



June 29, 2021

Chairwoman Maxine Waters
House Financial Services Committee
Washington, D.C. 20510

Ranking Member Patrick McHenry
House Financial Services Committee
Washington, D.C. 20510

Dear Chairwoman Waters and Ranking Member McHenry:

On behalf of ACA International (ACA), the Association of Credit and Collection Professionals, I am writing regarding the hearing, “A Biased, Broken System: Examining Proposals to Overhaul Credit Reporting to Achieve Equity.” ACA is the leading trade association for credit and collection professionals representing approximately 2,100 members, including credit grantors, third-party collection agencies, asset buyers, attorneys and vendor affiliates in an industry that employs nearly 125,000 employees worldwide.

As businesses, community lenders, hospitals, and other providers throughout the country continue to face unprecedented challenges as a result of COVID-19, the work of ACA’s members is more important than ever. ACA’s members are an extension of every community’s business. ACA members work with these businesses, large and small, to obtain payment for the goods and services already received by consumers.

Without an effective collections process, the economic viability of businesses and, by extension, the American economy, is threatened. Recovering rightfully owed consumer debt enables organizations to survive, helps prevent job losses, keeps credit, goods, and services available, and reduces the need for tax increases to cover government budget shortfalls. In short, consumer harm can result in several ways when unpaid debt is not addressed, and ACA members work to help consumers understand their financial situation and what can be done to address it and improve it.

ACA’s members take their compliance obligations, including those under the Fair Credit Reporting Act, very seriously. After exhausting and considering other options, credit reporting can, in certain instances, be the best way to alert consumers of their outstanding debts. Additionally, consumers could be at risk of obtaining unaffordable credit and services because lenders have an inaccurate credit report and therefore do not understand the consumer’s financial situation.

Many of the proposals found in legislation from this committee, such as the Consumer Protection for Medical Debt Collections Act, overlook the harm that arbitrarily delaying consumer reporting can have, not only on the economy but on consumers themselves. For example, many consumers

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are unaware of the options they may have to handle their debt obligations and deadlines they face for insurance corrections and charity care options. If they are unaware of their legally owed debt, they cannot take advantage of opportunities to address it and credit reporting can put them on notice.

Before making sweeping changes to the credit reporting system, including requiring a government-run credit bureau, Congress must consider that credit reporting is an important part of a functioning and healthy economy. As such, all massive changes to the current system must be thoroughly researched and studied, and open to public input. As the Consumer Financial Protection Bureau noted in a recent taskforce report, “Restrictions on useful creditors’ remedies, therefore, will have an overall effect of increasing the price and reducing the quantity supplied of credit for all consumers but especially higher-risk borrowers.” Congress must be cautious that actions taken do not have the unintended consequence of making credit more expensive and harder to get. Creating an environment where credit scores are no longer measurable could be a step in the wrong direction.

Another issue that Congress should consider is problems with mass generic disputes, which are uninformative or generic form letters that appear to originate from consumers but are mailed in bulk by consumer law firms or credit repair companies to debt collection agencies. This tactic includes sending multiple letters disputing information on a consumer’s credit report that is often inaccurate. The intention of this tactic is to encourage collection agencies that furnish credit information to either delete all of the consumer’s trade lines or report them as “disputed,” even in cases where there is no basis for a dispute.

This approach is used to inundate collection agencies with disputes, expecting that the data furnisher will be overwhelmed by the volume of disputes and fail to appropriately respond. As a consequence of this failure to respond, the credit information provider can then be targeted with a Fair Debt Collection Practices Act lawsuit. The practice is harmful to both collection agencies and consumers, and the Consumer Financial Protection Bureau has engaged in enforcement actions against harmful credit repair companies.

Thank you for your attention to these important matters.

Sincerely,

Mark Neeb

A handwritten signature in black ink, appearing to read 'Mark Neeb', with a stylized flourish at the end.

Chief Executive Officer
ACA International