



When Debt Collectors Come Calling and You Don't Owe the Money

From the Office of Minnesota Attorney General Keith Ellison

It is not uncommon today for people to be pursued by debt collectors for money they don't owe. This occurs for several reasons: the original creditor may have made an accounting error, you may be a victim of identity theft, or the creditor may have found the wrong person with a similar name. In addition, debt buyers purchase for pennies on the dollar large electronic portfolios containing limited and sometimes outdated or inaccurate information about thousands of customers who incurred debt years ago. These debt buyers then cast a wide net to find the person who originally incurred the bill. In their efforts to track down old customers of the original creditor, debt buyers sometimes target the wrong people.

It can happen like this:

"Sue" receives a call at dinnertime from a collector who tells her she owes \$493.47 on an old credit card bill. Sue tells the caller she doesn't owe the money and has never done business with the credit card company. The next week, another call comes from the same collector, this time while she's putting her children to bed. She again tells the caller that the debt isn't hers. After months of disruptive calls, Sue finally shakes the collector, who, it turns out, was trying to find someone with the same first and last name but a different middle initial.

"John" receives repeat letters from a debt buyer attempting to collect several hundred dollars on an old phone bill with a phone company with which John never did business. When John calls to dispute the debt, he is told that the original debtor lived in Florida. John has lived his whole life in Minnesota. The debt buyer was pursuing the wrong person. John spent several hours trying to fix the problem, with the collector taking a "guilty until proven innocent" tone with him.

The following are some tips to follow if you are pursued by a collector for money you don't owe:

1. Telephone calls

If a collector calls you and asks you to pay money you don't owe, you should politely explain why you don't believe you owe the money and ask the collector to acknowledge that it is taking you off its call list. In addition:

- Be wary about providing personal information over the phone to collectors who ask for your account number, Social Security number, or other private data. Scam artists posing as collectors sometimes try to dupe consumers into revealing their private information, which is then used to steal the consumer's identity or post unauthorized charges to their accounts.
- Under federal law, within five days of a phone call, a collector must send you a written notice telling you the amount of money you owe, the name of the creditor, and what action you should take if you believe you don't owe the money.
- If you tell the collector you don't owe the money and it persists, ask for the collector's name and mailing address, and for it to send you documentation to substantiate the debt. After you receive the collector's response, if you still don't think you owe the money, write the collector a letter disputing the debt.

2. Written collection notices

If a debt collector sends you a collection notice, you have 30 days under federal law to send the collector a letter requesting that it validate the debt if you don't believe you owe it. This right should be spelled out in the notice in language stating something like this:

"Unless you notify this office within 30 days after receiving this notice that you dispute the validity of this debt or any portion thereof, this office will assume the

debt is valid. If you notify our office in writing within 30 days from receiving this notice that you dispute the validity of this debt or any portion thereof, this office will obtain verification of the debt.”

Upon receipt of your letter, the collector must stop contacting you unless and until it can substantiate the debt. Your letter of dispute should be sent to the collector by certified mail, return receipt requested. You may want to ask for validation of the following types of information if you don't believe you owe the money:

- A full itemization of the debt, including a breakdown of the total principal, interest, fees, and other charges.
- The service or merchandise provided for the debt.
- The full name and address of the debtor at the time the debt was incurred and the last four digits of the debtor's Social Security number.
- The full name and address of the original creditor.
- A copy of the applicable contract giving rise to the debt.
- Other documents to support the debt.

3. A word on debt buyers

Debt buyers purchase, for as little as less than \$.01 on the dollar, electronic data streams of names and addresses of people who owe money to credit card companies, phone companies, and other creditors. The purchased debt is sometimes very old. In some cases, the target of the collection effort may have paid the money back long ago, while in other cases she may never have owed the money to begin with. Debt buyers often cast a wide net to find people who may owe money, resulting in the wrong people being targeted. If you are contacted by a debt buyer for money you don't owe, ask for the information in #2 above, which may help clear the matter up.

4. Watch your credit report carefully

If you are contacted by a collector for money you don't owe, it is a good idea to check your credit report. To find out whether a debt has been reported on your credit report, you can request a free annual credit report from each national credit bureau by calling (877) 322-8228, over the Internet at www.annualcreditreport.com, or by mail by writing to Annual Credit Report Request Service, P.O. Box 105281, Atlanta, GA 30348-5281. You can write

to the credit bureaus to ask them to fix any inaccurate information on your credit report.

5. Do not ignore a court summons

In some cases, debt collectors may sue somebody for money they don't owe. If you are served with a "summons and complaint," be sure to contact a private attorney to find out how to respond to it and protect your rights if you don't owe the money.

6. Keep records

Getting one debt collection call or letter could mean you are in for others. If the collector agrees that the account isn't yours, save the letter. Many people receive collection notices for the same debt years down the road. This is because debts may be resold over and over or, if a consumer demands verification, the account may be bounced back to the original account holder, who then ships it off to a new debt buyer or collector. To protect yourself, keep records of your dispute for several years.

If you suspect that a debt collector isn't playing fair, you may wish to file a complaint with the Minnesota Department of Commerce, which licenses debt collection agencies and has the authority to suspend or cancel a debt collector's license if it violates the law. The Minnesota Department of Commerce can be reached at:

Department of Commerce
85 East Seventh Place, Suite 280
St. Paul, MN 55101
(651) 539-1600 or (800) 657-3602
www.mn.gov/commerce

The Fair Debt Collection Practices Act (FDCPA) is the federal law that outlines the rights consumers have when dealing with collection agencies. The FDCPA is enforced by the Federal Trade Commission. Complaints about a debt collector's conduct under the FDCPA should be directed to the Federal Trade Commission at:

Federal Trade Commission
Consumer Response Center
600 Pennsylvania Avenue NW
Washington, DC 20580
(877) 382-4357 or TTY: (866) 653-4261
www.consumer.ftc.gov