

Washington Regulators Seeing Increase in Debt Collection Scams

Local News

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OLYMPIA ‐ The Washington State Department of Financial Institutions (DFI) Division of Consumer Services is warning consumers that scammers are targeting consumers with threats of arrest, criminal prosecution, wage garnishment, and high fees for allegedly unpaid personal loans and payday loans that may have been paid off years before or never existed at all. Since the beginning of last year, the DFI has received more than 100 complaints from consumers reporting being contacted by a purported collection company or debt collector attempting to collect on a non-existent debt. In some cases, the caller has had personal information about the consumer such as name, address, date of birth, and even social security number. "It's appalling how many people will try to prey on others just to make a few bucks," DFI Director Scott Jarvis said. "We hope to limit the damage to Washington consumers by raising awareness of this scam, which is criminal." Consumers should be on high alert when receiving a collection call about a debt if the consumer has any question about the validity of the debt. Scam collectors have claimed to be from law offices, the FBI, and other law enforcement and governmental agencies.

"Because of the aggressive and abusive tactics used," DFI Director of Consumer Services Deborah Bortner explains, "otherwise cautious and careful consumers end up falling for the scam and give away their hard-earned money; thus becoming victims." Warning signs that the debt may be invalid may include: Caller unwilling to provide written validation of the debt; Caller won't provide a mailing address; Caller threatens criminal sanctions, violence, or uses profane language or other scare tactics; and Consumer does not recognize the debt. The Fair Debt Collection Practices Act, which is enforced by the Federal Trade Commission, prohibits debt collectors from using abusive, deceptive, and unfair collection practices. This includes, but is not limited to, restrictions on what a debt collector can say, such as the use of obscene or profane language, threats of violence or legal action that the debt collector is not legally permitted to take, and false representations. Debt collectors are also restricted as to the time of day they may call consumers, and they can only charge certain authorized fees. DFI urges consumers to independently verify the validity of any questionable debt and not to send money or provide any personal information such as bank account information, credit card numbers, or their social security number. Report Violators If you feel you are in immediate danger contact local law enforcement. If you feel you have been the victim of a collection scam, contact the Federal Trade Commission at 1-877-FTC-HELP (382-4357), or online at www.ftc.gov. If you feel you have been the victim of a collection scam involving the Internet, contact the Internet Crime Complaint Center at www.ic3.gov. If you feel you have been the victim of a collection scam and are concerned about your personal financial information, contact your banking institution, and the three major credit bureaus.