

Monday, June 12, 2006

DEPARTMENT OF CONSUMER AFFAIRS HOLDS PUBLIC HEARING TO EXPLORE DEBT COLLECTION PRACTICES IN NEW YORK CITY

Public Hearing Spurred by 70% Increase in Consumer Complaints

New York City Department of Consumer Affairs (DCA) Commissioner Jonathan Mintz today heard testimony from consumers, advocates, and industry representatives at a public hearing to explore debt collection practices in New York City. The public hearing, spurred by a 70% increase in consumer complaints reported to the DCA over the past two years, was held at the Borough of Manhattan Community College (BMCC), in lower Manhattan. Debt collection agencies that collect from New Yorkers are regulated by the DCA, which requires that they be licensed and abide by strict protocols.

"We're greatly concerned about the 70% increase in complaints we've received about debt collection practices," said DCA Commissioner Jonathan Mintz. "Today's testimony will guide us in identifying how the DCA can make a difference, by stopping abuses and expanding industry best practices."

Joining Commissioner Mintz on the panel were Marla Tepper, the DCA's General Counsel, and Andrew Eiler, the Department's Director of Legislative Affairs. Groups testifying before the DCA panel included the Better Business Bureau; advocacy organizations such as Neighborhood Economic Development Advocacy Project (NEDAP); industry groups such as Association of Credit and Collection Professionals (ACA) International and others. In addition, several debt collection industry representatives also appeared under subpoena to testify.

The number of consumer complaints received by the DCA regarding debt collection practices jumped 70% over the past two years, with nearly 800 for fiscal year 2006, to date. The complaints range from attempts to collect invalid debts, to home and workplace harassment, improperly damaged credit histories, and more. There are currently 878 companies licensed by the DCA to collect debts from New York City residents. The DCA has been able to mediate debt collection complaints successfully, returning hundreds of thousands of dollars to consumers through restitution, cancelled bills and credits. The DCA is currently investigating several debt collection agencies for a pattern of complaints involving illegal collection practices.

Commissioner Mintz added, "Debt collection agencies cannot harass you, even if you owe the debt. And damaged credit histories, either through false reporting by a collection agency or due to a consumer's failure to pay an owed debt, can cause years of unwanted financial headaches. We strongly urge consumers never to ignore a debt collection agency."

To file a complaint or to request a copy of the DCA *Debt Collection Guide*, call 311 (or 212-NEW-YORK) or go online to the DCA website at www.nyc.gov/consumers. The DCA licenses 55 different categories of business in New York City, including debt collection agencies, and enforces the City's Consumer Protection Law prohibiting deceptive practices.

[Consumer tip sheet is attached.](#)