicaid but are not eligible for QMB status. Additionally, although QMBs are enrolled in both Medicare and Medicaid, they may not be eligible for all Medicaid services. See "Beneficiaries Dually Eligible for Medicare & Medicaid" (Feb. 2022), available at https://www.cms.gov/outreach-and-education/medicare-learning-network-mln/mlnproducts/downloads/medicare_beneficiaries_dual_eligibles_at_a_glance.pdf.

Medicare.¹¹³ CMS has voiced concern for several years that Medicare providers improperly seek payment from QMBs and send unpaid bills to debt collection. Our analysis of CMS survey data similarly indicates that, notwithstanding the legal protections afforded to QMBs, about 9 percent of QMBs report having problems paying medical bills or having unpaid medical bills, compared to 6 percent of other Medicare beneficiaries. Additionally, a significant number of complaints that the CFPB has received about Medicare over the past several years specifically mention QMB status. The Office for Older Americans is learning about the complex reasons behind this inaccurate and illegal medical debt, and working with CMS to explore potential solutions.

Servicemembers and Veterans

Debt collection continues to be a significant issue facing servicemembers, veterans, and their families (military consumers). In written testimony in April 2023, the Assistant Director of the Office of Servicemember Affairs (OSA) noted that servicemembers face unique hardships when faced with debt collection, and that can make them more likely to fall victim to harmful tactics by debt collectors.¹¹⁴

“Many servicemembers, including all officers, are required to have security clearance checks that include detailed reviews of their credit history and their ability to meet financial obligations. If servicemembers are unable to keep up those obligations, a blemish on their credit report can lead to security clearance revocation or even potential discharge from service. We have seen that some debt collectors threaten, illegally, to report servicemembers to their chain of command to collect on a debt. Too often this occurs for debts that the servicemember may not even owe. We have also heard stories of servicemembers who pay off debt on accounts they do not owe just so it doesn’t show up on their credit report.”

In 2023 CFPB released the OSA Annual Report which highlights trends in servicemember complaints. In the report, they note that debt collection continues to be the second largest percentage of complaints submitted by servicemembers. The percentage of servicemember debt

¹¹³ See 42 U.S.C. § 1396a(n)(3). Specifically, federal law prohibits healthcare providers who accept Medicare from billing QMBs for cost-sharing for services covered by Medicare Part A and B, but not prescription drug services covered only by Medicare Part D. See “Qualified Medicare Beneficiary Program – FAQ on Billing Requirements” (July 2018), available at <https://www.cms.gov/outreach-and-education/outreach/npc/downloads/2018-06-06-qmb-call-faqs.pdf>.

¹¹⁴ CFPB, “Prepared Statement of James S. Rice before the Committee on Veterans’ Affairs United States Senate” (Apr. 2023), available at <https://www.consumerfinance.gov/about-us/newsroom/prepared-statement-of-james-s-rice-before-committee-on-veterans-affairs-united-states-senate/>.

collection complaints outpace the number of debt collection complaints submitted by all consumers, underscoring the unique impact debt collection has on servicemembers.

Numerous complaints were submitted by veterans who believed their medical debts were to be paid by the Veterans Administration (VA) and similar situations occurred for active-duty members using TRICARE.¹¹⁵ A common occurrence from complaints involved the servicemember or veteran using an emergency service or urgent care center that was unfamiliar with the billing process of the VA or Department of Defense (DOD) TRICARE and billed the servicemember or veteran directly. This would delay the payment process from VA or DOD. The CFPB recommended in the report that a good practice for medical providers and third-party billing companies would be to have adequate systems in place to serve servicemembers, veterans, and their families.

Students

Students paying for college and the impact of student loan products remain a major CFPB focus. The Office of Students and Young Consumers continues to examine the financial implications facing students as they enter higher education and complete repayment of student loans. In September 2023, CFPB issued a report about college tuition payment plans and how the plans increase repayment risk among students.¹¹⁶ CFPB has been closely following the federal student loan payment pause, and the impact returning to student loan repayment may have on students and others paying for college. In September 2023, CFPB released a blog outlining repayment options and rights consumers have as student loan repayments commence.¹¹⁷ In addition to highlighting options to reduce or even have loan amounts forgiven or canceled, this guidance also gives options for consumers to reach out to CFPB to share any issues with student loan servicers. CFPB remains in contact with federal partners, including the Department of Education's Office for Federal Student Aid, providing input and insights from students to influence the large return to repayment for federal student loan borrowers.

¹¹⁵ TRICARE is the uniformed services health care program for active duty service members (ADSMs), active duty family members (ADFM), National Guard and Reserve members and their family members, retirees and retiree family members, survivors, and certain former spouses worldwide. See "TRICARE 101," available at <https://www.tricare.mil/Plans/New>.

¹¹⁶ CFPB, "Tuition Payment Plans in Higher Education," (Sep. 2023), available at <https://www.consumerfinance.gov/data-research/research-reports/tuition-payment-plans-in-higher-education/>.

¹¹⁷ CFPB, "As payments on federal student loans resume, federal student loan borrowers may be eligible for cancellation or lower payments" (Sep. 2023), available at <https://www.consumerfinance.gov/about-us/blog/as-payments-on-federal-student-loans-resume-federal-student-loan-borrowers-may-be-eligible-for-cancellation-or-lower-payments/>.

Workers

CFPB provides analysis and impacts on underserved populations, including consumers in historically underserved communities, unbanked, and underbanked groups. In July 2023, CFPB released an issue spotlight that examined the impact of employer debt, which include training repayment agreements provisions (TRAPs).¹¹⁸ CFPB research found that TRAPs can leave consumers in debt if a worker leaves a position earlier than the terms of the training agreement, which can inhibit consumers financial well-being. In addition to highlighting the unequal bargaining power prospective workers may have (in particular unemployed or underemployed candidates) over the terms of these agreements, the report also highlights tactics that employers and collection agencies use to collect these debts. In one example, the report notes that collection agencies try to use urgency and fear by sending letters to former employees, demanding them to respond in an urgent time frame. This discourages consumers to seek professional legal advice on what rights they may have to defend themselves from the debt. In some circumstances, the legitimacy or legal right to collect could be in dispute.

7.3 FDCPA regulatory actions

On April 26, 2023, the CFPB issued an advisory opinion affirming that the FDCPA and its implementing Regulation F prohibit a debt collector, as that term is defined in the statute and regulation, from suing or threatening to sue to collect a time-barred debt.¹¹⁹ Accordingly, as clarified by the advisory opinion, an FDCPA debt collector who brings or threatens to bring a State court foreclosure action to collect a time-barred mortgage debt may violate the FDCPA and Regulation F. Throughout 2023, the CFPB also engaged in informal guidance to facilitate implementation of the debt collection final rule.

7.4 Other related regulatory actions

The Fair Credit Reporting Act restricts creditors' ability to use medical information in making credit decisions and places limits on the inclusion of medical information on credit reports. The FCRA also granted five financial regulators authority to create regulatory exemptions to the

¹¹⁸ CFPB, "Consumer risks posed by employer-driven debt" (July 2023), available at <https://www.consumerfinance.gov/data-research/research-reports/issue-spotlight-consumer-risks-posed-by-employer-driven-debt/>.

¹¹⁹ CFPB, "Fair Debt Collection Practices Act (Regulation F); Time-Barred Debt" (Apr. 2023), available at <https://www.consumerfinance.gov/rules-policy/final-rules/fair-debt-collection-practices-act-regulation-f-time-barred-debt/>.

restriction on creditors' use of medical information, and in 2005, those regulators created an exception to allow creditors to rely on medical data if it could be characterized as "financial information."

The CFPB recently started a rulemaking process under FCRA. On September 21, 2023, the CFPB released an outline of proposals under consideration that, if finalized, would remove medical debts and collection information from consumer reports and narrow the 2005 exception and prohibit creditors from using medical collections information when evaluating borrowers' credit applications.¹²⁰ The CFPB, along with the Office of Advocacy in the Small Business Administration and the Office of Information and Regulatory Affairs in the Office of Management and Budget, convened a small business panel in October 2023 and issued a report summarizing the input received in December 2023.¹²¹ In June 2024, the CFPB issued a Notice of Proposed Rulemaking, subject to public comment, that would prohibit creditors from obtaining or using information on medical debts for credit eligibility determinations. The proposed rule would also provide that a consumer reporting agency generally may not furnish to a creditor a consumer report containing information on medical debt that the creditor is prohibited from using.¹²²

7.5 Stakeholder outreach

The CFPB's Office of Public Engagement (OPE) conducts outreach to stakeholders on timely issues, including time-barred debt and medical debt, to solicit feedback and answer questions.

In April 2023, around the time of the CFPB's Advisory Opinion on time-barred debt, OPE hosted a public field hearing in Brooklyn, New York which is noted as one of the epicenters of "zombie" second mortgages.¹²³ Director Chopra announced new CFPB guidance to protect homeowners from illegal collection tactics on zombie mortgages, and New York Attorney

¹²⁰ CFPB, "CFPB Kicks Off Rulemaking to Remove Medical Bills from Credit Reports" (Sep. 2023), available at <https://www.consumerfinance.gov/about-us/newsroom/cfpb-kicks-off-rulemaking-to-remove-medical-bills-from-credit-reports/>.

¹²¹ CFPB, "Small Business Review Panel for Consumer Reporting Rulemaking," available at <https://www.consumerfinance.gov/rules-policy/small-business-review-panels/small-business-review-panel-for-consumer-reporting-rulemaking/>.

¹²² CFPB, "Prohibition on Creditors and Consumer Reporting Agencies Concerning Medical Information (Regulation V)" (June 2024), available at <https://www.consumerfinance.gov/rules-policy/rules-under-development/prohibition-on-creditors-and-consumer-reporting-agencies-concerning-medical-information-regulation-v/>.

¹²³ CFPB, "Save the Date! CFPB Field Hearing with Director Rohit Chopra in Brooklyn, NY" (Apr. 2023), available at <https://www.consumerfinance.gov/about-us/events/archive-past-events/field-hearing-on-zombie-second-mortgages-director-chopra-brooklyn-new-york/>.

General Letitia James outlined work that is being done to combat illegal practices in the state of New York. Director Chopra also moderated a panel discussion with local legal, housing, and policy experts as well as a local homeowner who shared her story about her efforts to prevent the collection of debt related to a “zombie” second mortgage. Members of the audience also provided public testimony. Over 300 people tuned in to watch live in person and via the livestream, and the video has generated over 1,500 total views on YouTube.

In May 2023, OPE hosted a call with more than 250 housing counselors from across the country, which featured an overview of the advisory opinion on time-barred debt and allowed participants to ask the CFPB questions.

As part of the CFPB’s wide-ranging work on medical debt, OPE facilitated engagements throughout 2023 with relevant stakeholders, including nonprofit organizations, legal aid attorneys, and health advocates. OPE collected information and policy recommendations during these sessions and shared insights with relevant subject matter experts at the CFPB.

In July 2023, OPE facilitated a public hearing at CFPB headquarters in Washington, DC about medical billing and collections. The hearing featured remarks from Director Chopra, U.S. Department of Health and Human Services Chief of Staff Sean McCluskie, and California Attorney General Rob Bonta. The event highlighted the Interagency Request for Information on Medical Payment Products, which sought information about various potential consumer impacts from medical payment products, including debt collection practices. Director Chopra moderated a panel made up of local and national experts who discussed various consumer harms relating to medical payment products, including debt collection and adverse credit reporting, that may arise from medical debt; mitigation tools that local advocates have found useful; and recommendations for state and national policy solutions. Finally, members of the public provided public testimony about their experiences with medical debt, billing, collections, and payment products. In addition to in-person attendees, the YouTube video received more than 750 views of the live stream or recording.

The CFPB also received feedback about medical debt collection practices through multiple meetings OPE facilitated among senior bureau officials and stakeholders, including legal aid attorneys and health policy advocates. This topic was also regularly raised by local stakeholders and community organizations during multiple roundtable discussions Director Chopra hosted with OPE in several cities across the country throughout 2023.

7.6 Market monitoring and outreach

The CFPB continues to monitor the debt collection industry to improve its understanding of the market and to develop informed policies and regulations that will protect consumers.

CFPB Markets staff spoke at a variety of regional and national debt collection industry events. The CFPB also held conference calls with consumer advocates, industry groups, vendors, and government officials to better understand consumers' experiences with debt collection as well as how the market and industry function. In particular, the CFPB held several conference calls with market participants and consumer advocates about the Regulation F debt collection rule and its implementation. These market outreach activities helped the CFPB gather detailed information related to the potential impacts of the final rule, which in turn, helped inform the CFPB's rule implementation and guidance efforts.

The CFPB published a market snapshot report titled, "Market Snapshot: An Update on Third Party Credit Reporting" on February 14, 2023¹²⁴. This report provides an overview of the trends in third-party debt collections tradelines on consumer credit reports from 2018 to 2022. Accompanying this report, the CFPB also published a blog titled, "Debt Collectors re-evaluate medical debt furnishing in light of data integrity issues."¹²⁵ This blog highlights that the furnishing of medical debt is on the decline, in part due to structural challenges that can result in false and inaccurate information. The blog also emphasizes how these inaccurate medical debt tradelines harm patients and the consumer reporting ecosystem.

The CFPB published its sixth biennial report on the state of the consumer credit card market on Oct 26, 2023.¹²⁶ This report includes a detailed section on trends in debt collection policies and practices deployed by the surveyed large card-issuing banks. The debt collection section reviews issuer policies and practices with respect to resolving delinquent debt prior to charge-off, including digital communication practices, use of first-party and third-party collectors, and loss mitigation programs. This section also reports on the trends in recovery of debt following charge-off, including measures of recovery of charged-off debt through various channels, such as third-party agency collections, debt sale, and litigation.

¹²⁴ CFPB, "Market Snapshot: An Update on Third-Party Debt Collections Tradelines Reporting" (Feb. 2023), available at https://files.consumerfinance.gov/f/documents/cfpb_market-snapshot-third-party-debt-collections-tradelines-reporting_2023-02.pdf.

¹²⁵ John McNamara, "Debt collectors re-evaluate medical debt furnishing in light of data integrity issues" (2023), available at <https://www.consumerfinance.gov/about-us/blog/debt-collectors-re-evaluate-medical-debt-furnishing-in-light-of-data-integrity-issues/>.

¹²⁶ CFPB, "The Consumer Credit Card Market Report" (Oct. 2023), available at https://files.consumerfinance.gov/f/documents/cfpb_consumer-credit-card-market-report_2023.pdf.

8. Conclusion

Over the course of 2023, the CFPB took action to eliminate illegal debt collection practices, ensure that ethical debt collectors were not competitively disadvantaged, and protected consumers against debt collection abuses. In the coming year, the CFPB will continue its work to uphold the FDCPA through all the tools at its disposal. These include supervision and enforcement actions, regulatory and legal action, research and market monitoring activities, and consumer complaints and education. As the debt collection industry's primary regulator, the CFPB recognizes the important role that responsible debt collection plays in the consumer finance ecosystem. The CFPB, in coordination with its partner agencies, is committed to protecting both consumers and honest businesses from those that violate the law.

One significant trend that the CFPB is monitoring is the increased financialization of various consumer financial markets. This report has described how financialization is affecting debt collection in the medical and rental-housing markets, with a particular focus on how it may result in debt collectors collecting amounts that are not actually owed or not properly verified. Debt collectors that pursue consumers for incorrect amounts may be violating the FDCPA, and the CFPB will take appropriate action where this is occurring.

APPENDIX A: CFPB DEBT COLLECTION INFORMATION, 2023

Consumer information	Page views or downloads in English	Page views or downloads in Spanish	Print distribution in English	Print distribution in Spanish
All Ask CFPB debt collection questions	2,682,276	363,301		
How to negotiate a settlement with a debt collector	485,461	34,500		
What should I do when a debt collector contacts me?	566,264	34,245		
Sample letters				
What should I do if a creditor or debt collector sues me?	124,039	12,245		
My debt is several years old.				
Can debt collectors still collect?	254,109	200,514		
Can I be responsible to pay off the debts of my deceased spouse?	161,208	23,896		
Are there laws that limit what debt collectors can say or do?	156,931	19,102		
Know Your Rights When a Debt Collector Calls	1,403	377	29,875	3,850
Behind on bills?			91,011	26,136
Behind on bills? (correctional facilities edition)			14,710	3,370
Planning to become debt free?	3,598	1,155	34,725	7,150
Debt getting in your way? Get a handle on it.			45,336	
Debt getting in your way? Get a handle on it. (correctional facilities edition)			10,394	
Servicemembers: Know your rights when a debt collector calls	252		1,000	

APPENDIX B: CFPB MEDICAL DEBT INFORMATION, 2023

Consumer information	Content Type	Date Published
What should I know about debt collection and credit reporting if my medical bill was sent to collections?	Ask CFPB	Feb 2, 2022
What should I know about medical credit cards and payment plans for medical bills?	Ask CFPB	May 8, 2023
What should I do if I can't pay a medical bill?	Ask CFPB	Dec 7, 2023
Is there financial help for my medical bills?	Ask CFPB	Dec 7, 2023
What is a "surprise medical bill" and what should I know about the No Surprises Act?	Ask CFPB	Dec 7, 2023
Know your rights and protections when it comes to medical bills and collections	Blog	Apr 11, 2022
Are you getting the help with your medical bills you are entitled to?	Blog	Apr 11, 2022
Have medical debt? Anything already paid or under \$500 should no longer be on your credit report	Blog	May 8, 2023
What should I know about debt collection and credit reporting if my medical bill was sent to collections?	Ask CFPB	Feb 2, 2022

APPENDIX C: FTC DEBT COLLECTION INFORMATION, 2023

Consumer Information	Views (English)	Views (Spanish)	Print Orders (English)	Print Orders (Spanish)
Articles				
Debt Collection FAQs	282,920	164,965	35,925	5,225
Debt Collectors (Fotonovela)				9,325
Debts and Deceased Relatives	86,258	82,425		
Fake and Abusive Debt Collectors	28,042	10,770		
Getting Out of Debt (Print)			59,325	9,850
How to Get Out of Debt	169,956	31,257		
Identity Theft Letter to a Debt Collector	6,526	101		
Managing Debt (Online)	28,364	11,321		
Managing Debt (Print)			33,950	5,950
What To Do if a Debt Collector Sues You	83,641	126,601		
Videos				
Dealing with Debt Collectors	1,169	419		
Debt Collection: Know Your Rights	25,002	13,232		
Fraud Affects Every Community: Debt Collection	654			

Business Information	Views (English)	Views (Spanish)	Print Orders (English)	Print Orders (Spanish)
The Fair Debt Collection Practices Act	12,276			
Fair Debt Collection: Business Tips [Video]	250	159		

The views column indicates how many times a page was viewed on an FTC website. A person who views an article page may also download, re-post, or copy and share content from a page, which increases the number of people who see the article but doesn't increase the number of views.