FOR IMMEDIATE RELEASE:
September 22, 2011

Contact:
Jan Kruse
617-542-8010
jkruse@nclc.org

Obama Deficit Plan Would Allow Debt Collector Robo-Calls to Cell Phones

(Washington, DC) Buried in President Obama’s deficit reduction plan (see page 28) is a proposal to allow debt collectors “to contact delinquent debtors via their cellular phones” when collecting debts owed to or guaranteed by the federal government. The proposal will not help reduce the deficit and is harmful for consumers, the National Consumer Law Center warned today.

“Giving one of the most abusive industries in the U.S. free rein to inundate people with robo-calls to their cell phones is a terrible idea,” said Margot Saunders, Of Counsel to the National Consumer Law Center. “Cell phone calls can distract people while driving, interrupt them at their jobs, and needlessly impose a cost on struggling families by using up scarce minutes. Debt collectors regularly call land lines to harass and threaten friends, family and even strangers with similar names to the debtor. No one will be safe from receiving abusive calls on their cell phones if this proposal goes through.”

And permitting debt collection calls to cell phones will not reduce the deficit. “Debt collectors already call students and others who provided their cell phone number as the way to contact them,” said Saunders. “And many people who are behind in their debts simply cannot pay them due to job losses or medical expenses. Harassing people on their cell phones is just not going to help solve the federal deficit.”

Currently, debt collection calls to cell phones are limited because collectors must check their phone number lists against a list of known cell phones and cannot call those numbers unless the consumer has provided that number as a way of reaching them. Though the proposal is limited to debts owed or guaranteed by the federal government, millions of consumers will be affected, including graduates who can’t pay their loans due to the terrible job market, homeowners who are behind in mortgages, and people who are in tax disputes with the Internal Revenue Service. Families who have lost their homes to foreclosure could be exposed to cell phone calls for years if the delinquency on their mortgage is sold to debt buyers.

The Federal Trade Commission receives more complaints about the debt collection industry than any other industry—more than 140,000 complaints in 2010—and those complaints increase every year. “The Fair Debt Collection Practices Act badly needs updating but for the purposes of protecting consumers from widespread harassment and debt collector abuses, not for facilitating those abuses,” Saunders noted.

The National Consumer Law Center has reported extensively on debt collection harassment and protections needed for consumers.

###

National Consumer Law Center® (NCLC®) is a non-profit organization specializing in consumer issues on behalf of low-income and other vulnerable people. Since 1969, NCLC has worked with legal services and nonprofit organizations as well as government and private attorneys across the United States, to create sound public policy for low-income and elderly individuals on consumer issues.