



Dirty tricks of debt collection: What you need to know

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With more Americans than ever falling behind on their house, car and credit card payments, collection agents are turning up the heat and getting tough on debtors in an effort to recoup overdue funds.

"Some collection agents attacked my integrity," says Ken Golde (pictured), who was more than \$200,000 in debt in 2007 after his business partner died unexpectedly. "They'd say, 'How can you look yourself in the mirror?' And one asked me, 'Do you have a wife? Do you have a girlfriend? What would your girlfriend think?'"

This sort of shaming happened often, says Golde: "One asked, 'Don't you feel just wrong about this?' Another asked, 'Don't you have any integrity?'"



Amy Graves, Wireimage.com

As Golde unfortunately discovered, some bill collectors get rude and invasive. In some cases, they even cross line of legality. *WalletPop* spoke with lawyers and consumer advocates to find out what debt collectors can legally threaten you with -- and how to know when they've crossed the line.

Crossing the line into harassment

The Fair Debt Collection Practices Act (FDCPA), a federal law that applies to third-party debt collectors, prohibits what it refers to as "harassment." "[A] debt collector can't use obscene language or threaten violence," says Chi Chi Wu, an attorney at the National Consumer Law Center in Boston. They are, however, allowed to talk down to you and make you feel crummy about yourself.

Four years ago, Denise Brown was 42 years old, \$65,000 in debt and humbly moving back in with her parents after a business venture that she started failed to turn a profit. The collectors soon found her at her new residence, though. While the majority of the collection agents she dealt with were courteous, she recalls some who weren't so nice. "They were *so* angry with me," says Brown.

One agent, in particular, threw her into a panic after insisting that her debt couldn't be negotiated, settled or paid off more slowly. (That's not true, you *always* have the power to negotiate.) According to Brown, the agent would demand to know when she was going to pay, then reject her offer as not good enough. "I just felt like I was this terrible criminal," she says.

No matter what, you have the right to be treated professionally, says Robert Hobbs, an attorney with the National Consumer Law Center. "If they're doing something that causes you anxiety and anguish, at that point, you need to start taking notes," he says. "If you're being mistreated by debt collectors, there are lawyers in almost every state that will represent you on a contingency basis."

Aside from using profanity or threatening violence, debt collectors are also forbidden to call your friends, family and co-workers in order to spread the word that you were delinquent on your debts. Yet, some collectors are still legally able to get around this rule because of a loophole: Collection agencies are allowed to call people who know you if they're trying to track you down.

One collection agent called Golde's father looking for his phone number and made a point of saying Golde was delinquent on a debt. Golde hadn't changed his phone number for nearly two decades and had been in touch with that same agency earlier, making him suspicious that the creditor was just trying to hurt his reputation.

Despite what you may have heard, bill collectors cannot threaten you with jail time. There are no debtors' prisons in the U.S. But threatening imprisonment is a common tactic for bill collectors targeting immigrant communities, since they are less likely to be familiar with U.S. laws and may even come from a country that does jail debtors.

The phone won't stop ringing

Besides bullying and threats, debt collectors also try to break debtors down through persistent phone calls. "I had seven different accounts, and I would sometimes get two, three, even four phone calls a day," Golde says. "At the beginning, the conversations were stressful. The intent was to throw me emotionally."

The FDCPA stipulates that a collection agency can't call you "repeatedly," meaning that your phone would ring continuously with their calls. Other than that, though, there are no limits placed on how many times an agency can contact you. One exception is the state of Massachusetts, which sets a limit of two calls per week per account.

To stop the calls, send a letter by certified mail stipulating that the company no longer can contact you regarding your debt. They legally have to stop once they receive the letter. The only exceptions are if they're contacting you to tell you they've waived your debt (unlikely) or that they're suing you for it (more likely). They can also sell the debt to another collection agency, which means you'll have to start all over again.

Getting sued by your creditors

Unfortunately, debt collectors can and do sue people. If you receive a lawsuit, verify that it is legitimate by visiting the courthouse and looking for the filing paperwork. It's illegal for a collection agency to send a letter saying they are suing you if they haven't actually done so. If this happens, contact your state's Attorney General and the Federal Trade Commission and file a complaint, says Jose Garcia, associate director for research and policy at advocacy group Demos.

Claudia Wilner, senior staff attorney for Neighborhood Economic Development Advocacy Project, says verification is crucial. Collection agents will sometimes tell a debtor not to worry about a lawsuit, hoping that you won't show up to defend yourself in court. You can't win if you don't show up to court, but you *can* lose. "People get served with legal process papers and don't appear in court," Wilner says, "and the next thing is, they have a default judgment against them."

A lawsuit isn't the end of the world, though. Golde says he was threatened with legal action and often told his accounts were in "pre legal" status -- a meaningless term from the standpoint of the courts. When Golde was sued by one creditor, they added interest, legal fees and damages to his debt, which hiked it from \$18,000 to \$22,500. Even this can be negotiated, Golde says. He settled before the case ever hit a courtroom - for just \$10,000.

Where to find help

Being over your head in debt is a scary and depressing place to be. If you believe your rights have been violated, search for an attorney at the National Association of Consumer Advocates [web site](#).

There are also several resources out there to help you turn your finances around. The National Foundation for Credit Counseling makes sure all of its members uphold certain standards and pass certification; its [web site](#) is a good place to start if you're looking for a credit counselor.

You can also try negotiating with the creditors directly. Golde pared his debt down to a manageable amount by getting bill collectors to accept a percentage of what he owed, a stressful, months-long process that ultimately spared him the cost and stigma of bankruptcy. He even wrote a [how-to book](#) drawing on his experience and offering advice to others. See our story [here](#) with tips from Golde.

The most important thing to remember is there's no quick fix (and companies that promise a quick fix are just trying to make a buck at your expense), but there is a way out. Even if you've racked up a lot of credit card debt, there's no reason for it to take over your life.