



ABOUT NYRL

New Yorkers for Responsible Lending (NYRL) is a state-wide coalition that promotes access to fair and affordable financial services and the preservation of assets for all New Yorkers and their communities.

NYRL is dedicated to fighting predatory practices in the financial services industry, through policy reform, education and outreach, research and direct services.

WHO WE ARE

NYRL members include community financial institutions, community-based organizations, affordable housing and foreclosure prevention groups, advocates for seniors, legal services organizations, and community reinvestment, fair lending, and consumer advocacy groups.

Established in 2000, NYRL has more than 150 member organizations throughout New York State.

Ensure Fair Debt Collection Practices

Pass the NYS Consumer Credit Fairness Act

Every year, consumer debt buyers file hundreds of thousands of debt collection lawsuits in NYS. They buy consumer debts for pennies on the dollar and aggressively pursue New Yorkers through the courts — frequently suing people who paid back their debts years ago, or the wrong person altogether. Routinely failing to provide notice to the people they've sued and taking advantage of the courts, debt buyers extract billions of dollars from the lowest income New Yorkers and communities.

Debt buyers often fail to properly notify people that they are being sued.

When defendants then do not appear in court, debt buyers obtain automatic “default” judgments that result in frozen bank accounts, seized assets, garnished wages, and ruined credit.

Debt buyers routinely file lawsuits:

- ▶ **With no notice to person sued**
- ▶ **Against ID theft victims**
- ▶ **Past the statute of limitations**
- ▶ **Without proof of the debt**

Joanna D., a single mother of two in Buffalo, was sued by debt buyers three times. In one lawsuit, the debt buyer claimed to have served Joanna's husband, though she is not married. In another lawsuit, the debt buyer claimed to have served her in person, describing her as white, though she is African-American. In a third lawsuit, the debt buyer claimed it served her at an address at which she had never lived. Accordingly, the debt buyers obtained automatic “default” judgments against her in all three lawsuits.

Debt buyer abuses disproportionately harm very low-income, elderly, or disabled New Yorkers.

Mae H., 87, a NYC public housing resident, learned she had been sued when she found that her bank account, containing her life's savings, was frozen. It turned out that a debt buyer had obtained a default judgment against her for debts on a credit card she had never owned. Although her niece informed the debt buyer that Mae was a victim of ID theft, the debt buyer took more than \$3,000 from her bank account. Mae became so agitated that she suffered a heart attack. Later, with help from a legal services attorney, Mae recovered her money, but she is now homebound as a result of the heart attack.

New York should enact the Consumer Credit Fairness Act, S.677/A.633.

The CCFA would establish basic fairness in debt collection lawsuits, by requiring debt buyers to submit solid documentation to courts and fair notice to people they sue.