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FTC Report to Congress Only Tells Part of the Story on Debt Collection Complaints

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FTC REPORT TO CONGRESS ONLY TELLS PART OF THE STORY ON DEBT COLLECTION COMPLAINTS

MINNEAPOLIS (March 21, 2011) – *In response to the Federal Trade Commission's annual report to Congress on the Fair Debt Collection Practices Act (FDCPA), released March 21, 2011, ACA International offers the following comments from ACA International Interim CEO Ted Smith.*

"Debt collectors take very seriously the issue of consumer complaints and agree on the significant importance of protecting consumers against any business that engages in deceptive, unfair or abusive practices. ACA International will continue to provide educational and training resources to help our members, and their employees, comply with the FDCPA and other federal and state laws that regulate debt collection.

The recovery of rightfully owed consumer debt is an essential component of our nation's economic engine. It's no secret that the collection of debt is a challenging proposition. It's the job of hundreds of thousands of professionals to carefully work with consumers under stressful circumstances to verify and help consumers resolve their personal responsibility to pay an outstanding debt.

Failure to recover this debt results in business closures, layoffs, higher prices and less available consumer credit. Federal, state, and local governments also rely on the repayment of billions of dollars in delinquencies, including uncollected court fees, unpaid taxes, library fines, and traffic tickets, to close budget gaps, reducing the need for future tax increases, and keeping more money in the pocket of hard working American taxpayers.

While we appreciate that the FTC is trying to track this data, the FTC's complaint methodology paints an interesting but incomplete and inaccurate portrait of consumer complaints against the third-party collection industry.

- *First, the FTC report does not factor in the dramatic consumer debt crisis that exists in America, which has been exacerbated by an economic recession over the past three years that created more consumer credit defaults than in any other time in our nation's history. The volume of consumer debt that debt collectors seek to recover has grown significantly and consumer contacts may now number in the billions. This is a significant impact that cannot be ignored.*
- *Second, the complaint data is actually comprised of both inquiries and complaints, meaning there is no regard for whether the consumer is contacting the FTC with a question or a legitimate complaint. And, the FTC has acknowledged that 'not all of the debt collection practices about which a consumer complain are law violations.'*
- *Third, the FTC does not share consumer contacts with debt collectors so they may seek to resolve legitimate complaints. When given the opportunity, debt collectors want to work with consumers to resolve complaints. According to the Better Business Bureau, debt collectors resolve 85 percent of the complaints received against them-significantly higher than other industries.*

ACA International members are working with regulators, Congress and state leaders to ensure a balanced debt collection system that allows for legitimate debt collection to function and protects consumers. We believe that consumers deserve respect in the legitimate collection of debt and that harassment, threats and other illegal activity are unacceptable and violators must be held accountable.

Our members have proudly created AskDoctorDebt.com, a consumer-focused resource to answer questions about debt collection and consumer rights. Available in both English and Spanish, visitors are not asked to register, provide any personal information or required to pay anything.

Consumers shouldn't avoid debt collectors or dismiss being contacted as a scam without verifying it first. The vast majority of debt collection activity is legitimate and it's imperative to address a debt collection inquiry head-on because a consumer's failure to act could have a negative impact, such as their ability to get future credit."

ACA International is the comprehensive, knowledge-based resource for success in the credit and collection industry. Founded in 1939, ACA brings together more than 5,300 members in the United States and abroad, including third-party collection agencies, asset buyers, attorneys, creditors and vendor affiliates. ACA International establishes ethical standards, produces a wide variety of products, services and publications, and articulates the value of the credit and collection industry to businesses, policymakers and consumers. For more information about ACA International, visit www.acainternational.org.

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