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## CONSUMER BULLETIN

### Financial Literacy Month Tip of the Week

For Immediate Release

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## Know Your Rights and Responsibilities When a Debt Collector Calls

April is Financial Literacy Month, and the Idaho Department of Finance is teaming up with the Idaho Financial Literacy Coalition to provide financial education to Idahoans. Coinciding with Financial Literacy Month, department representatives will be sharing popular financial literacy presentations with Idaho high school students and senior citizen groups.

In keeping with the goal of promoting financial literacy, the department seeks to educate Idahoans about their rights and responsibilities if they receive collection calls or letters from a third-party collection agency.

"Debt collection laws do not excuse debtors from paying their legitimate debts," said Gavin Gee, director of the Idaho Department of Finance. "However, such laws generally prohibit certain unfair and deceptive collection practices and provide an important framework within which collection agencies must operate in pursuit of delinquent debts."

Gee said most of the complaints received by the Idaho Department of Finance relate to debt collection. "Many of these complaints involve unlicensed out-of-state collection agencies who are also violating a variety of federal and state collection laws." When a debt collector calls, Gee reminds consumers to ask if the collector is licensed with the Department of Finance.

Below are some debtor rights and potential warning signs of fraudulent collection.

### **DEBTOR RIGHTS:**

- 1) A debt collector may not contact you before 8 in the morning or after 9 at night, unless you agree to it.
- 2) Collectors may not contact you at work if they're told (orally or in writing) that you're not allowed to get calls there.
- 3) If you are contacted by a collection agency about a debt you owe, see if you can resolve the matter through mutually agreeable payment terms. If you decide that you don't want the collector to contact you again, notify the collector in writing to stop contacting you. Be aware, however, that the collector may still file a lawsuit against you to try to collect the debt.
- 4) Debt collectors may not harass you. Examples of abusive activity may include:
  - Threats of violence, criminal prosecution, or harm
  - Use of obscene or profane language
  - Repeated use of a phone to annoy someone

5) If a debt collector files a lawsuit against you to collect a debt, respond to the lawsuit, either personally or through your lawyer, by the date specified in the court papers to preserve whatever defenses you may have. Failure to respond in writing can result in a judgment against you.

**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](http://finance.idaho.gov/complaint.aspx) with the department at <http://finance.idaho.gov/complaint.aspx>. Consumers may also learn whether a collection agency is licensed in Idaho by [checking the department's website](http://finance.idaho.gov/collectionagency/collectionagencylicense.aspx) at: <http://finance.idaho.gov/collectionagency/collectionagencylicense.aspx>.

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 also can check the listing of licensed debt counselors and debt settlement companies on the department's website.

Idaho consumers with questions about collection agencies, or their practices, may call the department at 208-332-8002 or toll-free in Idaho at 1-888-346-3378.

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*Department of Finance Press Releases and a list of Financial Literacy Month free events can be found on the [department's website](http://finance.idaho.gov) at <http://finance.idaho.gov> and may also be obtained by contacting the department at (208) 332-8000, or toll-free in Idaho at 1-888-346-3378.*