

March 25th, 2015

TO: House Committee On Consumer Protection and Government Effectiveness
Rep. Shemia Fagan, Chair

FROM: AARP Oregon

RE: Support for HB 2252, regarding Debt Buyers

AARP strongly supports Oregon HB 2252, legislation to strengthen Oregon law and help protect consumers from abusive debt buyer practices.

As the leading organization representing the interests of people aged 50 and older, AARP is greatly concerned about abusive debt collection practices that harm consumers of all ages, and to which older people are particularly vulnerable. Debt buyers use sophisticated computer models to predict which collection methods are most likely to achieve results with a particular debtor. This makes older homeowners susceptible to threats that they will lose their home or go to jail if they don't pay, even if they think they do not owe the debt.

To make a collector stop harassing them with endless phone calls and threats, debtors may also be tricked into extending the time period in which a debt collector can sue them by paying a small amount on a debt. Collectors also threaten to make it harder for people to rent an apartment, find a job, or get credit. These threats convince people to pay even if they believe they do not owe the debt. Debt collectors also prey upon the sentiments of surviving family members, convincing them to pay debts of a deceased person even though they have no obligation to do so.

Debt buyers typically purchase only an electronic spreadsheet with a name and amount owed when they purchase delinquent debt. They do not purchase any actual account information. Such spreadsheets are full of inaccuracies, which get worse as the debt gets older and is resold numerous times. The contracts for the debt typically disclaims the accuracy of the data, explicitly providing that the amounts indicated may not include all payments made and may not reflect that the amounts listed are disputed, whether from identity theft or disputes over goods or services. The inaccuracy of the data is also reflected in the purchase price – debt buyers typically pay only pennies on the dollar for delinquent debt.

Despite express disclaimers about the likely inaccuracy of the information in the spreadsheets, debt buyers frequently file mass-produced debt collection lawsuits without ensuring they are suing the right person or for the right amount. Although debt buyers typically do not have any evidence to substantiate a claim that a debt is owed when they file a lawsuit, they produce robo-signed affidavits that falsely attest to personal knowledge that a debt is owed and the amount sued for is accurate. When asked to produce the contract that supports their ownership of the debt or the underlying account information, debt buyers balk because they know it will expose their lies to the court and prevent them collecting debts that are not owed.

The solution must start by requiring debt buyers to provide evidence of the claims they make about the amount owed, who owes it and the statute of limitations for filing suit. HB 2252 improves transparency and accuracy by requiring a 30-day notice with basic information about the alleged facts - name on account, amount due upon default and date of default. HB 2252 places the responsibility on the collector to prove the facts of the case before filing a lawsuit. No longer could someone be sued based on scant, outdated information. And most importantly, HB 2252 gives consumers the tools necessary to hold debt collectors accountable if and when they fail to follow the law.

Thank you for your work on this important issue. AARP Oregon urges you to support HB 2252.

Sincerely,

Jon Bartholomew
Government Relations Director
AARP Oregon