



## **The Comprehensive Debt Collection Improvement Act: An Overview of Impacts for the Accounts Receivable Management Industry**

- ACA International is the leading trade association for accounts receivable management professionals, representing over 2,100 credit grantors, third-party collection agencies, asset buyers, attorneys, and vendor affiliates across an industry employing 125,000 people—with women representing over 70% of the debt collection workforce and racial and ethnic minorities comprising a significant 42% of employees.
- Debt collection plays a critical role in the credit cycle. ACA members are an extension of local businesses within every U.S. community and help obtain payment for goods and services already consumed by users.
- Economic research confirms that uncollected debts result in both higher prices and restricted access to credit in the broader economy.
- In the absence of the debt collection industry, consumers would be unable to obtain credit cards and other unsecured credit would be extremely limited, causing disadvantages for consumers without cash on hand.
- Research has shown that reasonable debt collection regulations combined with an efficient debt collection industry can contribute to an expanded supply of consumer credit and lower interest rates. This is essential for higher-risk borrowers who would not otherwise qualify for credit or for whom credit would be prohibitively expensive. It gives borrowers access to affordable credit when lenders can mitigate losses through post-default collection.

**H.R. 2547, the [Comprehensive Debt Collection Improvement Act](#) (which passed in the U.S. House of Representatives 215-207)—coming on the heels of the CFPB’s final rules to implement the Fair Debt Collection Practices Act (Oct. 30, 2020) and (Dec. 18, 2020)—would impose nonsensical requirements and overreaching compliance burdens that would lead to an increased cost of credit and services. The House legislation is not reasonable.**

**The following problematic legislation is included in this package:**

### **Consumer Protection for Medical Debt Collections Act**

- The lack of clarity surrounding what constitutes a “medically necessary procedure,” combined with delaying the ability to collect for a two-year period, would have a crippling impact on the U.S. economy, particularly for medical providers. The health care industry, which is already suffering shortages due to the pandemic, will be crushed by this legislation. Furthermore, consumers will take on additional credit they cannot afford since their legally owed debt will not be cancelled, but rather just delayed for an arbitrary time period. Consumers also may miss timeframes to learn about insurance options and other charity care as a result of this delay, and be worse off as a result.

### **Ending Debt Collection Harassment Act**

- The CFPB already issues regular reports regarding its complaint database, so the redundancy in this legislation does little to strengthen consumer protection. The CFPB also finalized FDCPA reforms less than six months ago, and already has “restrictions” on consumer communications via text message and email embedded in the bureau’s rulemaking.

***Debt collectors have always been prohibited from harassment.***



- Regarding the provision of H.R. 2547 that would prohibit “allowing a debt collector to send unlimited email and text messages to a consumer” in the CFPB’s debt collection rule, we disagree with this interpretation of the final rule and believe this legislation is misguided and would be confusing to consumers. Alternatively, the CFPB’s final rule instead addresses modern forms of communication and gives unprecedented power to consumers to control those modes of communication. Most notably, consumers can opt-out of receiving messages and also control the contact information that they provide to creditors as an opt-in. This legislation would add another barrier, beyond complex opt-in procedures outlined by the CFPB, to send emails. Consumers have indicated it is their preference to receive communications via email. This provision of the bill would ignore their preferences and the debt collection industry’s ability to create a viable option to communicate by email.

## **The Stop Debt Collection Abuse Recovery Act**

- This proposal to extend the FDCPA to collectors of debt owed to federal agencies would render basic definitions for “debt” and “debt collector” in conflict with CFPB definitions, as delineated under CFPB rules. From a consumer standpoint, the restrictions would limit communications relating to learning about options for student loans and conflict with the Debt Collection Improvement Act of 1996, the Fixing America’s Surface Transportation Act, and the Higher Education Act.

## **The Debt Collection Practices Harmonization Act**

- By seeking to extend the FDCPA to government debt, including natural disasters, this bill would limit local government debt resolution. The bill would also tie FDCPA damages to inflation, which would serve to reward and inflate trial bar baiting tactics, including those used (unethically) in bankruptcy litigation. There is already abusive litigation in this area that rewards the trial bar more than consumers. Tying this type of litigation to inflation will only further reward lawyers, while associated costs continue to be passed on to consumers.

**ACA supports the intent of the Fair Debt Collection for Servicemembers Act and the Senior Investment Pandemic and Fraud Protection Act.**

**The Senate must ensure legislation like H.R. 2547, imposing credit restrictions that would harm the economic recovery, rights of creditors, and ability of consumers to access affordable credit and financial services, does not move forward.**