



CONSUMER ALERT

Office of Consumer Affairs

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Beware of Debt Scams!

It may be a new year, but the same old debt scams are still here. Have you received a letter claiming that you were pre-qualified to reduce your total debt and your monthly payments? Or maybe someone called you claiming that you owed a debt. "Ohio residents who are paying bills need to use caution so they do not get scammed," said Cynthia Sich, Director of the Office of Consumer Affairs. "Knowing some basic information could help consumers avoid costly and unnecessary payments."

Several residents recently reported receiving debt collection calls. The caller claims to be collecting a debt and provides enough personal identifiable information to sound legitimate. The consumer is told that if they do not pay immediately over the telephone they will be arrested. Or perhaps the debt belongs to someone else, but the debt collector continues to call even after being told to stop.

The Fair Debt Collection Practices Act (FDCPA) prohibits debt collectors from using abusive, unfair, or deceptive practices to collect from you. FDCPA defines a debt collector as someone who regularly collects debts owed to others.

If you receive a call from a debt collector:

- Request written proof of the debt so you can determine if it is legitimate. FDCPA requires that a collection agency must send a written validation notice telling how much you owe and to whom, within 5 days of their first contact.
- Never give any of your personal identifiable information, such as date of birth, bank account, credit card or Social Security numbers to anyone.
- Do not pay over the phone. If you do, a con artist may wipe out your account. Even if a validation notice proves that the debt is yours, pay by money order so that the collector does not have access to any of your accounts.
- If you receive a written notice and believe the debt is not yours, you must dispute the debt within 30 days. Send a letter by certified mail with return receipt and keep copies for your records. Explain that you do not believe the debt is yours, ask for verification, and ask the debt collector to cease contact.

Other residents have reported receiving letters, complete with what looks like a government seal, telling them of their ability to resolve past due, unsecured debt that appears on their credit reports. The letter warns that if they do not take immediate action, their credit could be jeopardized, and they would miss the opportunity to reduce their debt by 60% and pay it off within three years. This prompted one consumer to look at his credit reports which showed no late payments.

The FTC Telemarketing Sales Rule was amended to offer more protection for those struggling with debt. Debt relief companies that sell their services over the telephone are prohibited from collecting upfront fees until:

- The debt relief service successfully settles or changes the terms of at least one of the consumer's debts.
- There is a settlement agreement, debt management plan, or other agreement between the consumer and the creditor that the consumer has agreed to.
- The consumer has made at least one payment to the creditor as a result of the agreement negotiated by the debt relief provider.

When looking for help beware of companies promising that your unsecured debt can be paid off for pennies on the dollar. There is no guarantee that a creditor will accept partial payments. If the company tells you to stop making payments, understand that this will result in late fees and penalties as well as possible collection actions.

Consumers who have questions or complaints about debt collection or debt relief may call the Office of Consumer Affairs at 330-643-2879 or visit www.co.summit.oh.us/conaffairs.htm.