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NEWS RELEASE

Financial Literacy Month Tip of the Week

FOR IMMEDIATE RELEASE

April 7, 2016

PHANTOM DEBT COLLECTION

Fraudulent Third-Party Collectors – A Debtor’s Nightmare

(Boise) – April is Financial Literacy Month. Dedicated to an ongoing effort to educate Idahoans in April and throughout the year - the department issues the following tips and warnings to Idahoans who may be the targets of fraudulent third-party collection activities. Don’t let debt collectors – real or fraudulent - scare you into paying without first doing your due diligence! Check them out. Know your rights under federal and state collection laws.

At the heart of the matter is fraudulent collection agencies referred to as “Phantom collectors.” The phrase “phantom collector” has been coined by federal and state regulators to describe fraudulent collection companies who are not only difficult to locate, but are quick to move around the country as they spread their brand of deception and fraud. Such conduct not only causes harm to financially vulnerable consumers but damages the legitimate third-party collection industry. Frightened consumers who receive fraudulent collection calls may choose to pay collectors money they do not owe and fall deeper into debt, while others suffer invasions of their privacy and job loss.

Gavin Gee, Director of the Idaho Department of Finance tells consumers that “although collection of delinquent debt is necessary and a legitimate business practice - there is no excuse for the illegal and fraudulent tactics conducted by some collectors. Tactics may include pretending to be process servers or attorneys, threatening lawsuits, arrest, or imprisonment if the people they are calling don’t pay immediately or calling the consumer’s employers or family members.”

The [IRS continues to warn consumers](#) about phantom debt collectors who sometimes alter caller ID to make it look like the IRS or another agency is calling. The callers use IRS titles and fake badge numbers to appear legitimate. They may use the victim’s name, address and other personal information to make the call sound official.

It is imperative for consumers to: 1) know your rights related to third-party collection, 2) actively check out a collection agency who calls to collect, 3) verify that the debt in question is legitimate prior to paying.

Know your [legal rights](#), so you can spot when something isn't right.

WARNING SIGNS OF POSSIBLE FRAUD OR VIOLATIONS BY A COLLECTION AGENCY:

- Attempts to collect debts on behalf of a third party without first obtaining a license in Idaho
- False claims that the collector is an attorney or government representative
- False claims that a debtor has committed a crime and will be jailed
- False claims that the collection agency is sending someone to arrest a debtor
- False claims that a debtor has no right to receive verification of a debt

Idaho consumers who believe that a collection agency is in violation of state or federal collection laws may file a written complaint with the department at www.finance.idaho.gov.

The Idaho Collection Agency Act also includes the requirement that debt counselors, debt settlement companies, and credit repair companies be licensed *prior to conducting business in Idaho*. False claims include representations that the company can eliminate a debtor's debt and remove legitimate negative items from a debtor's credit report. Consumers can check the listing of licensed collection agencies, debt counselors, and debt settlement companies on the department's website at www.finance.idaho.gov.

Consumers can obtain information about financial firms, professionals or products, as well as view more Department press releases and other information on the Internet at www.finance.idaho.gov or by contacting the Department at (208) 332-8000 or Idaho toll-free at 1-888-346-3378.