

Introduction: The debt collection industry is often subject to misconceptions that run counter to the ethical and legal standards under which RMAI certified businesses operate. These myths can distort public perception and create unnecessary fear among consumers. Below, we address five common myths related to alleged harassment, illegal practices, and lack of professionalism in debt collection.

Myth 1: Debt Collectors send people to jail.

Fact: Debt collection is a civil matter, not a criminal one. RMAI certified businesses adhere to the Fair Debt Collection Practices Act (FDCPA), which prohibits threatening consumers with jail time. The law ensures that all interactions remain within the bounds of civil law, emphasizing respectful and lawful communication.

References:

- **UDAAP Provisions under the Dodd-Frank Act (§ 1031 & 1036):** Prohibits deceptive practices, such as implying that nonpayment of a debt could lead to imprisonment.
- **FDCPA § 807(4) (15 U.S.C. § 1692e(4)) — False or Misleading Representations:** Prohibits false threats of arrest or imprisonment.
- **RMAI Certification Standard (A1):** Mandates that certified companies comply with all relevant laws, including the FDCPA, to prevent harassment, excessive calling, and the use of threats in debt collection.
- **RMAI Certification Standard (C9):** Requires law firms to “not seek or support a writ of capias or otherwise promote the arrest or detainment of a consumer on a collection matter.”

Myth 2: Debt Collectors' intent is to harass.

Fact: Debt Collectors are required by law to avoid any form of harassment. The FDCPA and similar regulations limit how and when consumers can be contacted, ensuring that communication is fair, reasonable, and respectful. RMAI certified businesses are regularly audited to ensure they follow these regulations, and violations can lead to severe penalties.

Reference:

- **UDAAP Provisions under the Dodd-Frank Act (§ 1031 & 1036):** Prohibits abusive practices that could be considered harassment, such as repeatedly calling consumers with the intent to annoy, abuse, or harass.
- **FDCPA § 806(5) (15 U.S.C. § 1692d(5)) — Harassment or Abuse:** Prohibits causing a telephone to ring or engaging any person in telephone conversation repeatedly or continuously with intent to annoy, abuse, or harass.
- **RMAI Certification Standard (A4):** Employee Training Programs: certified companies must have annual employee training programs that educate employees on compliance with laws and regulations.
- **RMAI Certification Standard (A5):** Complaint and Dispute Resolution: certified companies must have written procedures for handling complaints and disputes, ensuring that consumer concerns are addressed lawfully and ethically.

Myth 3: Debt Collectors never stop calling.

Fact: Debt Collectors must comply with strict rules governing the frequency and timing of calls. The FDCPA sets clear boundaries to prevent harassment, and RMAI certified businesses are held accountable through audits and regulatory oversight.

Reference:

- **UDAAP Provisions under the Dodd-Frank Act (§ 1031 & 1036):** Prohibits abusive practices, including excessively frequent or aggressive calls that could be deemed unfair or deceptive.
- **FDCPA § 805(a)(1) (15 U.S.C. § 1692c(a)(1)) — Communication in Connection with Debt Collection:** Limits calls to specific times of the day (between 8 a.m. and 9 p.m.) and prohibits repeated calls intended to annoy or harass.
- **FDCPA § 806(5) 15 U.S.C. § 1692d(5) — Harassment or Abuse:** This provision prohibits causing a telephone to ring repeatedly or continuously with intent to annoy, abuse, or harass any person.
- **12 CFR 1006.14 (B) (2):** A debt collector cannot call a consumer more than seven times within seven consecutive days.
- **RMAI Certification Standard (A1):** Mandates that certified businesses comply with all relevant laws, including the FDCPA, to prevent harassment, excessive calling, and the use of threats in debt collection.
- **RMAI Certification Standard (A18):** Requires certified businesses to refrain from calling consumers during natural disasters.

Myth 4: Debt buyers have nothing but a data file.

Fact: RMAI certified debt buyers are required to maintain proper documentation to validate the debt they are collecting. In fact, RMAI requires its certified debt buyers to obtain between 21-40 data and documents, depending on the asset class. This includes account statements, terms and conditions, and other relevant documents. Audits ensure that certified companies have the necessary documentation to validate the debt, providing transparency and protecting consumer rights.

Reference:

- **UDAAP Provisions under the Dodd-Frank Act (§ 1031 & 1036):** Addresses deceptive practices, such as failing to provide accurate documentation or misrepresenting the status or validity of a debt.
- **FDCPA § 809(b) (15 U.S.C. § 1692g(b)) — Validation of Debts:** Requires debt collectors to provide verification of the debt upon request, including the name of the original creditor.
- **RMAI Certification Standard (B1):** Requires certified debt buyers to obtain and maintain data and documents that are more comprehensive than any state or federal law or regulation.

Myth 5: Debt collectors operate illegally or are the underbelly of society.

Fact: RMAI certified debt collectors are professionals who operate within a legal framework designed to protect both consumers and creditors. They undergo rigorous background checks and continuous education to maintain certification. RMAI certified businesses follow all relevant laws and ethical standards, ensuring that their practices are both legal and ethical.

Reference:

- **UDAAP Provisions under the Dodd-Frank Act (§ 1031 & 1036):** Prohibits illegal or unethical practices that would undermine the integrity of the industry, ensuring that collectors operate within the bounds of the law.

- **FDCPA § 805(a)(1) (15 U.S.C. § 1692c(a)(1)) — Communication in Connection with Debt Collection:** Details permissible conduct, including communication methods and times, to ensure legality and respect.
- **RMAI Certification Standard (A3):** Ensures that all employees undergo background checks, filtering out individuals with criminal histories related to dishonesty or fraud, thus maintaining a professional and trustworthy workforce.
- **RMAI Certification Standard (A10):** Requires certified businesses to obtain all required licenses in the states they operate, not rely on ambiguity in statutory construction to avoid licensure.

Myth 6: We put people out of their home.

Fact: Debt collectors can legally pursue repayment of debts, but they cannot seize property or force eviction without legal process. If done without the legal right to do so it would be considered a violation and harassment due to FDCPA legal limits.

References:

- **FDCPA § 807(4)–(5) (15 U.S.C. § 1692e(4)–(5)) — False or Misleading Representations:** Prohibits false or misleading representations, including falsely implying the ability to seize property or enforce eviction.
- **FDCPA § 806 (15 U.S.C. § 1692d) — Harassment or Abuse:** Prohibits any conduct the natural consequence of which is to harass, oppress, or abuse any person.
- **UDAAP Provisions under the Dodd-Frank Act (§ 1031):** Declares it unlawful for covered persons to engage in unfair, deceptive, or abusive acts or practices, including making threats that mislead consumers about legal consequences.

Myth 7: We will show up at your house.

Fact: Debt collectors almost never visit people’s homes. While it’s not illegal for them to do so, it’s very rare and could be seen as harassment if done repeatedly or at odd hours. Most debt collection happens through emails, phone calls, letters, or sometimes legal action. If a debt results in legal action, debt collectors will utilize a licensed process server or local sheriff to effectuate service of a lawsuit. Process servers, in this capacity, are typically not debt collectors as defined under the FDCPA because they are engaged to serve legal documents, not to solicit payment.

If someone claiming to be a debt collector shows up at your door, you have the right to ask for proof of who they are and why they’re there. Remember, they can’t force their way into your home or threaten you—it’s against the law.

References:

- **UDAAP Provisions under the Dodd-Frank Act (§ 1031 & 1036):** Debt collectors are also governed by UDAAP (Unfair, Deceptive, or Abusive Acts or Practices) rules.
- **FDCPA § 806(5) (15 U.S.C. § 1692d(5)) — Harassment or Abuse:** Prohibits any conduct the “natural consequence” of which is to “harass, oppress, or abuse”. For example, making calls (or visits) “repeatedly or continuously with intent to...harass” is banned.
- **FDCPA § 805(a)(1) (15 U.S.C. § 1692c(a)(1)) — Communication in Connection with Debt Collection:** Forbids contacting you at “any unusual time or place or a time or place known or

which should be known to be inconvenient”. Absent notice, before 8:00 a.m. or after 9:00 p.m. is considered inconvenient.

Myth 8: Debt Collectors are uneducated.

Fact: The receivables management industry is made up of skilled professionals with diverse educational backgrounds. Many hold college degrees, professional licenses, and certifications. Agencies invest heavily in training programs to ensure compliance with federal and state regulations, including the Fair Debt Collection Practices Act (FDCPA), and uphold high ethical and professional standards.

References:

- **ACA International — Member Survey & Professional Standards:** ACA International (2019 Member Survey) ACA International reports that a majority of collection agency employees have college education, with many holding bachelor’s degrees or higher, reflecting a professional workforce. Over 60% of collection agency employees have some college education, and 35% hold a bachelor’s degree or higher.
 - **Receivables Management Association International — Certified Receivables Compliance Professional (CRCP):** The CRCP certification is designed to ensure receivables professionals maintain strong knowledge of federal and state laws and follow rigorous compliance and ethical standards. Certification requires ongoing education and periodic recertification to remain current.
 - **ACA International Professional Collection Specialist (PCS) Program:** Requires rigorous coursework and ongoing continuing education to maintain certification.
 - **U.S. Bureau of Labor Statistics — Occupation: Credit Authorizers, Checkers, and Collectors:** The Bureau of Labor Statistics notes that modern collection roles typically require postsecondary education or equivalent professional training and emphasize regulatory knowledge and communication skills. This reflects the increasing complexity and professionalism of the industry.
- **FDCPA (15 U.S.C. §§ 1692–1692p) — Fair Debt Collection Practices Act & FDCPA §§ 805–809 (15 U.S.C. §§ 1692c–1692g) — Consumer Communication, Conduct, and Validation Standards:** While the FDCPA does not mandate specific education credentials, its detailed and technical requirements across multiple sections necessitate formal training, ongoing education, and regulatory knowledge to ensure compliance. This makes professional training a functional requirement of lawful debt collection, not an optional best practice. Debt collection is a regulated, skill-based profession that requires highly specific, recurring training.

Myth 9: Consumers don’t have a contract with the debt buyer.

Fact: While consumers don’t sign contracts directly with debt buyers, their original credit agreements typically allow the creditor to sell or assign the account. When that happens, the debt buyer legally “steps into the shoes” of the creditor and has the right to collect the balance owed. This process, governed by federal and state laws, ensures that ownership of the debt and the right to collect are properly documented and transferred.

- **Reference:**
RMAI Certification Standard (A1) – Laws & Regulations: Requires certified businesses to comply with all applicable laws, including the FDCPA.
- **RMAI Certification Standard (A10) – State Licensing Requirements:** Ensures certified companies comply with all state and municipal licensing laws governing debt collection.
- **FDCPA § 807 (15 U.S.C. § 1692e) — False or Misleading Representations:** Prohibits false, deceptive, or misleading representations in connection with the collection of a debt, reinforcing the need for verified ownership and proper documentation.

Myth 10: The bank that sells an account makes no reps or warranties.

Fact: This claim misrepresents how debt-sales work in today’s financial system. In reality, almost all sale agreements between banks (or other original creditors) and debt buyers contain detailed contractual terms including representations, warranties and indemnifications. These provisions help ensure the accuracy of the debt data and legitimacy of the accounts being sold — supporting legal compliance, transparency, and risk-management for all parties.

Reference:

- **Office of the Comptroller of the Currency — Consumer Debt Sales: Risk Management Guidance (2014):** The OCC expects banks engaging in debt-sale arrangements to conduct appropriate due diligence and ensure that contracts with debt-buyers include full information and governance. These expectations are designed to ensure data accuracy and manage legal and operational risk in debt-sale transactions.
- **FDCPA § 807 (15 U.S.C. § 1692e) — False or Misleading Representations:** The FDCPA prohibits debt collectors from making false, deceptive, or misleading representations about a debt, including its amount or legal status. To comply, debt buyers must rely on accurate information and documentation obtained through the purchase and sale agreement.
- **RMAI Certification Standard (B2) – Representations & Warranties:** RMAI requires its certified debt buyers to use their best efforts to obtain five detailed representations and warranties when purchasing portfolios.

Myth 11: The consumer needs to see the purchase agreement.

Fact: This is a common misconception among consumers engaged in debt disputes. The Fair Debt Collection Practices Act (FDCPA), codified at 15 U.S.C. § 1692g, does not require a debt buyer—or any debt collector—to provide the original purchase agreement between the original creditor and the current holder of the debt in order to validate the debt. However, a few states have required this type of documentation upon the consumer’s request or as part of litigation.

Reference:

- **FDCPA § 809(b) (15 U.S.C. § 1692g(b)) — Validation of Debts:** when a consumer disputes a debt in writing within 30 days of receiving the initial notice, the debt collector must cease collection efforts until it provides “verification of the debt or a copy of a judgment.” This verification is not defined as the purchase agreement. Instead, courts have routinely held that “verification” can be satisfied by something as simple as confirmation from the creditor of the amount owed and the identity of the person responsible for the debt, rather than original contracts or purchase agreements.

- **12 CFR 1006.34:** Regulation F took effect in November 2021 and requires a debt collector to meet its validation obligations by providing specific “itemization-related information” within a “validation notice” to the consumer.

Myth 12: Consumers need to see a charge slip and a wet ink signature.

Fact: Per the Fair Debt Collection Practices Act (FDCPA) and the Unfair, Deceptive, or Abusive Acts or Practices (UDAAP) regulations, debt collectors are required to provide clear and conspicuous debt validation to consumers upon request or within 5 days of the initial communication. The validation should include but is not limited to the amount of the debt, the name of the creditor, and a statement about the consumer’s rights to dispute the debt within 30 days. Charge slips with wet ink signatures occur at the retail level and are not transmitted to creditors and therefore are not a requirement for debt collection.

Reference:

- **FDCPA § 809(a)–(b) (15 U.S.C. § 1692g(a)–(b)) — Validation of Debts:** requires a debt collector to send a written validation notice within five days of initial communication, informing the consumer of the amount of the debt, the creditor’s name, and their right to dispute the debt within 30 days. If the consumer disputes in writing, the collector must cease collection until verification of the debt is provided.
- **12 CFR § 1006.34:** Regulation F requires debt collectors to provide validation information that is clear and conspicuous, including the amount of the debt, the name of the current creditor, and the consumer’s dispute rights, but it does not require production of a charge slip or wet-ink signature. The CFPB expressly permits validation through itemized account information and disclosures rather than original contractual documents.
- **UDAAP Provisions under the Dodd-Frank Act (§ 1031):** UDAAP prohibits practices that mislead consumers about their legal rights or impose requirements that do not exist in law, including suggesting that a debt is invalid absent a signed contract or charge slip. Representing or implying that a wet-ink signature is required to validate a debt may be considered deceptive because neither the FDCPA nor its implementing regulations impose such a requirement.

Myth 13: Complaints and disputes are not investigated or ignored.

Fact: Complaints and disputes from consumers are not ignored. Under the FDCPA, debt collectors must investigate written disputes and pause collection activity until the debt is verified. UDAAP rules prohibit unfair or deceptive practices, including failing to properly address consumer concerns. Regulators such as the CFPB and FTC actively enforce these requirements and take action when agencies fail to investigate complaints. As a result, third-party collection agencies are required to review, investigate, and respond to consumer disputes in accordance with the law. RMAI certification requires certified businesses to pause debt collection until (i) the complaint or dispute is investigated and a response has been transmitted to the consumer following the investigation; (ii) it has been determined the complaint or dispute is a duplicate where the consumer has already received a response; or (iii) it has been determined that the consumer appeared in court and admitted to the debt. Additionally, when a consumer questions the accuracy or validity of a debt, it must be confirmed using Original Account Level Documentation or a copy of a valid judgment.

Reference:

- **FDCPA § 809(b) (15 U.S.C. § 1692g(b)) — Validation of Debts (Disputed Debts):** If a consumer disputes a debt in writing within 30 days, the debt collector must stop collection activity until the debt is verified and that verification is provided to the consumer. This requirement ensures disputes are investigated and addressed before collection may resume.
- **FDCPA § 809(b) (15 U.S.C. § 1692g(b)) — Validation of Debts (Verification Requirement):** The FDCPA explicitly requires debt collectors to obtain and mail verification of the debt or creditor information after receiving a timely written dispute. Collection may not continue until this investigation step is completed, demonstrating that disputes cannot be ignored under federal law.
- **California Civil Code § 1788.52 — Rosenthal Act (Debt Buyers):** California law requires debt buyers to possess written evidence of a debt before attempting to collect, reinforcing the obligation to substantiate and review disputed debts. This state-level requirement further supports that consumer complaints and disputes must be meaningfully investigated.

Myth 14: We buy accounts for 'pennies on the dollar'

Fact: Debt buyers may purchase portfolios of past-due accounts from original creditors for less than the “face value” of the original debt, but this does not change the amount a consumer legally owes under the original agreement. The price paid reflects factors such as account age, collectability, and risk, not a reduction of the consumer’s balance. Debt buyers step in to help creditors recover a portion of unpaid debt and work directly with consumers to resolve it. Many offer flexible payment options or settlement arrangements that may be more manageable than the original terms.

Reference:

- **FDCPA § 809(a) (15 U.S.C. § 1692g(a)) — Validation of Debts:** The FDCPA requires debt collectors to disclose the amount of the debt owed and the name of the creditor, tying the balance to the original obligation rather than the purchase price. The law does not permit altering the debt amount based on what a debt buyer paid to acquire the account.
- **CFPB — Debt Collection and Debt Buying Overview:** The CFPB explains that debt buyers purchase delinquent accounts at a discount due to risk and uncertainty, but consumers still owe the amount established by their original credit agreement. The agency also notes that debt buyers may offer repayment or settlement options to resolve outstanding balances. **Source:** Consumer Financial Protection Bureau – <https://www.consumerfinance.gov/consumer-tools/debt-collection/>
- **FTC — Debt Buying Industry Guidance:** The FTC recognizes debt buying as a lawful practice that allows creditors to recover some losses while transferring collection efforts to specialized entities. It emphasizes that consumers’ obligations arise from the original debt, not from the price paid by the debt buyer. **Source:** Federal Trade Commission – <https://www.ftc.gov/business-guidance/resources/collecting-consumer-debts-fair-debt-collection-practices-act>

Myth 15: Debt collectors want to sue consumers.

Fact: In practice, most debt collectors seek to resolve accounts through communication and repayment arrangements, not lawsuits. Legal action is typically a last resort. The common misconception that debt collectors want to sue consumers overlooks the regulatory framework and the actual practices within the debt collection industry. The Fair Debt Collection Practices Act (FDCPA) and the Unfair, Deceptive, or Abusive Acts or Practices (UDAAP) regulations provide clear guidelines to ensure that debt collectors operate ethically and fairly. The FDCPA prohibits false or misleading statements, including threatening legal action that the collector does not intend or is not legally allowed to take. Regulators such as the CFPB and FTC enforce these rules and take action against collectors who misuse or falsely threaten lawsuits, helping ensure consumers are protected from improper legal pressure.

References:

- **FDCPA § 807 (15 U.S.C. § 1692e) — False or Misleading Representations:** Prohibits false, deceptive, or misleading representations, including threats of legal action not intended to be taken.
- **UDAAP Provisions under the Dodd-Frank Act (§ 1031 & § 1036):** Authorizes the CFPB to prohibit unfair, deceptive, or abusive acts or practices. <https://www.law.cornell.edu/uscode/text/12/5531>
- **CFPB Enforcement Actions:** Examples of enforcement actions against debt collectors for using false lawsuit threats. <https://www.consumerfinance.gov/enforcement/actions/>
- **FTC Debt Collection Enforcement:** FTC actions against deceptive debt collection practices, including false legal threats. <https://www.ftc.gov/news-events/topics/truth-advertising/debt-collection>
- **ACA International - Industry Practices:** Debt collection industry guidance showing that lawsuits are typically a last resort. <https://www.acainternational.org>

Myth 16: Can your debt be sold, and is the full balance owed when purchased for a discounted price?

Fact: When a debt is charged off, the original creditor may sell it to another company or transfer it to a collection agency. A charge-off means the creditor has closed the account to future use and written it off as a loss for accounting purposes. The account charge-off does not cancel the debt. Because the line of credit is closed, you can no longer make new charges, and the balance you owed at the time of charge-off remains due.

If the debt is sold, the new owner generally has the same right to collect the debt as the original creditor. Even though the debt may have been purchased for less than the balance owed, you are still responsible for the full amount under your original agreement. Debt sales transfer the right to collect; they do not reduce or erase what is owed. You also retain important rights under federal law, including the right to request verification of the debt and to dispute it if you believe there is an error or you are not legally obligated to pay.

References:

- **Fair Debt Collection Practices Act (FDCPA):** This act governs the practices of debt collectors and ensures that they operate within legal boundaries when collecting debts.

- **FDCPA § 807 (15 U.S.C. § 1692e) — False or Misleading Representations:** Prohibits false or misleading representations, including falsely implying the ability to seize property or enforce eviction.
- **FDCPA § 809(b) (15 U.S.C. § 1692g(b)) — Validation of Debts:** Requires debt collectors to provide verification of the debt upon request, including the name of the original creditor.

Myth 17: Debt collectors are not allowed to credit report my account.

Fact: Debt collectors are legally permitted to report collection accounts to credit reporting agencies, as long as the information is accurate and complies with federal regulations. The Fair Credit Reporting Act (FCRA) governs how debts are reported, and the FDCPA ensures that collectors cannot use credit reporting as a means of coercion or report inaccurate information. Consumers have the right to dispute inaccuracies, and collectors must correct or delete unverifiable information.

References:

- **FCRA § 623 (15 U.S.C. § 1681s-2):** Outlines the responsibilities of furnishers of information to consumer reporting agencies, including the duty to report accurately and investigate disputes.
- **FDCPA § 807(8) (15 U.S.C. § 1692e(8)) — False or Misleading Representations:** Prohibits communicating credit information known or believed to be false, including failing to communicate a disputed debt. UDAAP (12 U.S.C. § 5531): Prohibits using credit reporting as a deceptive or unfair tactic to pressure repayment.
- **UDAAP Provisions under the Dodd-Frank Act (§ 1031):** Prohibits using credit reporting as a deceptive or unfair tactic to pressure repayment
- **FCRA § 623 (15 U.S.C. § 1681s-2):** Outlines the responsibilities of furnishers of information to consumer reporting agencies, including the duty to report accurately and investigate disputes

Myth 18: I don't owe the debt any longer because the statute of limitations has run.

Fact: A debt does not disappear simply because the statute of limitations has expired. In most states, debt collectors may still contact you to request payment after the statute of limitations expires, as long as they follow the law. However, they cannot sue you or threaten to sue you on a debt after the statute of limitations has expired. If a lawsuit is filed after the statute of limitations has expired, it may violate the FDCPA—but a court could still enter a judgment if you do not respond and raise the statute of limitations as a defense. In most cases, it is the consumer's responsibility to assert that the statute of limitations has passed. RMAI's certification program prohibits the filing of a lawsuit after the expiration of the statute of limitations.

References:

- **FDCPA § 807(2)(A), (5) (15 U.S.C. § 1692e(2)(A), (5)) — False or Misleading Representations:** Debt collectors may not use false, deceptive or misleading practices. In particular, §1692e(2)(A) makes it illegal to misrepresent "the character, amount, or legal status of any debt. Thus, claiming a debt is enforceable in court when the SOL has passed is a false statement of its legal status. Similarly, §1692e(5) forbids "any threat to take any action that cannot legally be taken"

and suing on time-barred debt is generally an action that “cannot legally be taken” unless the defendant waives the defense.

- **UDAAP Provisions under the Dodd-Frank Act (§ 1031 & 1036):** If consumers don’t understand (or are misled about) the fact that an expired debt can’t be enforced, a collector who takes advantage of that gap may be engaging in an abusive practice. Likewise, any representation that misleads the consumer about what the law allows is deceptive.

Myth 19: Debt collectors cannot call me at work.

Fact: The myth that consumer debt collectors cannot call consumers at their job is not entirely accurate. Under the Fair Debt Collection Practices Act (FDCPA), collectors can contact consumers at their workplace unless they are informed that such calls are prohibited by the employer or the consumer requests they stop.

This misconception likely arises from the FDCPA’s protections or by the actions of a couple of states that have placed limitations on workplace communications, but it doesn’t mean an absolute ban on workplace calls. For more details, see the references below.

References:

- **FDCPA § 805(a)(3) (15 U.S.C. § 1692c(a)(3)) — Communication in Connection with Debt Collection:** Allows collectors to call a consumer’s place of employment unless the collector knows or has reason to know that the employer prohibits such communication or the consumer has asked them to stop
- **CFPB FDCPA FAQ:** If a consumer informs the collector that workplace calls are inconvenient or not allowed, the collector must cease calling there. This protects consumers while allowing initial contact
- **FTC Debt Collection Practices:** Collectors may call a workplace to locate a consumer or verify employment, but they must adhere to restrictions once notified. Violations can lead to penalties

Myth 20: What information is required to be in the validation notice from a debt collector about my debt?

Fact: Debt collectors are required to provide consumers with written validation information about a debt, either in the initial communication or within five days of first contact. This notice may be sent by mail or electronically and is designed to help consumers understand whether the debt is theirs and how to dispute it if needed. Federal law specifies the information that must be included so consumers can review the debt and exercise their rights.

The validation notice must include:

- A statement that the communication is from a debt collector
- The consumer’s name and mailing information
- The debt collector’s name and mailing information
- The name of the current creditor
- The account number associated with the debt

- An itemization of the current amount of the debt, including interest, fees, payments, and credits since a specified “itemization” date
- The current amount of the debt
- Clear instructions on how to respond or dispute the debt
- A statement identifying the end date of the 30-day validation period

References:

- **12 CFR § 1006.34 — Validation Information Requirements:** Regulation F outlines the specific validation information debt collectors must provide, including itemization, creditor identification, dispute rights, and response options. It implements and expands upon the FDCPA’s validation requirements to improve clarity and consumer understanding.
- **FDCPA § 809(a) (15 U.S.C. § 1692g(a)) — Validation of Debts:** The FDCPA requires debt collectors to send a written validation notice containing core debt information and notice of dispute rights within five days of the initial communication. Regulation F provides detailed content and formatting requirements for this notice.

Myth 21: What can I do if a debt collector contacts me about a debt I don't think I owe?

Fact: If a debt collector contacts you about a debt you may not owe, do not ignore it. Federal law requires the collector to give you validation information explaining the debt, which can help you decide whether it is yours and how to dispute it. After you receive the validation notice, you generally have 30 days, with a specific end date listed, to dispute all or part of the debt in writing. If you request the name and address of the original creditor within that time, the collector must pause collection until that information is provided.

References:

- **12 CFR § 1006.34 — Validation Information Requirements:** Regulation F requires collectors to clearly disclose dispute rights and include the specific date the 30-day validation period ends. These rules are designed to make it easier for consumers to understand and exercise their rights.
- **FDCPA § 809(a)–(b) (15 U.S.C. § 1692g(a)–(b)) — Validation of Debts:** This section requires debt collectors to provide written validation information and gives consumers the right to dispute a debt within 30 days. If a timely written dispute or request for original-creditor information is made, collection must stop until verification is provided.

Myth 22: What can I do if a debt collector contacts me about a debt I already paid?

Fact: If a debt collector contacts you about a debt you already paid, you can notify them in writing that the debt has been paid. You should include copies of any documents showing payment, such as canceled checks, bank statements, or settlement letters. Once the collector receives this information, they must review it and may not continue collection unless they can verify the debt. If you no longer have proof, you can request payment records from the original creditor.

References:

- **FDCPA § 809(b) (15 U.S.C. § 1692g(b)) — Validation of Debts:** This section requires debt collectors to stop collection activity after receiving a timely written dispute or notice until the debt is verified. Proof of payment is a valid basis for disputing whether a debt is still owed.
- **12 CFR § 1006.34 — Validation Information Requirements:** Regulation F allows consumers to dispute debts electronically or in writing and requires collectors to review disputes and provide verification before resuming collection. These rules help ensure collectors do not pursue debts that have already been paid.

Conclusion: The debt collection industry is vital to the financial ecosystem, ensuring the repayment of borrowed funds, maintaining liquidity and stability within the economy. By recovering overdue debts, collection efforts help lenders minimize losses, keep credit accessible to consumers, and enable businesses to continue offering loans and services to consumers and companies. Licensed debt collectors operate under strict legal and ethical guidelines. The industry, particularly among RMAI certified businesses, is committed to transparency, fairness, and respect for consumers, ensuring that the industry responsibly serves the economy and the public. Misconceptions are addressed through continuous education and adherence to best practices, reinforcing the integrity of certified debt collectors. Certified companies are audited and regulated to ensure they operate within the law, treating consumers fairly and respectfully.