

FEDERAL TRADE COMMISSION
ANNUAL REPORT 2006:
FAIR DEBT COLLECTION
PRACTICES ACT



INTRODUCTION

The Federal Trade Commission (“Commission”) is required by Section 815(a) of the Fair Debt Collection Practices Act (“FDCPA” or “Act”), 15 U.S.C. §§ 1692-1692o, to submit a report to Congress each year summarizing the administrative and enforcement actions it has taken under the Act over the preceding twelve months. These actions are part of the Commission’s ongoing effort to curtail abusive, deceptive, and unfair debt collection practices in the marketplace. Such practices have been known to cause substantial consumer injury, including emotional distress, invasions of privacy, and the payment of amounts that are not owed, and can severely hamper consumers’ ability to function effectively at work. Although the Commission is vested with primary enforcement responsibility under the FDCPA, it shares overall enforcement responsibility with other federal agencies.¹ In addition, consumers who believe they have been victims of statutory violations may seek relief in state or federal court.

The FDCPA prohibits abusive, deceptive, and otherwise improper collection practices by third-party collectors. For the most part, creditors are exempt when they are collecting their own debts. The FDCPA permits reasonable collection efforts that promote repayment of legitimate debts, and the Commission’s goal is to ensure compliance with the Act without unreasonably impeding the collection process. The Commission recognizes that the timely payment of debts is important to creditors and that the debt collection industry offers useful assistance toward that end. The Commission also appreciates the need to protect consumers from those debt collectors who engage in abusive and unfair collection practices. Many members of the debt collection industry supported the legislation that became the FDCPA, and most debt collectors now conform their practices to the standards the Act imposes. The Commission staff continues to work with industry groups to clarify ambiguities in the law and to educate the industry and the public about the Act’s requirements.

¹ Section 814 of the FDCPA, 15 U.S.C. § 1692l, places enforcement obligations upon seven other federal agencies for those organizations whose activities lie within their jurisdiction. These agencies are the Office of the Comptroller of the Currency, the Federal Reserve Board, the Federal Deposit Insurance Corporation, the Office of Thrift Supervision, the National Credit Union Administration, the Department of Transportation, and the Department of Agriculture. Almost all of the organizations these agencies regulate are creditors and, as such, largely fall outside the Act’s coverage. When these agencies receive complaints about debt collection firms that are not under their jurisdiction, they generally forward the complaints to the Commission.

As in past years, the Commission took significant steps in 2005 to curtail debt collection abuses. This report presents an overview of the types of consumer complaints the Commission received in 2005, a summary of the Commission's debt collection enforcement actions that became public during the year, and a summary of the Commission's 2005 consumer and industry education initiatives. The report also urges Congress to consider amendments to the FDCPA that the Commission has proposed in past years. We believe the proposed amendments would strengthen the statute's clarity and effectiveness as a law enforcement tool, while preserving the consumer protections it provides.

CONSUMER COMPLAINTS THE COMMISSION RECEIVED

The Commission receives most of its information about how debt collectors are complying with the Act directly from consumers through complaints that consumers file with the Commission.² Last year, consumer complaints to the Commission about third-party debt collectors increased both in absolute terms and as a percentage of all complaints that consumers filed with the Commission during the course of the year.³ Consumers filed 66,627 complaints against third-party collectors in 2005, more

² Consumers file complaints with the Commission via our toll-free hotline (877-FTC-HELP), online complaint forms, or physical mail. State attorneys general and other sources also refer complaints to the Commission and, occasionally, the Commission hears from debt collectors who are concerned that competitors' allegedly violative practices may cause them to lose business. When this report refers to "complaints," the term refers solely to complaints that consumers have filed directly with the Commission.

³ Hundreds of thousands of consumers contact the Commission every year, reflecting, in part, the Commission's ongoing consumer outreach and education initiatives, and its efforts to promote the FTC website and toll-free consumer complaint number. Last year, the Commission received 348,535 complaints directly from consumers about all industries, compared with 345,121 complaints received in 2004. The number of complaints we received about third-party debt collectors ("FDCPA complaints") increased to 66,627 in 2005, from 58,698 in 2004, a 14% increase. Because absolute numbers of complaints fluctuate from year to year, this report analyzes collection industry trends by looking at complaints alleging specific FDCPA violations as a percentage of all FDCPA complaints we have received. We believe this analysis presents industry trends more accurately than would reliance on absolute numbers of complaints. Because many consumer complaints allege more than one FDCPA violation, the percentage figures for the individual FDCPA violations total more than 100% of FDCPA complaints.

complaints than they filed against any other specific industry.⁴ The third-party debt collector complaints represented 19.1% of all complaints the Commission received in 2005. By comparison, in 2004, consumers filed 58,698 complaints with the Commission about third-party collectors, representing 17% of all complaints received that year.⁵

The Commission recognizes that third-party collectors contact millions of consumers each year and, thus, the number of consumer complaints the Commission receives about such collectors is but a small percentage of the overall number of consumer contacts. At the same time, the Commission believes that the number of consumers who complain to the agency represents a relatively small percentage of the total number of consumers who actually encounter problems with debt collectors.⁶

Not all consumers who complain to the Commission about collection problems have experienced law violations. In some cases, for example, consumers complain that a debt collector will not accept partial payments on the same installment terms that the original lender provided when the account was current. Although a collector's demand

⁴ In late 1999, the Commission instituted a toll-free telephone number, 1-877-ID-THEFT, for consumers to report the theft of their identities and any impediments they may have faced in clearing up the related problems. Last year, 251,612 consumers contacted the Commission directly to complain about such identity theft ("IDT") problems, nearly four times the 66,627 consumers who complained about third-party collectors. Because such IDT complaints include complaints about merchants, debt collectors, credit bureaus, and individual identity thieves, they are not considered complaints about one particular industry. The same applies to complaints our National Do Not Call registry receives. Accordingly, IDT complaints and National Do Not Call registry complaints are excluded from the complaint statistics that we provide in this report.

⁵ The number of complaints the Commission received about in-house creditors' collectors also increased, both in absolute terms and as a percentage of total complaints. In 2005, we received 23,605 complaints about in-house collectors, representing 6.8% of all complaints received. In 2004, we received 20,585 complaints about in-house collectors, representing 6% of all complaints received. Combined, complaints about third-party debt collectors and in-house collectors totaled 90,232 complaints and represented 25.9% of all complaints the Commission received in 2005.

⁶ We cannot determine the extent to which the complaints the Commission receives represent abusive debt collection practices in general. Based on our enforcement experience, we know that many consumers never complain, while others complain to the underlying creditor or to other enforcement agencies. Some consumers may not even be aware that the Commission enforces the Act or that the conduct they have experienced violates the Act.

for accelerated payment or larger installments may, in these circumstances, be frustrating to the consumer, such a demand is not a violation of the Act. Many consumers, however, complain of conduct that, if accurately described, clearly violates the Act.⁷ Some of the allegations that we hear most frequently are the following:

DEMANDING A LARGER PAYMENT THAN IS PERMITTED BY LAW: The FDCPA prohibits debt collectors from misrepresenting the character, amount, or legal status of a debt.⁸ In 2005, the Commission received more complaints alleging that collectors violated this provision of the FDCPA, both in percentage and absolute terms, than it received about any other FDCPA violation. Of the FDCPA complaints the Commission received in 2005, 42.7%, or 28,470 consumers, alleged that third-party collectors misrepresented the character, amount, or legal status of consumers' debts. This number is a significant increase from the 31.6% of FDCPA complaints that alleged this violation in 2004.⁹ The FDCPA also prohibits debt collectors from collecting any amount unless it is "expressly authorized by the agreement creating the debt or permitted by law."¹⁰ In 2005, 4.5% of the FDCPA complaints, or 3,013 consumers, alleged that collectors demanded unauthorized interest, fees or expenses, compared with 6% of complaints alleging this violation in 2004.

HARASSING THE ALLEGED DEBTOR OR OTHERS: In 2005, 21.5% of FDCPA complaints the Commission received, or 14,352 consumers, alleged that collectors harassed them by calling repeatedly or continuously. Another 12% of FDCPA complaints, or 8,018 consumers, alleged that collectors used obscene, profane or otherwise abusive language. In addition, 2.6% of complaints, or 1,715 consumers, alleged that collectors called them before 8 a.m., after 9 p.m. or at other times that the collectors knew or should have known were inconvenient to the consumer, while 0.4% of complaints, or 284 consumers, alleged that collectors used or threatened to use violence if consumers failed to pay. As percentages of total FDCPA complaints, the complaint levels for all four categories

⁷ The Commission does not verify the consumer complaints it receives, but uses them for various purposes, such as determining whether a collector's alleged improper conduct warrants further investigation and possible enforcement action.

⁸ Section 807(2), 15 U.S.C. § 1692e(2).

⁹ The Commission's legislative Proposal 7, detailed in the 2005 Annual Report, would address this issue by requiring collectors to itemize their fees and other charges, upon a consumer's written request. The Commission reaffirms Proposal 7 this year.

¹⁰ Section 808(1), 15 U.S.C. § 1692f(1).

declined moderately from their 2004 levels.

THREATENING DIRE CONSEQUENCES IF CONSUMER FAILS TO PAY: Another source of complaints involves the use of false or misleading threats of what might happen if a debt is not paid. These include threats to initiate civil suit or criminal prosecution, garnish salaries, seize property, cause job loss, have a consumer jailed, or damage or ruin a consumer's credit rating. Such threats violate the Act unless the collector has the legal authority and the intent to take the threatened action.¹¹ In 2005, 9.6% of FDCPA complaints, or 6,410 consumers, alleged that third-party collectors falsely threatened a lawsuit or some other action that they could not or did not intend to take, virtually unchanged from the 10.6% of complaints that alleged the same violation in 2004. In addition, 3.3% of FDCPA complaints, or 2,212 consumers, alleged that such collectors falsely threatened arrest or seizure of property, also virtually unchanged from 2004.

IMPERMISSIBLE CALLS TO CONSUMER'S PLACE OF EMPLOYMENT: A debt collector may not contact a consumer at work if the collector knows or has reason to know that the consumer's employer prohibits the consumer from receiving such contacts.¹² In 2005, 6.3% of FDCPA complaints, or 4,193 consumers, alleged such contacts, down from 8% of consumers who alleged the same violation in 2004. As in past years, many consumers told us that debt collectors continued to call them at work after they or their colleagues specifically told the collectors that the consumer's employer prohibited such calls. By continuing to contact consumers at work in these circumstances, debt collectors may put the consumers in jeopardy of losing their jobs.

REVEALING ALLEGED DEBT TO THIRD PARTIES: Third-party contacts for any purpose other than obtaining information about the consumer's location violate the Act, unless the consumer authorizes the third-party contacts or the contacts fall within one of the Act's exceptions. In 2005, 4.5% of FDCPA complaints, or 3,028 consumers, alleged that a third-party collector illegally disclosed a purported debt to a third party, compared with 5.3% in 2004. Consumers alleged that third-party collectors contacted their employers, relatives, children, neighbors, and friends, and informed them about their debts. Another 11% of consumers, or 7,337, alleged that collectors called a third party repeatedly to obtain location information about the consumer.¹³ Third-party contacts typically

¹¹ Sections 807(4)-(5), 15 U.S.C. §§ 1692e(4)-(5).

¹² Section 805(a)(3), 15 U.S.C. § 1692c(a)(3).

¹³ Although Section 805(b), 15 U.S.C. § 1692c(b), expressly excepts a debt collector's search for information concerning the consumer's location from the ban on third-party contacts, a debt

embarrass or intimidate the consumer and are a continuing aggravation to the third parties. Contacts with consumers' employers and co-workers about consumers' alleged debts also jeopardize continued employment or prospects for promotion. Relationships between consumers and their families, friends, or neighbors also may suffer from improper third-party contacts. In some cases, collectors reportedly have used misrepresentations as well as harassing and abusive tactics in their communications with third parties.

FAILING TO SEND REQUIRED CONSUMER NOTICE: The FDCPA requires that debt collectors send consumers a written notice that includes, among other things, the amount of the debt, the name of the creditor to whom the debt is owed, and a statement that, if within thirty days of receiving the notice the consumer disputes the debt in writing, the collector will obtain verification of the debt and mail it to the consumer.¹⁴ Many consumers who do not receive the notice are unaware that they must send their dispute in writing if they wish to obtain verification of the debt. Last year, 4.7% of the FDCPA complaints to the Commission, or 3,106 consumers, alleged that collectors did not provide the required notice, a complaint level that was nearly unchanged from 2004.

Some collectors call consumers demanding that they make payments directly to the collector's client, usually the original creditor. According to consumer complaints to the Commission, some of these collectors send consumers nothing in writing while, at the same time, refusing to reveal the name of their collection agency or collection firm. This practice prevents consumers from even complaining about the collector to law enforcement agencies or Better Business Bureaus.

FAILING TO VERIFY DISPUTED DEBTS: The FDCPA also provides that, if a consumer does submit a dispute in writing, the collector must cease collection efforts until it has provided written verification of the debt.¹⁵ Last year, 2.5% of all FDCPA complaints, or 1,684 consumers, alleged that collectors failed to verify debts that the consumers allegedly owed, compared with 3.9% in 2004. Many consumers told us that collectors ignored their written disputes, sent no verification, and continued their collection efforts.

collector may not call third parties under the pretense of gaining information already in his or her possession.

¹⁴ Section 809(a), 15 U.S.C. § 1692g(a). The collector need not send such a written notice if the collector's initial communication with the consumer was oral and the consumer received this information in the initial communication.

¹⁵ Section 809(b), 15 U.S.C. § 1692g(b).

Other consumers told us that some collectors who did provide them with verification continued to contact them about the debts between the date the consumers submitted their dispute and the date the collectors provided the verification, a practice that also violates the FDCPA.

CONTINUING TO CONTACT CONSUMER AFTER RECEIVING “CEASE COMMUNICATION” NOTICE: The FDCPA requires debt collectors to cease all communications with a consumer about an alleged debt if the consumer communicates in writing that he wants all such communications to stop or that he refuses to pay the alleged debt.¹⁶ This “cease communication” notice does not prevent collectors or creditors from filing suit against the consumer, but it does stop collectors from calling the consumer or sending dunning notices. In 2005, 3.1% of FDCPA complaints, or 2,053 consumers, alleged that collectors ignored consumers’ “cease communication” notices and continued their aggressive collection attempts, nearly unchanged from 2004.

COMPLAINTS ABOUT CREDITORS’ IN-HOUSE COLLECTORS: The Commission also received 23,605 complaints in 2005 about creditors that were collecting their own debts, representing a slight increase from 2004 in both percentage and absolute terms.¹⁷ Because creditors are not generally covered by the FDCPA, some in-house collectors use no-holds-barred collection tactics in their dealings with consumers. While the Commission generally cannot pursue such creditors under the FDCPA, it has done so under the Federal Trade Commission Act (“FTC Act”) in the past, and will continue to do so in the future as appropriate cases present themselves.

ENFORCEMENT: THE FIRST PRONG OF THE FDCPA PROGRAM

The first prong of the Commission’s FDCPA program is vigorous law enforcement.¹⁸ The Commission’s FDCPA enforcement actions begin with investigations of certain debt collectors. If an investigation reveals evidence of significant FDCPA violations, the staff usually attempts to negotiate a settlement with the debt collector before recommending that the Commission issue a complaint. If a settlement is reached

¹⁶ Section 805(c), 15 U.S.C. § 1692c(c).

¹⁷ See *supra* note 5.

¹⁸ The Commission’s FDCPA program is overseen by the FTC’s Division of Financial Practices, which in 2005 was streamlined to focus more resources on credit-related matters. The Division is assisted by the Commission’s eight regional offices.

and the Commission accepts the staff's recommendation to approve a proposed consent order, the Commission transmits the proposed order and accompanying complaint to the Department of Justice for filing in the appropriate federal district court.¹⁹ If the debt collector will not agree to an appropriate settlement that remedies the alleged violations, the Commission requests that the Department of Justice file suit in federal court on behalf of the Commission, usually seeking a civil penalty and injunctive relief that would prohibit the collector from continuing to violate the Act. On occasion, these debt collectors agree to an appropriate settlement after suit has been brought. In addition, when the Commission seeks equitable remedies such as injunctive relief and restitution for consumers, rather than civil penalties, the Commission can, and does, file its own federal court complaints against debt collectors under the authority vested in it by the FDCPA and the FTC Act, without Department of Justice involvement.

The Commission staff currently is conducting a number of non-public investigations of debt collectors to determine whether they have engaged in violations of the Act. In addition, as discussed below, in the past year, the Commission has obtained a \$10.2 million judgment against a New Jersey debt collector and expanded its action against an Illinois debt collector.

In July 2005, a New Jersey federal court awarded the Commission a \$10.2 million judgment against *Check Investors, Inc.*, two predecessor entities, corporate principal Barry Sussman, and corporate counsel Charles Hutchins. It was the largest judgment the Commission ever obtained for illegal debt collection practices. The Commission alleged that the defendants, who operated nationwide as National Check Control, engaged in numerous violations of the FDCPA and the FTC Act by, among other things, falsely threatening consumers with arrest and criminal and civil prosecution to extract money in excess of any debts the consumers may have owed. The defendants appealed the judgment to the United States Court of Appeals for the Third Circuit, and the appeal is pending. Sussman's wife, Elisabeth, named as a relief defendant in the case, previously turned over \$551,379 to the Commission as part of a separate settlement of the action against her. Check Investors has been shut down since August 2003, shortly after the district court granted the Commission a preliminary injunction in the case.

In April 2005, the Commission expanded its Illinois federal district court complaint against *Capital Acquisition & Management Company* (CAMCO) to add as defendants four senior managers of the now-defunct debt collection firm. In an amended complaint, the Commission named David Kapp, Joshua Rausch, Michael Seng, and Billy

¹⁹ Consent orders are for settlement purposes only and do not constitute an admission by the debt collector that it violated the law.

Martin as new defendants in the case. Subsequently, in July 2005, a bankruptcy court granted a petition by CAMCO's creditors that forced the company into bankruptcy. The bankruptcy case is pending, while a receiver appointed by the district court continues to liquidate CAMCO's assets. The Commission filed its original complaint against CAMCO and its principals in December 2004, alleging the defendants violated the FDCPA and engaged in deceptive practices while attempting to collect stale debts that were beyond the statute of limitations and too old to appear on credit reports. The Commission alleged, among other things, that CAMCO regularly falsely represented to consumers that: (1) criminal action would be taken against them if they failed to pay; (2) CAMCO would exercise various civil remedies such as lawsuits, liens and garnishing wages; and (3) failure to pay would ruin a consumer's credit report. In January 2005, the district court entered a preliminary injunction that prohibited CAMCO from engaging in FDCPA violations and making false claims, froze the assets of the corporation and key individual defendants, and continued the receivership put in place by the temporary restraining order the court had granted earlier.

CONSUMER AND INDUSTRY EDUCATION: THE SECOND PRONG OF THE FDCPA PROGRAM

The Commission's consumer and industry education initiatives form the second prong of the FDCPA program. The consumer education initiative informs consumers nationwide of their rights under the FDCPA and the requirements that the Act places on debt collectors. With this knowledge, consumers can identify when collectors are violating the FDCPA and exercise their rights under the statute. An informed public that enforces its rights under the FDCPA operates as a powerful, informal enforcement mechanism. The industry education initiative informs collectors of the Commission staff's positions on various FDCPA issues. With this knowledge, industry members can take all necessary steps to comply with the Act.

TOOLS FOR BOTH CONSUMERS AND INDUSTRY: A key educational tool – the Staff Commentary on the FDCPA – is useful in both the consumer and industry education initiatives. The Commentary, issued in 1988, provides the staff's detailed analysis of every section of the Act and serves as valuable guidance for consumers, their attorneys, courts, and members of the collection industry.²⁰ The Commentary superseded staff opinion letters issued prior to its publication. The Commentary is available on the Commission's FDCPA web page, located at www.ftc.gov/os/statutes/fdcpajump.htm. Members of the public accessed the web page 123,643 times in 2005, an increase of more than 30% from 94,607 times in 2004.

²⁰ 53 Fed. Reg. 50,097 (1988).

TOOLS SPECIFICALLY FOR CONSUMERS: The Commission informs consumers about their rights and responsibilities under the FDCPA by means of written materials, one-to-one guidance, and public addresses to consumer groups. First, the Commission provides written materials, including a “Facts for Consumers” brochure entitled “Fair Debt Collection,” which explains the FDCPA in plain language.²¹ In 2005, the Commission distributed 83,600 of the FDCPA brochures to consumers through non-profit consumer groups, state consumer protection agencies, Better Business Bureaus, and other sources of consumer assistance, including copies sent directly to consumers in response to inquiries to the Commission. In addition, online users accessed the brochure on the Commission’s website 317,406 times in 2005, up from 292,005 times in 2004. The Commission also publishes Spanish-language versions of the “Fair Debt Collection” brochure and two related consumer brochures: “Credit and Your Consumer Rights” and “Knee Deep in Debt.”²² The Commission distributed nearly 21,000 copies of the Spanish version of “Fair Debt Collection” in 2005, more than triple the 6,400 copies it distributed in 2004, and online users accessed the brochure 12,876 times, compared with 8,036 times in 2004. In addition, online users accessed the Commission’s consumer alert, “Time-Barred Debts,” 24,003 times.²³ The alert focuses on a consumer’s rights and responsibilities with respect to debts so old that creditors and debt collectors may no longer sue to collect them. The Commission issued the alert in 2004 in response to consumer inquiries, many of which arose in the wake of the Commission’s CAMCO case.

Second, the Commission provides consumer education through its Consumer Response Center (“CRC”), whose highly trained contact representatives respond to telephone calls and correspondence (in both paper and electronic form) each day from consumers concerning a wide array of issues. A toll-free number, 1-877-FTC-HELP, makes it very easy for consumers to contact the CRC. As noted above, a large percentage of consumer contacts with the Commission relate to debt collection. For those consumers who contact the CRC seeking only information about the FDCPA, the contact

²¹ The Commission’s “Fair Debt Collection” brochure is accessible at <http://www.ftc.gov/bcp/online/pubs/credit/fdc.htm>.

²² The Spanish-language version of “Fair Debt Collection,” (“Cobranza Imparcial de Deudas”), is accessible at <http://www.ftc.gov/bcp/online/spanish/credit/s-fdc.htm>; “Credit and Your Consumer Rights” (“El Crédito y sus Derechos como Consumidor”) is accessible at <http://www.ftc.gov/bcp/online/spanish/credit/s-crdright.htm>; and “Knee Deep in Debt” (Endeudado hasta el cuello) is accessible at <http://www.ftc.gov/bcp/online/spanish/credit/s-kneedeep.htm>.

²³ The Commission’s “Time-Barred Debts” alert is accessible at <http://www.ftc.gov/bcp/online/pubs/alerts/timebaralrt.htm>.

representatives answer any urgent questions and then either mail out the “Fair Debt Collection” brochure, and any other responsive consumer education materials, or refer the consumer to the appropriate web pages within the Commission’s website, located at <http://www.ftc.gov>. As also indicated above, however, many consumers who contact the CRC complain about specific debt collectors, both third-party collectors and creditor collectors. For those consumers who complain about the actions of third-party collectors, the CRC contact representatives provide essential information about the FDCPA’s self-help remedies, such as the right to obtain written verification of the debt and the right to demand that the collector cease all communications about the debt. The CRC representatives also record information about debt collectors, both third-party and in-house, who are the subjects of complaints, enabling the Commission to track patterns of complaints for use in its enforcement initiative.

Third, the Commission extends the reach of its consumer education initiative through public speaking engagements by Commission staff for consumer groups across the country. From local talk shows, to military bases, college campuses, and consumer fairs, staff members inform consumers of their rights under the FDCPA and other consumer finance statutes, and respond to a wide range of questions and concerns.

TOOLS SPECIFICALLY FOR THE COLLECTION INDUSTRY: The Commission staff also delivers speeches and participates in panel discussions at industry conferences throughout the year. In addition to the presentations at industry conferences, the Commission staff maintains an informal communications network with the leading debt collection trade associations, which permits staff members to exchange information and ideas and discuss problems as they arise. Recent topics of discussion between Commission staff members and trade association representatives have included proposed amendments to the FDCPA. Commission staff members also provide interviews to trade publications. These interviews serve as yet another vehicle for the staff to make its positions known to the nation’s debt collectors.

LEGISLATIVE RECOMMENDATIONS:

In its 2005 Annual Report, the Commission made eight legislative recommendations. These recommendations would: (1) make explicit the standard for clarity required for collectors’ notices to consumers; (2) clarify that debt collectors may continue their collection activities during a thirty-day period set aside for consumers to dispute their purported debts, unless a consumer, in writing, disputes or requests verification of the debt; (3) exempt from the FDCPA’s provisions attorneys who pursue debtors solely through litigation (or similar “legal” practices); (4) allow the Commission to issue model debt collection letters for optional use by debt collectors; (5) clarify that collectors may communicate with a consumer only once after receiving a “cease

communication” notice from the consumer; (6) expressly require collectors to take certain actions in response to a consumer’s oral notification that the consumer disputes the purported debt; (7) require collectors to itemize their charges to consumers; and (8) encourage collectors to provide the name and address of the original creditor of the debt in their first communication with consumers. The Commission continues to believe that these proposals would strengthen the Act’s consumer protections, clarity, and effectiveness as a law enforcement tool.²⁴

CONCLUSION

Although many debt collectors covered by the FDCPA already comply with the statute, the Commission continues to receive a significant number of complaints about those who do not. Debt collection complaints continue to rise and, as set forth in this report, combined complaints about third-party debt collectors and in-house collectors exceeded 90,232 complaints in 2005 and represented 25.9% of all complaints the Commission received (excluding complaints about Do Not Call and identity theft). Through its FDCPA program of enforcement and education, the Commission encourages collectors who comply with the law to continue to do so, and provides strong incentives for those who are not complying to conform their future practices with the dictates of the law. Vigorous federal and state law enforcement in this area is essential to stop those debt collectors who fail to follow the FDCPA.

²⁴ For a fuller discussion of the Commission’s eight legislative recommendations, please see pages 12 through 23 of the 2005 FDCPA Report, available online at <http://www.ftc.gov/reports/fdcpa05/050729fdcparrpt.pdf>.