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**DEPARTMENT OF CONSUMER AFFAIRS (DCA) NAMES DEBT COLLECTORS TOP COMPLAINT
FOR THE FIFTH YEAR IN A ROW**

***DCA Mediates More than 4,000 Complaints about Debt Collectors and Secures More Than \$6.65
Million in Restitution for New Yorkers in the Past Five Years***

The Department of Consumer Affairs (DCA) today announced debt collectors were the agency's top complaint for the fifth year in a row. In 2012, DCA received more than 650 complaints about debt collectors and was able to erase more than \$1.12 million in wrongful debt collection. In the past five years, more than 4,000 New Yorkers have filed complaints about debt collectors, often about debts they don't actually owe. DCA made the announcement at a press conference with the Federal Trade Commission, the Better Business Bureau and other Federal and State agencies and organizations in order to alert New York area consumers to the top consumer complaints of the past year and to educate them on how to avoid becoming victims of these and other scams in 2013.

"We are greatly concerned by the alarming new tactics we are seeing used by overly aggressive debt buyers and other debt collectors, such as using Caller ID spoofing to deceive people into thinking a courthouse or county clerk is calling," said DCA Commissioner Jonathan Mintz. "We encourage New Yorkers experiencing erroneous, overly aggressive or fraudulent debt collection efforts to call 311 to file a complaint with us so our mediators and lawyers can help. And for those New Yorkers struggling with debt, please call 311 to make an appointment for free, one-on-one financial counseling at a nearby Financial Empowerment Center."

Anyone collecting debts from New York City residents must be licensed by DCA and must include their DCA license number in all letters sent to consumers no matter where the agency is located. DCA currently licenses more than 1,100 debt collectors from 47 states, one territory and 11 countries. In 2010, Mayor Bloomberg announced that debt collection agencies must adhere to common-sense guidelines regulating their interaction with New Yorkers. Those who make calls or send letters to collect debts must tell the debtor who is calling and from what agency, the original creditor, the amount of the debt they owe, and the name and phone number of a live person the debtor can call back. Anyone contacted by a debt collection agency can request written documentation regarding the status and history of the debt. Consumers can download DCA's [Debt Collection Guide](#), check if a debt collector is licensed and file a complaint online at nyc.gov/consumers or by calling 311. You can also watch our video about debt collection on [YouTube](#) in [English](#) and [Spanish](#).

Last year, DCA received a total of more than 4,600 complaints and secured close to \$5.5 million in restitution for consumers. To file a complaint with DCA or check the license status of a business, visit nyc.gov/consumers or call 311. New Yorkers in need of free one-on-one financial counseling can visit one of the City's nearly 30 Financial Empowerment Centers by calling 311 to schedule an appointment. Since the pilot opened in 2008, the Centers' financial counselors have helped more than 20,000 New Yorkers reduce their debt by almost \$10 million.

DCA enforces the Consumer Protection Law and other related business laws throughout New York City. Empowering consumers and businesses to ensure a fair and vibrant marketplace, DCA licenses more than 78,000 businesses in 55 different industries. Through targeted outreach, partnerships with community and trade organizations, and informational materials, DCA educates consumers and businesses alike about their rights and responsibilities. The DCA Office of Financial Empowerment (OFE) was launched by Mayor Michael R. Bloomberg at the end of 2006 as the first local government initiative in the country with the specific mission to educate, empower, and protect individuals and families with low incomes. OFE creates innovative programs, products, and services for New Yorkers so they can build assets and make the most of their financial resources. Our goal is to increase access to high-quality, low-cost financial education and counseling; connect individuals to safe and affordable mainstream banking and products and services; improve access to income-boosting tax credits, savings, and other asset building opportunities; and enforce and improve consumer financial protections to safeguard financial stability. For more information, call 311 or visit DCA online at nyc.gov/consumers.

TOP 10 THINGS TO KNOW ABOUT DEBT COLLECTION IN NEW YORK CITY

- **All debt collection agencies that seek to collect personal or household debts from New York City residents must have a DCA license no matter where the agency is located.** To verify if a debt collection agency is licensed, call 311 or search DCA's Instant License Check online at nyc.gov/consumers.
- **In New York, a debt collector cannot collect or attempt to collect on a payday loan.** Payday loans are illegal in New York. A payday loan is a high-interest loan borrowed against your next paycheck. To apply for a payday loan, you need to have a checking account and proof of income. In New York State, most payday loans are handled by phone or online. If a collection agency tries to collect on a payday loan, visit nyc.gov/consumers or contact 311 to file a complaint with DCA.
- **A debt collector cannot contact your employer, family, friends and neighbors about the debt or discuss it with them.** A collector can only contact someone other than the consumer to locate the consumer.
- **A debt collection agency may not make false statements or threaten you.** A debt collector cannot threaten to arrest you, report the consumer to immigration authorities or claim they are marshals or sheriffs. They can also not threaten to have you evicted, take or garnish your wages, take the money from your bank account, or take your personal belongings without first obtaining a judgment against you in court.
- **Debt collectors cannot call too early, too late or too often.** In New York City, debt collectors cannot call you before 8 a.m. or after 9 p.m. They also cannot call you more than twice a week if the collector has made contact with you.
- **Debt collectors cannot lie about the amount owed.** A debt collection agency cannot claim the debt owed is greater than it is or claim a consumer owes the debt when they do not.
- **A debt collection agency must tell you if the statute of limitations for collecting the debt has expired.**
- **Beware of debt collection companies or companies working with debt collection companies that offer you a credit card if you repay, in part or in full, an old debt that may have expired.** Companies may use terms like "Fresh Start Program" or "Balance Transfer Program" to describe offers to transfer your old debt to a new credit card account after you make a certain number of payments. *If you accept the credit card offer and start making payments, the debt collection agency's time limit (statute of limitations) for suing you to collect this debt will*

restart. The company offering the credit card may not tell you that this is a consequence of getting the credit card.

- **It is illegal for a debt collection agency to use “caller ID spoofing.”** Some debt collection agencies are using spoofed (or faked) phone numbers to disguise their identities on caller ID. For example, a debt collector may use the number of a relative or government agency to get you to answer the phone. If you get a “spoofed” call from a debt collection agency, visit nyc.gov/consumers or contact 311 to file a complaint with DCA.
- **Protect your money.** If a debt collection agency is unlicensed, fails to give you information required by law, or unlawfully threatens or harasses you, call 311 or visit nyc.gov/consumers to file a complaint with the Department of Consumer Affairs.

WHAT TO DO IF A DEBT COLLECTION AGENCY CONTACTS YOU...

- **Don’t ignore a collector.**
- **Check that the debt collection agency is licensed.** Debt collection agencies must include their DCA license number in all letters sent to you. To verify if a debt collection agency is licensed, call 311 or search DCA’s Instant License Check online at nyc.gov/consumers.
- **Check that the debt collection agency provided required information.** By law, debt collection agencies must provide the following information in all communications to you:
 - the name of the debt collection agency
 - the name of the original creditor
 - the amount of the debt and any fees
 - a call-back number to a phone that is answered by a live person
 - the name of that person. If your call is routed from the agency’s main telephone line, the live person qualified to handle your questions must answer the call within 60 seconds.
 - Information about your right to dispute the debt
- **Always request in writing that the debt collector send you written verification of the original debt even if you recognize the debt.** Verification must include:
 - a document from the original creditor that shows you made the purchase and owe the debt
 - a copy of the final account statement from the original creditor
 - a document that lists:
 - the total principal amount you owe (The principal may be either the original amount borrowed OR the part of the amount borrowed that remains unpaid minus any charges or fees.)
 - each additional charge or fee you owe that separately lists:
 - * the total for each charge or fee and the date each was incurred
 - * description of why you must pay the additional charge or fee

Once you request verification, a debt collection agency may not contact you to collect the debt until it sends you verification. Do not be pressured into making any payments until you have received verification of the original debt.

- **Confirm if you owe the debt by checking your credit report.**
- **Check how old the debt is.** If the statute of limitations on the debt is expired, the collector must disclose this information to you, along with information about your legal rights. The statute of limitations is the period of time that a creditor or collector can sue you in court to collect the debt.

Below are the other top five complaints received by DCA in 2012. Visit nyc.gov/consumers for the complete guides on these industries and others.

2. HOME IMPROVEMENT CONTRACTORS

DCA received more than 590 complaints against home improvement contractors last year. There are more than 13,800 home improvement contractors licensed to operate in New York City. Many more are unlicensed and uninsured. DCA's Home Improvement Contractor Trust Fund provides additional protection for homeowners who use a licensed contractor with payments up to \$20,000 if the contractor goes out of business or leaves town. Consumers can help protect themselves by following these tips:

Quick Tips for Hiring a Home Improvement Contractor:

- **Always use a licensed home improvement contractor and/or salesperson.**
Check if your home improvement contractor and/or home improvement salesperson is licensed by calling 311 or using DCA's Instant License Check at nyc.gov/consumers. Persons soliciting or performing home improvement work in New York City costing more than \$200 must be licensed by DCA.
- **Get references.**
Call 311 to check a contractor's complaint history with DCA and check with at least three reputable references before hiring a contractor. Also check with surrounding areas including Suffolk, Nassau and Westchester counties for complaints.
- **Know your contract rights.**
By law, homeowners have the right to cancel any contract within **three** days, including contracts for home repair and/or improvements. Always check the contract, especially for a cancellation notice.
- **Get a written estimate.**
One of the best ways to calculate the cost of your home improvement work is to get estimates from a minimum of three contractors. Under the Home-Improvement Business Law, a home improvement contractor must provide a written estimate upon request. If a contractor charges for supplying a written estimate, you must be told the fee before an estimate is prepared.
- **Use DCA's home improvement model contract.**
Don't start work or make payments without a written contract that clearly indicates all of the specifics of the project. DCA's model contract is an easy-to-use template that covers the breadth of a home improvement project, from materials and equipment to prices, payments and work schedules. DCA's model contract is free and available online at nyc.gov/consumers or by calling 311. Ask for the Home Improvement Contractor license application packet.
- **Never pay cash.**
Never pay for repairs or improvements without a contract and never pay in cash. Pay no more than a quarter of the total amount upfront, up to a maximum \$15,000, to get the work started. Then continue with 'progress' payments as work continues so payments are tied to specific work progress, with final payment due when all the work is completed to your satisfaction. Be sure to keep track of all paperwork and payments.
- **Don't finance improvements or repairs through your contractor.**
It is illegal for contractors or salespeople to arrange or offer to arrange home improvement loans for you. If they attempt to do this, file a complaint immediately with DCA through 311 or online at nyc.gov/consumers. If financing is needed for repairs or improvements, investigate reliable and legitimate options on your own at your bank or credit union of choice.

3. GENERAL RETAIL

DCA received almost 500 complaints about general retail businesses in 2012. To become a well informed consumer read DCA's smart shopping tips:

Shopping Tips:

- **Check the refund policy.** Stores can set their own refund or exchange policy but it must be displayed clearly where you check out. If they do not post a policy, you have a right to a full refund within 30 days in the same manner in which you paid.
- **Keep your receipts.** In NYC, you are entitled to a receipt for purchases over \$20. You may also request a receipt for purchases of \$5 or more. Receipts must show the total amount paid including a separate statement of tax, date, business name/address, the make/model if it's an electronic, and, if applicable, the business' DCA license number. By law, a customer's receipt must not show the credit card's expiration date or more than its last five digits.
- **Know Your Rights About Layaway.** A "layaway plan" is a payment plan that requires at least four payments for an item purchase over \$50. The written layaway plan must include a full description of the item; total cost of item, tax and any additional charges like delivery, cancellation plan use; duration of the plan; payment schedule; any late charges or penalties for missed payments; the store's refund policy; and where and when merchandise will be held for the consumer, including whether it has been removed from inventory.
- **Watch out for scams and false advertising.** "Bait and switch" ads that promise too-good-to-be-true savings but aren't actually available when you get there are illegal. Any item listed as "on sale" must also display the pre-sale price clearly and there must be reasonable quantities available.

4. FURNITURE STORES

Although DCA does not license furniture stores, they must comply with the New York City Consumer Protection Law. In 2012, DCA received 460 complaints about furniture sales. Most consumers complain about defective or damaged goods or items that were never delivered.

Quick Tips for Shopping at Furniture Stores:

- **Check the complaint history.** Before purchasing merchandise, call 311 to check the business' complaint history.
- **Always get a receipt and save it.** All receipts must include the total amount paid, amount paid for each item including a separate line for tax, date, business name and address. The receipt cannot show a credit card's expiration date or more than its last five digits.
- **Get a delivery date.** Secure a delivery date in writing before you leave a store. If retailers don't specify a "ship by" date for your online purchase, they must ship within 30 days.
- **Know the refund or exchange policy.** Store can set their own refund or exchange policy but it be displayed near the register where customers can easily read it. If there is no policy posted, the customer can return any item for 30 days and get a refund in the manner in which the purchase was paid.

5. ELECTRONICS STORES

DCA received nearly 390 complaints last year about electronic sales. Electronic stores must be licensed by DCA and there are currently more than 2,700 licensed electronic stores.

Quick Tips for Shopping at Electronic Stores:

- **Always shop at licensed electronic stores.** Electronics stores operating in New York City must be licensed by DCA and they must post their license in a place where you can easily see it (e.g., near cash register). Check if an electronics store is licensed by calling 311 or visiting nyc.gov/consumers.
- **Request an itemized receipt and examine it closely for hidden charges. Also look at the item's packaging.** Many times an electronics store might advertise a low price but take out parts of the item and try to resell them to you at a higher price, making the total package an expensive purchase.
- **Look for the store's refund policy, which must be posted.** Some electronics stores may charge a "restocking" fee for returns.
- **Shop around and do some research on pricing before making a purchase.** If you know how much an item generally sells for, you will know if something looks expensive or is a good deal.
- **Inspect the item before purchasing.** An item may look new, but it could be used or rebuilt. Any product that has been used must be marked "used," "floor model," "rebuilt," or "refurbished."
- **Avoid buying extra warranties that may not give you anything that isn't already covered by the manufacturer's and retailer's warranties.**
- **Be sure to ask the retailer if any written warranties already come with the product and review the terms before agreeing to pay for additional warranties being offered through a service contract.** If there is no written warranty from the manufacturer, you may be dealing with a "grey market" item, which means it was not intended for sale in this country and is not covered by a manufacturer's warranty.
- **Avoid bait and switch.** Stores must supply what they advertise, at the advertised price. Beware if a salesperson tries to talk you into buying something else.