

FTC Consumer Alert

Federal Trade Commission ■ Bureau of Consumer Protection ■ Division of Consumer & Business Education

Time-Barred Debts

There's no doubt about it: you are responsible for your debts. If you fall behind in paying your creditors — or if you dispute the legitimacy of a debt — a debt collector may contact you.

“Time-barred” debts are debts so old they are beyond the point at which a creditor or debt collector may sue you to collect. State law varies as to when a creditor or debt collector may no longer sue to collect: in most states, the statute of limitations period on debts is between 3 and 10 years; in some states, the period is longer. Check with your State Attorney General's Office at www.naag.org to determine when a debt is considered time-barred in your state.

Federal law imposes limitations on how debt collectors can collect debts, including time-barred debts. Under the Fair Debt Collection Practices Act (FDCPA), a “debt collector” generally is any person or organization that regularly collects debts owed to others. The term includes lawyers who collect debts for others on a regular basis, but it does not include creditors collecting their own debts.

The FDCPA prohibits debt collectors from engaging in any unfair, deceptive, or abusive practices while collecting debts. It does not erase any legitimate debt that you owe. To learn more about your rights under the FDCPA, visit www.ftc.gov/bcp/online/pubs/credit/fdc.htm.

Collecting Time-Barred Debts

Most courts that have addressed the issue have ruled that the FDCPA does not prohibit debt collectors from trying to collect time-barred debts, as long as they do not sue or threaten to sue you for the debt. If a debt collector sues you to collect a time-barred debt, you can have the suit dismissed by letting the court or judge know the debt is, indeed, time-barred.

Whether a time-barred debt — or any debt for that matter — can appear on your credit report depends on how long the debt has been delinquent: debts that have been delinquent more than seven years cannot appear on your credit report, with certain exceptions. In addition, a debt collector may not try to collect a debt that has been discharged in bankruptcy, no matter when it was incurred. To learn more about credit reporting, visit www.ftc.gov/bcp/online/pubs/credit/fcra.htm.

Contact with Collectors

Can a debt collector continue to contact you about a time-barred debt you don't think you owe? According to the law, if you send the debt collector a letter stating that you do not owe some or all of the money within 30 days after you receive written notice of a debt, the collector must stop trying to collect until you've been given written verification of the debt, like a copy of the bill for the amount you supposedly owe. The collector can renew collection activities once you've gotten proof of the debt.

You can stop debt collectors from contacting you about any debt, regardless of whether you owe it, by writing a letter telling them to stop contacting you. Once the collector gets your letter, it may not contact you again — except to say there will be no further contact or to let you know that the collector or creditor intends to take some specific action. Sending a letter doesn't absolve you of the debt if you actually owe it; the debt collector or creditor still could sue you for the debt.

Future Collection Efforts

The best way to protect yourself from future collection on any disputed or partially settled debt is to get a form or letter from the creditor or collector that releases you from further obligation. To make sure the release is valid, you may want to consult an attorney. If you believe that a debt collector violated the law, you have the right to sue in a state or federal court within a year from the date the law was violated. If you win, you may recover money for the damages you suffered, plus an additional amount up to \$1,000. You also may recover court costs and attorney's fees. You also may want to report any problems you have with a debt collector to your State Attorney General and to the Federal Trade Commission.

The FTC works for the consumer to prevent fraudulent, deceptive, and unfair business practices in the marketplace and to provide information to help consumers spot, stop, and avoid them. To file a complaint or to get free information on consumer issues, visit www.ftc.gov or call toll-free, 1-877-FTC-HELP (1-877-382-4357); TTY: 1-866-653-4261. The FTC enters Internet, telemarketing, identity theft, and other fraud-related complaints into Consumer Sentinel, a secure, online database available to hundreds of civil and criminal law enforcement agencies in the U.S. and abroad.

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