

Debt Collection

THIS PAMPHLET contains basic information on this particular legal topic for your general information. If you have specific questions, contact the Legal Assistance Office.



Legal Assistance Office Client Services Division

Office of the Staff Judge Advocate
USAACE & Fort Rucker
Building 5700, Suite 320, Novosel Street
Fort Rucker, AL 36362-5105
334-255-3482





Debt Collection

If you use credit cards, owe money on a loan, or are paying off a home mortgage, you are a “debtor.” Don’t worry, you’re not alone! Most Americans are.

Hopefully, you will never come in contact with a debt collector. But if you do, you should know that Federal Law requires them to treat you fairly. The **Fair Debt Collection Practices Act** was passed by Congress to prohibit certain methods of debt collection. While the law does not “erase” or “forgive” your debt, it regulates the conduct of debt collectors when trying to enforce a debt.

What debts are covered by the Act?

Personal, family, and household debts are covered by the Act. This includes money owed for the purchase of a car, for medical care, for revolving-credit accounts, and for other non-business debts.

Who is debt collector?

A **debt collector** is anyone, *other than the creditor or the creditor’s attorney*, who regularly collects debts for others. A **creditor** is the original person or institution that loaned you the money. Unfortunately, contact by creditors is not regulated by the Act. Generally, a debt collector is a person or institution that purchases debt for the purpose of collecting it.

How may a debt collector contact you?

A debt collector may contact you **in person, by mail, or by telephone**. However, a debt collector *may not* contact you at inconvenient or unusual times or places, such as before 8 a.m. or after 9 p.m., unless you agree. A debt collector may not contact you at work if your employer disapproves. While in the military, your supervisor or commander is your “employer” for purposes of the Act. Therefore, if your commander tells a debt collector not to call at work, the debt collector must refrain from contacting you at work.

Can you stop a debt collector from contacting you?

You may stop a debt collector from contacting you by writing a letter to the collection agency telling them to stop contacting you. Once the agency receives this letter, the debt collector may not contact you again except to say there will be no further contact. However, the debt collector is allowed to notify you that some specific action may be taken, but only if the debt collector or the creditor takes such action. For instance, the debt collector may contact you to inform you that your case will be taken to court.

May a debt collector contact any other person concerning your debt?

If you have an attorney, like a Legal Assistance attorney, the collector may not contact anyone but the attorney. If you do not have an attorney, a debt collector may contact other people, but only to find out where you live or work. The collector is not allowed to tell



anyone other than you or your attorney that you owe money. In most cases, collectors are prohibited from contacting any person more than once.

What is the debt collector required to tell you about the debt?

Within five days after you are first contacted, the debt collector must send you a written notice indicating the amount of money you owe; the name of the creditor to whom you owe the money; and what to do if you feel you do not owe the money.

If you believe you do not owe the money, may a debt collector continue to contact you?

The debt collector may not contact you if you send the debt collector a letter within 30 days after you are first contacted indicating that you do not owe the money. However, a debt collector can begin collection activities again if you are sent proof of the debt, such as a copy of the bill.

What types of debt collections practices are prohibited?

1. **Harassment.** Debt collectors may not harass, oppress or abuse any person. For example, debt collectors may not:

- a. Make threats of violence or harm to you property or reputation.
- b. Publish a list of consumers who refuse to pay their debts (except to a credit bureau).
- c. Use obscene or profane language.
- d. Repeatedly use the telephone to annoy someone.
- e. Telephone people without identifying themselves.
- f. Advertise your debts.

2. **False statements.** Debt collectors may not use any false statements when collecting a debt. For example, debt collectors may not:

- a. Imply that they are an attorney or government representative.
- b. Imply that you have committed a crime.
- c. Represent that they operate or work for a credit bureau.
- d. Misrepresent the amount of the debt.
- e. Indicate that papers being sent are not legal forms when they are.

3. Also, debt collectors **may not say** that:





- a. You'll be arrested if you do not pay your debt.
 - b. They will seize, garnish, attach, or sell your property or wages, unless the collection agency or the creditor intends to do so, and the action is legally authorized.
 - c. Actions will be taken against you which legally may not be taken.
4. Debt collectors **may not**:
- a. Give false credit information about you to anyone.
 - b. Send you anything that looks like an official document which might be sent by any court or agency of the United States or any state or local government.
 - c. Use any false name.
5. **Unfair Practices.** Debt collectors may not engage in unfair practices in attempting to collect a debt. For, example, debt collectors may not:
- a. Collect any amount greater than your debt, unless allowed by law.
 - b. Deposit a post-dated check before the date on the check.
 - c. Make you accept collect calls.
 - d. Take or threaten to take your property unless this can be done legally.
 - e. Contact you by postcard.
 - f. Put anything on an envelope other than a debt collector's address and name. Even the name can't be used if it shows that the communication is about the collection of a debt.

What control do you have over specific debts?

If you owe several debts, any payments you make must be applied to the debt you choose. A debt collector may not apply payment to any debt you feel you do not owe.

What can you do if the debt collector breaks the law?

You have the right to sue a debt collector in State or Federal court within one year from the date the law was violated. If you win, you may recover money for the damage you suffered, including court costs and attorney's fees.

Who can you tell if the debt collector breaks the law?

In addition to Federal law, many states (including Alabama) have their own debt collection laws. Federal agencies rely on consumer complaints to decide which



companies to investigate. You can assist these enforcement efforts by contacting the appropriate government office. A Legal Assistance attorney can assist you in deciding the most appropriate course of action.

If retail stores, department stores, small loans and finance companies, oil companies, public utility companies, state credit unions, government lending programs, or travel and expense credit card companies are involved, contact the Federal Trade Commission (FTC)'s [Consumer Response Center](#):

By phone:

1 877-FTC-HELP (382-4357)
9:00 am to 8:00 pm Eastern Standard Time
Monday through Friday;

By mail:

Consumer Response Center
Federal Trade Commission
600 Pennsylvania Ave NW
Washington, DC 20580;

By internet:

Online [complaint form](#)
<https://www.ftccomplaintassistant.gov>.

Can I contact the FTC in person or by mail?

Yes, you can contact the FTC in person by visiting a regional office. For a list of locations, visit <https://www.ftc.gov/about-ftc/bureaus-offices/regional-offices>.



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