



UNITED STATES OF AMERICA
FEDERAL TRADE COMMISSION
WASHINGTON, D.C. 20580

February 16, 2024

Director Rohit Chopra
Consumer Financial Protection Bureau
1700 G Street NW
Washington, DC 20552

Dear Director Chopra:

The Federal Trade Commission (FTC or Commission) engages in multi-faceted work covering the debt collection market and financial practices that impact consumers' debt burden, including implementing the Fair Debt Collection Practices Act (FDCPA) and other statutes. This letter and its appendix describe the efforts the Commission has taken in this area during the 2023 calendar year. We hope the information in this letter will assist the Consumer Financial Protection Bureau (CFPB) in preparing this year's report to Congress concerning the federal government's efforts to implement the FDCPA.¹

I. Law Enforcement Activities and Rulemaking

The Commission is authorized under both the FDCPA and the FTC Act² to investigate and take law enforcement action against illegal debt collection activities and other unlawful practices affecting consumers' debt.³ From January 1 through December 31, 2023, the FTC continued litigation in two enforcement actions addressing unlawful debt collection practices against small business, permanently banning four entities from the debt collection industry. The Commission also worked to stop illegal practices that increase consumers' debt burden, through both enforcement and rulemaking.

A. Debt Collection Issues Affecting Small Businesses

Protecting small businesses is a high priority for the Commission. In addition to the Commission's authority relating to household debt under the FDCPA, the FTC Act empowers the FTC to take action to protect small business consumers. Unfair and deceptive debt collection

¹ The Dodd-Frank Act directed the CFPB to report to Congress on the federal government's implementation and administration of the FDCPA. Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act), Pub. L. 111-203, § 1089, 124 Stat. 1376, 2009-93 (2010) (amending the Fair Debt Collection Practices Act, 15 U.S.C. §§ 1692-1692p). Before the enactment of the Dodd-Frank Act, Section 815(a) of the FDCPA, 15 U.S.C. § 1692m, required the FTC to report directly to Congress on these topics. The Commission submitted such annual reports from 1977 to 2011.

² FDCPA, 15 U.S.C. § 1692-1692p; FTC Act, 15 U.S.C. §§ 41-58.

³ The FDCPA authorizes the Commission to investigate and take law enforcement action against debt collectors that engage in unfair, deceptive, abusive, or other practices that violate the statute. FDCPA § 814, 15 U.S.C. § 1692l. Under the FTC Act, the FTC may investigate and take law enforcement action against entities that, in connection with collecting on debts, engage in unfair or deceptive acts and practices. FTC Act § 5, 15 U.S.C. § 45.

practices harm both small businesses and individual consumers, and the FTC is committed to combating these practices, as highlighted by its continued enforcement actions.

For example, in *RCG Advances*, the FTC sued an enterprise and five defendants for using illegal tactics when collecting on merchant cash advances. In its 2020 complaint, the FTC alleged that defendants used unfair debt collection practices, including egregious threats of physical violence, to compel consumers to pay.⁴ In 2022, the FTC announced two settlements with four of the five defendants, permanently banning them from the debt collection and merchant cash advance industries and requiring them to pay \$675,000 and \$2.7 million, respectively.⁵ The FTC was granted partial summary judgment against the remaining defendant,⁶ also resulting in the entry of a permanent injunction in October 2023 banning that defendant from the debt collection and merchant cash advance industries, with the court to determine the amount of monetary relief after a trial.⁷

In another ongoing enforcement action related to small businesses, *American Future Systems* (AFS), the FTC and the Commonwealth of Pennsylvania sued the operators of a telemarketing scheme and a debt collection operation.⁸ The complaint alleges that defendants targeted small businesses, non-profits, and first responders to collect on debt for subscriptions they never ordered. The debt collection firm, International Credit Recovery, Inc. (ICR), allegedly contacted consumers that it knew or had reason to know did not agree to order paid subscriptions, used false or unsubstantiated representations to try to get consumers to pay, and illegally threatened consumers if they did not pay. In April 2023, the FTC announced settlements with ICR and certain individual defendants, permanently banning them from the debt collection industry.⁹ A trial against the remaining defendants concluded in December 2023 and a decision from the court is forthcoming.

⁴ Press Release, FTC Files Amended Complaint Seeking Civil Penalties Against Small Business Financing Providers (June 14, 2021), <https://www.ftc.gov/news-events/press-releases/2021/06/ftc-files-amended-complaint-seeking-civil-penalties-against-small>.

⁵ Press Release, Merchant Cash Advance Providers Banned from Industry, Ordered to Redress Small Businesses (Jan. 5, 2022), <https://www.ftc.gov/news-events/news/press-releases/2022/01/merchant-cash-advance-providers-banned-industry-ordered-redress-small-businesses>; Press Release, FTC Action Results in Ban for Richmond Capital and Owner From Merchant Cash Advance and Debt Collection Industries and Return of More Than \$2.7M to Consumers (June 6, 2022), <https://www.ftc.gov/news-events/news/press-releases/2022/06/ftc-action-results-ban-richmond-capital-owner-merchant-cash-advance-debt-collection-industries>.

⁶ Press Release, FTC Case Leads to Permanent Ban Against Merchant Cash Advance Owner for Deceiving Small Businesses, Seizing Personal and Business Assets (Oct. 30, 2023), <https://www.ftc.gov/news-events/news/press-releases/2023/10/ftc-case-leads-permanent-ban-against-merchant-cash-advance-owner-deceiving-small-businesses-seizing>.

⁷ In 2015, the FTC began publishing a list of every individual and company that the agency has sued that has been banned from the debt collection industry. This list, located at <https://www.ftc.gov/enforcement/cases-proceedings/banned-debt-collectors>, is a valuable resource to help law-abiding collection industry professionals avoid doing business with these defendants, as well as to help state debt collection licensing officials and law enforcers better protect consumers. Currently, the list includes 233 banned individuals and companies.

⁸ Press Release, FTC Files Complaint Alleging Telemarketers and Debt Collectors Worked Together To Bilk Organizations for Subscriptions and Books They Never Ordered (May 13, 2020), available at <https://www.ftc.gov/news-events/press-releases/2020/05/ftc-files-complaint-alleging-telemarketers-debt-collectors-worked>; Complaint, *FTC v. American Future Systems, Inc.*, 2:20-cv-02266 (E.D. Pa. May 13, 2020); First Amended Complaint, *FTC v. American Future Systems, Inc.*, 2:20-cv-02266 (E.D. Pa. Jan. 21, 2021).

⁹ Press Release, Action by FTC and Pennsylvania Leads to Permanent Ban For Debt Collectors That Targeted Businesses, Non-Profits, First Responders (Apr. 26, 2023), <https://www.ftc.gov/news-events/news/press-releases/2023/04/action-ftc-pennsylvania-leads-permanent-ban-debt-collectors-targeted-businesses-non-profits-first>.

B. Halting Collection of Millions in Student Debt

When schools use deceptive tactics to induce students to enroll and take on significant student debt, the damaging effects can be far reaching. The FTC works to stop the harm that results from the accrual of such debt by taking action against schools who engage in illegal conduct.

In *Sollers College*, for example, the Commission and the state of New Jersey brought parallel actions against a for-profit school, resulting in the cancellation of \$3.4 million in student debt.¹⁰ In addition to deceiving students into enrolling by falsely touting job-placement rates and its relationships with prominent companies, the FTC alleged that Sollers College trapped students into illegal income-share agreements. Indeed, the FTC's complaint alleges that Sollers encouraged students to finance their education through income-share agreements, whereby students agreed to pay Sollers a fixed percentage of their future income on a monthly basis. It further alleges that these agreements violated the law because they failed to include mandated disclosures regarding borrower protections. Many of those income-share agreements were later sold to third parties. Pursuant to the October 2023 settlement order, Sollers cancelled all income share agreements issued by the school, including by re-purchasing and cancelling any agreements sold to third parties. Sollers also requested that the debt be removed from affected consumers' credit reports, and provided written notification to consumers who are receiving debt forgiveness.

C. Combating Unauthorized and Illegal Charges That Add to Consumers' Debt Burden

As part of the Commission's holistic approach to protecting consumers in the debt collection arena, the FTC combats unauthorized and illegal charges that would otherwise add to consumers' debt burden. The FTC's actions in this area include both law enforcement actions and rulemaking.

i. Dark Patterns and Recurring Subscription Charges

Pursuant to a November 2023 settlement, Bridge It, Inc. ("Brigit") agreed to turn over \$18 million to resolve allegations that it violated the Restore Online Shoppers' Confidence Act and used unfair and deceptive practices in connection with their cash advance subscription service, including through the use of dark patterns.¹¹ According to the FTC's complaint, Brigit told consumers that they could obtain these cash advances by signing up for a \$9.99 per month subscription. However, once consumers had signed up, they learned that Brigit charged an undisclosed junk fee for instant delivery of funds. The company also allegedly prevented subscribers with open advances from cancelling their subscriptions, which subjected them to continued automatic withdrawals while they were already struggling to pay off a cash advance.

¹⁰ Press Release, Sollers College to Cancel \$3.4 Million in Student Debt to Resolve Charges It Used Deceptive Ads to Lure Prospective Students into Illegal Contracts (Oct. 18, 2023), <https://www.ftc.gov/news-events/news/press-releases/2023/10/sollers-college-cancel-34-million-student-debt-resolve-charges-it-used-deceptive-ads-lure>.

¹¹ Press Release, FTC Action Leads to \$18 Million in Refunds for Brigit Consumers Harmed by Deceptive Promises About Cash Advances, Hidden Fees, and Blocked Cancellation (Nov. 2, 2023), <https://www.ftc.gov/news-events/news/press-releases/2023/11/ftc-action-leads-18-million-refunds-brigit-consumers-harmed-deceptive-promises-about-cash-advances>.

The company further prevented consumers from cancelling their subscription by using manipulative, coercive, or deceptive user-interface designs known as “dark patterns” to create a confusing and misleading cancellation process. These practices created significant financial hardship, and the \$18 million settlement will be used to refund harmed consumers.

In another action involving recurring charges, the FTC filed a complaint in June 2023 against Amazon.com, Inc., charging that the online retailer used dark patterns to trick consumers into enrolling in automatically-renewing subscriptions to its Amazon Prime service.¹² The complaint also alleges that consumers who wished to cancel their Prime subscriptions were routed through a complex and confusing process, which Amazon internally called the “Iliad flow,” to deter consumers from successfully unsubscribing. These practices subjected consumers to ongoing and unwanted charges, putting a drain on consumers’ pocketbooks. Litigation in this matter is ongoing.

ii. *Auto Debt*

Auto purchases are a significant source of consumer debt – for many, a vehicle is the single most expensive item they will ever purchase. The December 2023 announcement of the Combating Auto Retail Scams (CARS) Rule demonstrates the Commission’s commitment to protecting consumers and leveling the playing field for law-abiding automobile dealers.¹³ The CARS Rule will ban bait-and-switch tactics and hidden junk fees that consumers face at car dealerships and is expected to save consumers \$3.4 billion each year.¹⁴ Auto finance is currently the third-largest source of debt for U.S. consumers, and the second-largest source for U.S. consumers aged 40 and over.

The CARS Rule will prohibit misrepresentations about key information, such as price and cost, and addresses the illegal tactics that make it hard or impossible for consumers to comparison shop or leave them saddled with thousands of dollars in unwanted junk charges. Additionally, the rule will require dealers to make key disclosures to consumers, including providing a true “offering price”—that is, the actual price any consumer can pay for the vehicle. It also will prohibit dealers from charging junk fees for items that provide no benefit to the consumer—such as service contracts for oil changes on an electric vehicle—or for any item unless the consumer knows what the charge is for and agrees to pay for it.

For members of the military, the issues addressed by the CARS Rule are compounded by dealers who prey especially on young servicemembers. Servicemembers have an average of twice as much auto debt as civilians, and by the age of 24, around 20 percent of young servicemembers have at least \$20,000 in auto debt, which creates a substantial challenge to servicemembers’ financial well-being. The rule includes specific protections for members of the

¹² Press Release, FTC Takes Action Against Amazon for Enrolling Consumers in Amazon Prime Without Consent and Sabotaging Their Attempts to Cancel (June 21, 2023), <https://www.ftc.gov/news-events/news/press-releases/2023/06/ftc-takes-action-against-amazon-enrolling-consumers-amazon-prime-without-consent-sabotaging-their>.

¹³ Combating Auto Retail Scams Trade Regulation Rule, 16 C.F.R. § 463 (2023), https://www.ftc.gov/system/files/ftc_gov/pdf/p204800_cars_rule.pdf.

¹⁴ Press Release, FTC Announces CARS Rule to Fight Scams in Vehicle Shopping (Dec. 12, 2023), <https://www.ftc.gov/news-events/news/press-releases/2023/12/ftc-announces-cars-rule-fight-scams-vehicle-shopping>.

military and their families—for example, by prohibiting dealers from lying to servicemembers about whether the dealers are affiliated with the military or whether servicemembers can move their vehicles out of state or out of the country.

The FTC also continues to bring enforcement actions against car dealers engaging in illegal practices. For example, the FTC announced an October 2023 settlement with Wisconsin-based auto dealer Rhinelander Auto Center.¹⁵ The complaint alleged that Rhinelander charged customers junk fees for “add-on” products or services without authorization or through deception. These junk fees can significantly drive up the amount that customers finance when they purchase their vehicle, which in turn leads to higher cost over the life of the loan. The FTC also alleged that Rhinelander discriminated against American Indian customers by adding more “markup” to their interest rates, and that it charged American Indian customers for unwanted add-ons at a higher rate than non-Latino white customers. According to the complaint, American Indians paid on average approximately \$1,362 more for add-ons in credit transactions than non-Latino White customers since 2016. The settlement requires Rhinelander to stop its unlawful practices, and to pay \$1.1 million, which will be used to refund harmed consumers.

iii. *Proposed Rule Banning Junk Fees*

In October 2023, the FTC announced a proposed rule to prohibit hidden and misleading fees, or junk fees, that accompany routine transactions such as booking hotels, buying concert tickets online, renting an apartment, and paying utility bills.¹⁶ The Commission estimates that these fees can cost consumers tens of billions of dollars per year in unexpected costs. As the public comments to the Commission’s advanced notice of proposed rulemaking made clear, consumers are fed up with sellers that do not advertise the total amount that consumers will have to pay and fail to disclose mandatory fees until consumers are well into completing the transaction. Consumers also complained that sellers misrepresent or do not adequately disclose the nature or purpose of certain fees.

The proposed rule would ban hidden and bogus fees, preventing businesses from engaging in bait-and-switch pricing tactics that hide mandatory fees and deceive customers about the price. It would also prohibit sellers from misrepresenting fees and require disclosures about fees for shipping, government charges, and optional add-ons, before customers consent to pay.

II. Public Outreach and Cross-Agency Coordination

Public Outreach. Consumer and business education and public outreach are also important parts of the Commission’s debt collection program. The FTC uses multiple formats and channels to educate consumers about their rights under the FDCPA, as well as what the

¹⁵ Press Release, FTC and Wisconsin Take Action Against Rhinelander Auto Center for Illegally Discriminating Against American Indian Customers and Charging Unlawful Junk Fees (Oct. 24, 2023), <https://www.ftc.gov/news-events/news/press-releases/2023/10/ftc-wisconsin-take-action-against-rhinelander-auto-center-illegally-discriminating-against-american>.

¹⁶ Press Release, FTC Proposes Rule to Ban Junk Fees (Oct. 11, 2023), <https://www.ftc.gov/news-events/news/press-releases/2023/10/ftc-proposes-rule-ban-junk-fees>; Trade Regulation Rule on Unfair or Deceptive Fees, 88 Fed. Reg. 77420 (proposed Nov. 9, 2023) (to be codified at 16 C.F.R. § 464). The proposed rule is available at <https://www.federalregister.gov/documents/2023/11/09/2023-24234/trade-regulation-rule-on-unfair-or-deceptive-fees>.

statute requires of debt collectors, and to inform debt collectors about what they must do to comply with the law. The FTC also engages in education and public outreach to enhance legal services providers' understanding of debt collection issues.

The Commission reaches tens of millions of consumers through English and Spanish print and online materials, blog posts, speeches, and presentations. To maximize its outreach efforts, FTC staff work with an informal network of more than 8,500 community-based organizations and national groups that order and distribute FTC information to their members, clients, and constituents. In 2023, the FTC distributed 9.2 million print publications to libraries, police departments, schools, non-profit organizations, banks, credit unions, other businesses, and federal, state, and local government agencies. The FTC also logged more than 47.6 million views of its business and consumer education website pages. The FTC's YouTube channel, [YouTube.com/FTCvideos](https://www.youtube.com/FTCvideos), houses 411 business and consumer videos in English and Spanish. Many of the videos are also available on the FTC's consumer¹⁷ and business¹⁸ websites. These videos were viewed more than 1.3 million times in 2023 across all websites. Four business and consumer videos address debt collection (in English and Spanish) and were viewed a combined 40,885 times in 2023.¹⁹ Additionally, the Consumer Alerts in English²⁰ and Spanish²¹ reached 357,155 and 71,397 email subscribers, respectively, and regularly serve as source material for local and national news stories.

As part of its work to raise awareness about scams targeting the Latino community, the FTC has a series of fotonovelas (graphic novels) in Spanish. These graphic novels tell stories based on reports Spanish speakers make to the FTC and offer practical advice to help detect and stop common scams. The FTC distributed 9,325 copies of the *Cobradores de deuda* (Debt Collectors)²² fotonovela in 2023. The FTC also uses infographics to attract readers' attention and convey educational messages with simple text and appealing graphics. The FTC's *Don't recognize that debt?* infographic²³ has been shared by state and local consumer protection agencies across the country to help consumers know their rights when contacted by debt collectors and to take protective steps if they are pressured to pay a debt they do not recognize. This colorful, easy-to-read infographic explains how to respond to a debt collection call, where to learn more, and how to report to the FTC. The infographic is included in the FTC's article

¹⁷ The consumer websites are consumer.ftc.gov, consumidor.ftc.gov, consumer.gov, consumidor.gov, and militaryconsumer.gov.

¹⁸ The business website is ftc.gov/businessguidance.

¹⁹ The video [Dealing with Debt Collectors](#) summarizes what debt collectors may and may not do, and how viewers can exercise their rights and report violations to the FTC; [Debt Collection](#) gives information for businesses that must comply with the FDCPA; [Debt Collection: Know Your Rights](#) summarizes consumer rights and encourages viewers to report problem calls to the FTC; and [Fraud Affects Every Community: Debt Collection](#) describes a veteran's experience with abusive debt collection and the legal assistance that helped him resolve the case.

²⁰ See Consumer Alerts, Fed. Trade Comm'n, consumer.ftc.gov/consumer-alerts.

²¹ See Alertas para consumidores, Fed. Trade Comm'n, consumidor.ftc.gov/alertas-para-consumidores.

²² Fed. Trade Comm'n, Juan Aprende Sus Derechos Para Lidiar Con Los Cobradores De Deuda (2023), https://www.bulkorder.ftc.gov/sites/bulkorder.ftc.gov/files/publications/912a_debt_collectors_fotonovela_sp_aug2023_508.pdf.

²³ Fed. Trade Comm'n, Don't Recognize That Debt, consumer.ftc.gov/sites/www.consumer.ftc.gov/files/corrupt_collector_infographic_508_v2.pdf.

*Fake and Abusive Debt Collectors*²⁴ (*Cobradores de deudas falsos y abusivos* in Spanish²⁵) which was viewed more than 10,000 times in 2023. The infographic was downloaded nearly 1,000 times in 2023.

The Commission also educates members of the debt collection industry by developing and distributing business education materials, delivering speeches, and providing Business Alerts; participating in panel discussions at industry conferences; and providing interviews to general media and trade publications. The FTC's business education resources can be found in its online Business Guidance.²⁶ The Business Guidance logged more than 8.3 million page views in 2023, and there are more than 132,000 email subscribers to Business Alerts. A complete list of the FTC's consumer and business education materials relating to debt collection, and information on the extent of their distribution in calendar 2023, is set forth in Appendix A to this letter.

FTC staff also regularly meet with legal service providers, consumer advocates, and others who work in immigrant, American Indian/Alaska Native, Latino, Asian American, Native Hawaiian, Pacific Islander, and Black communities to discuss consumer protection issues, including the FTC's work in the debt collection arena. For example, the FTC hosted seven Ethnic Media Roundtables in 2023, bringing together law enforcement, community organizations, consumer advocates, and members of the ethnic media to discuss how consumer protection issues—including debt collection—affect their communities.

Cross-Agency Coordination. The FTC continues to work with the CFPB to coordinate efforts to protect consumers from unfair, deceptive, and abusive debt collection practices. As part of this coordination, FTC and CFPB staff meet to discuss ongoing and upcoming law enforcement, rulemaking, and other activities; share debt collection complaints; and cooperate on consumer education efforts in the debt collection arena.

The FTC also engages in regular coordination activities with other law enforcement partners at the federal, state, and local levels.

III. Conclusion

The Commission hopes that the information contained in this letter will assist the CFPB in preparing its annual report to Congress about its administration of the FDCPA. The FTC looks forward to continuing to cooperate and coordinate with the CFPB on consumer protection issues relating to debt collection. If any other information would be useful to you or if you wish to request additional assistance, please contact Malini Mithal, Associate Director, Division of Financial Practices, at (202) 326-2972.

²⁴ Fed. Trade Comm'n, *Fake and Abusive Debt Collectors* (2023), consumer.ftc.gov/articles/0258-fake-and-abusive-debt-collectors.

²⁵ Fed. Trade Comm'n, *Cobradores de deudas falsos y abusivos* (2023), consumidor.ftc.gov/articulos/s0258-cobradores-de-deudas-falsos-y-abusivos.

²⁶ See Business Guidance, Fed. Trade Comm'n, www.ftc.gov/business-guidance.

Sincerely,

A handwritten signature in black ink, appearing to read "S. Levine", is positioned above the typed name.

Samuel Levine
Director, Bureau of Consumer Protection

Appendix A

2023 Debt Collection Information

Consumer Information	Views		Print Orders	
	English	Spanish	English	Spanish
Article				
Debt Collection FAQs	282,920	164,965	35,925	5,225
Debt Collectors (Fotonovela)				9,325
Debts and Deceased Relatives	86,258	82,425		
Fake and Abusive Debt Collectors	28,042	10,770		
Getting Out of Debt			59,325	9,850
How To Get Out of Debt	169,956	31,257		
Identity Theft Letter to a Debt Collector	6,526	101		
Managing Debt (Online)	28,364	11,321		
Managing Debt (Print)			33,950	5,950
What To Do if a Debt Collector Sues You	83,641	126,601		
Video				
Dealing with Debt Collectors	1,169	419		
Debt Collection: Know Your Rights	25,002	13,232		
Fraud Affects Every Community: Debt Collection	654			

Business Information	Views	
	English	Spanish
Article		
The Fair Debt Collection Practices Act	12,276	
Video		
Fair Debt Collection: Business Tips	250	159

The Views column indicates how many times a page was viewed on an FTC website. A person who views an article page may also download, re-post, or copy and share content from a page, which increases the number of people who see the article but doesn't increase the number of views.