

Legal Services Offices

Statewide Legal Services *Entry point for the legal services network in Connecticut.*

860-344-0380 Central CT area or **1-800-453-3320** toll free

Other Legal Services Programs:

Consumer Law Project for Elders

Provides free legal assistance to seniors 60 and over throughout CT who have consumer questions or problems. 1-800-296-1467.

Hartford, Hartford County:

Greater Hartford Legal Aid

999 Asylum Avenue
Hartford, CT 06105
(860) 541-5000

Greater New Haven Area:

New Haven Legal Assistance Association, Inc.

426 State Street
New Haven, CT 06510
(203) 946-4811

This pamphlet was produced by the Legal Assistance Resource Center of CT in cooperation with Connecticut Legal Services, Greater Hartford Legal Aid, New Haven Legal Assistance Association, and Statewide Legal Services.

The information in this pamphlet is based on the laws in CT as of 12/2009. We hope that the information is helpful. It is not intended as legal advice for an individual situation. If you need further help and have not done so already, please call Statewide Legal Services (see above) or contact an attorney.

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Throughout Connecticut:

Connecticut Legal Services:

Offices:

211 State Street
Bridgeport, CT 06604
(203) 336-3851

16 Main Street
New Britain, CT 06051
(860) 225-8678

153 Williams Street
New London, CT 06320
(860) 447-0323

20 Summer Street
Stamford, CT 06901
(203) 348-9216

85 Central Avenue
Waterbury, CT 06702
(203) 756-8074

872 Main St., P.O. Box 258
Willimantic, CT 06226
(860) 456-1761

AIDS Legal Network for CT

999 Asylum Ave. Hartford, CT 06105
(860) 541-5027 or 1-888-380-3646

Visit us on the internet:

www.slsct.org
www.ghla.org
www.nhlegal.org
www.connlegalservices.org
www.larcc.org



Debt Collection Practices

A Guide to What Bill Collectors Can and Cannot Do

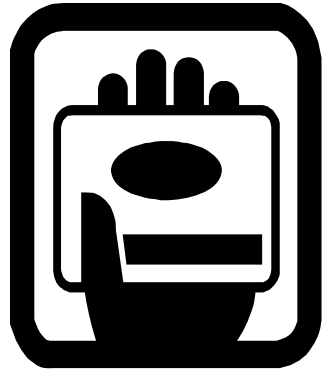


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If you owe money on something like an auto loan, a credit card purchase or a home mortgage, you are usually required to make payments on time. If you are late or miss a payment, you may be contacted by the creditor (person or business to whom you

owe money) or by a debt collector (person working for an agency which collects other people's debts.)

Creditors or collection agencies will usually try to collect money from you even if you cannot pay because of financial problems or will not pay because of a dispute you have with the creditor.



However, there are certain things creditors and debt collectors cannot do. The law protects you against certain common, but illegal, debt collection practices. Knowing what these practices are can help you protect yourself.

You will find answers in this booklet to many of your questions about what a creditor or collection agency can and cannot do when trying to collect a debt from you. The information presented here applies to most businesses and debt collection agencies.

You will also find letters at the end of this booklet which you can use to make creditors stop bothering you. Select the appropriate letter, complete it, and make a photocopy. Send the copy, or save the completed letter in this booklet for your records. Or use the letters in this booklet as samples and write your own letters.

I cannot pay all my bills and my creditors are demanding payment. What can I do?

1

First, decide what bills you must pay on time and be sure you have enough money to pay these bills. It is important to pay rent and utility bills on time and to have enough money left to buy food. If you are making car payments and do not want the car to be repossessed, you should make sure to set aside enough money to pay that bill, too.

2

Second, decide how much of the money left over you can pay regularly toward each of your other bills. You should begin by making payments on anything that can be repossessed.

- ✓ You might also get help budgeting your debts from a credit counseling service. Call or visit:

*University of Connecticut
Cooperative Extension Service
305 Skiff Street
North Haven, CT 06473
Phone: 203-407-3161*

What if a creditor wants more money than I can afford?

Do not let the creditor pressure you into saying that you will pay more than you can afford. Making a promise that you cannot keep will only lead to more trouble once the creditor discovers that you cannot pay what you've promised. Send only what you can afford each week, even if the creditor says it is too little.



What if I do not owe the amount they say I owe?

You should let the creditor or collection agency know immediately. The law requires them to check out your story and then provide proof of what you owe.

After the investigation, if there is still a disagreement between you and the creditor about how much you owe, the creditor will have to go to court to try to prove you owe the amount claimed.

To notify the creditor that you do not owe the amount he or she says you owe, you can complete **Letter A**. Check only the boxes that explain why you disagree with the amount they say you owe. Then, make a photocopy to keep and send the original letter from this booklet. If you have any receipts, canceled checks or other documents to back up your statement, make copies of these papers and send them too. Keep the originals. You may need them as proof if you need to go to court to defend your claim.



For additional proof, you may want to send your letter by certified mail and get a receipt when it is delivered. This receipt will be sent to you in the mail. Keep it with your other papers concerning the purchase and what you owe.

What can creditors do to me if I do not pay my debts?

The actions that creditors can take depend on the kind of debt it is.

- If you are behind in paying rent, your landlord can take legal action to try to force you to move.
- Utility companies can cut off service if you do not pay, except during winter months (November 1 - May 1) if you are a “hardship” case. (See the Legal Aid pamphlets, *Rights of Utility Customers* and *How to Keep Year ‘Round Utility Service*).
- If you owe money on a “secured purchase” – something that can be “repossessed” by the seller – you must pay on time to avoid the risk of losing the purchase before you are finished paying for it.
- If you owe money on something that cannot be repossessed, the creditor may take legal action against you to try to collect the amount you owe. If he or she wins the case, you may be ordered to pay a certain amount a week. If you do have to defend yourself in court, you will probably need advice from a lawyer.

What if a creditor threatens to attach my wages?

It is common for a creditor or collection agency to threaten to attach your wages or property. This cannot be done unless the creditor first brings a lawsuit and wins in court. If you receive any legal papers, contact a lawyer immediately. Even if the creditor wins a lawsuit against you, your wages cannot be attached if you faithfully pay on time the weekly amount ordered by the court or if you have very low wages. If the amount ordered is too high, you can try to have it reduced. (See the Legal Aid pamphlet, *A Guide to Wage Attachments*).

Do I have to use my social security, unemployment or welfare funds to pay the debt?

If the creditor sues you and wins, the creditor may try to take government benefits which are directly deposited in your bank account. Under the law, government benefits do not have to be used to pay many types of debts. However, there are exceptions. For more information, call Statewide Legal Services at 1-800-453-3320 or 860-344-0380.

Do not let anyone threaten you about taking these government benefits from you. If you remind the creditor that these funds cannot be taken, you may persuade him or her not to take any further action against you. Use **Letter D** at the back of this pamphlet.

If a creditor takes me to court, can I be forced to pay attorney's fees and other collection costs?

Only if you signed a contract that says so. Check your contract. Even if you did agree to pay these costs, you do not have to pay unless you are sued in court and you lose. If this happens, attorney's fees are usually limited to 15% of your debt.

When a creditor or collection agency demands attorney's fees or other costs, you should probably contact a lawyer. In the meantime, however, you should be aware of what a creditor is prohibited from doing. By knowing what these things are, you can protect your rights. (See pages 6-8).

Can a creditor or collection agency call me in the middle of the night or at my job?

No. The law prohibits creditors or collection agencies from using harassment or abusive tactics. That means they may not bother you by contacting you at an inconvenient or unusual time (before 8:00 am or after 9:00 pm). If a certain time or place is inconvenient (for example at your job), notify the caller in writing and keep a copy. A creditor or collection agency may not call you at your job after being notified by you that such calls are inconvenient or that your employer does not allow these calls.

How can I stop a creditor or collection agency from contacting me?

Notify the creditor or collection agency in writing that you do not want to be contacted anymore. Use **Letter B** for this purpose. The legal effect of writing such a letter varies depending upon whether you are writing to a *collection agency* or to a *creditor*.



If you write such a letter to a *collection agency*, the collection agency is prohibited by law from communicating with you again except to tell you that there will be no further contact or to notify you that a specific legal action, such as filing a lawsuit, may be taken.

If you write such a letter directly to a *creditor*, the creditor may be prohibited from contacting you again. When sending **Letter B** directly to a creditor, you should **add the following statement in your letter**: “*Any further contact from you about this matter will be deemed to constitute harassment and abusive conduct.*”

If you have a lawyer and you tell either the collection agency or creditor who the lawyer is, they are both required to deal only with the lawyer. They cannot communicate directly with you again.

What other things is a creditor or debt collector prohibited from doing?

■ **A creditor or collection agency cannot harass you to get you to pay a debt. *The law says creditors or debt collectors cannot:***

- ✗ Threaten to harm you or someone else, or your property or reputation;
- ✗ Use obscene or profane language;
- ✗ Contact your neighbors, relatives or employer to get them to ask you to pay a debt;
- ✗ Repeatedly use the telephone to annoy anyone by calling at unreasonable hours or an unreasonable number of times;
- ✗ Telephone any person without the caller identifying him or herself.

Collectors are trained to get you mad so you'll say something they can hold against you. Don't lose your cool...just hang up.

■ **It is illegal for creditors or collection agencies to make false statements when trying to collect a debt. *They cannot:***

- ✗ Falsely suggest that the debt collector is an attorney;
- ✗ Falsely suggest that you have committed any crime, or will be arrested or imprisoned if you do not pay your debt;
- ✗ Falsely state that the debt collector represents the United States government or a state government;
- ✗ Falsely state that papers being sent are papers from the court, when they actually are not;
- ✗ Use any false name.
- ✗ Falsely suggest that they can take money benefits such as Social Security disability, pension, retirement, child support, alimony etc.

■ **Finally, it is illegal for creditors or collection agencies to use unfair practices. *This means they cannot:***

- ✗ Collect any amount greater than the amount you owe;
- ✗ Contact you by postcard;
- ✗ Put anything on an envelope that indicates that the letter inside is about the collection of a debt;
- ✗ Advertise your debt;
- ✗ Make you accept collect calls or pay for telegrams. (You do not have to accept the charges unless you agree to, and you should not agree to accept the charges.)

What can I do if a creditor or collection agency keeps bothering me or violates the law?

You can report this situation to a few agencies. Use **Letter C** to complain to these agencies.

- ✓ Director, Consumer Credit Division
State Banking Department
260 Constitution Plaza
Hartford, CT 06103
Phone: 860-240-8200 or toll free 1-800-831-7225
On the web: www.ct.gov/dob/
- ✓ The Better Business Bureau (listed in phone book)
- ✓ Federal Trade Commission
Debt Collection Practices
Washington, DC 20580
On the web: www.ftc.gov
- ✓ You should probably also contact a lawyer if you think the creditor or collection agency is doing something illegal.

Should I think about bankruptcy?

You may want to think about filing for bankruptcy. See the Legal Aid pamphlet, *A Guide to Bankruptcy*.

Instructions for Using Letters

Use Letter A: to inform your creditor or collection agency you owe a different amount than you were billed for, or why you have not paid your bill (check the appropriate box).

Use Letter B: to tell your creditor or collection agency not to contact you again.

Use Letter C: to file a complaint against a creditor or collection agency with the consumer protection agencies listed on Page 8.

Use Letter D: to tell a creditor or collection agency to stop contacting you and to tell them that your income is exempt from collection. (Exempt means that your income cannot be collected).

For each letter you send, do the following things before mailing:

- 1) Fill in the missing information in the blanks provided.
- 2) Make a photocopy of your letter.
- 3) Send a copy of the letter to the creditor, collection agency or consumers' protection department.
- 4) Keep the original letter. You may need it if you have to go to court.

Letter A

(your street address)

(city, state, zip)

(today's date)

(name of creditor or collection agency)

(street address)

(city, state, zip)

Re: Billing Error Notice - Account Number: _____

(the number that is on your bill)

Dear Sir or Madam:

I have received your bill dated _____ regarding an overdue bill for
(date on the bill)

_____. *(the item you were billed for)*

I have paid this bill in full

I have paid part of this bill and I owe _____. *(amount)*

I have not paid this bill because _____. *(reason)*

Please check your records and correct my account. In addition, please do not send me any more bills or call me until this matter is settled.

Sincerely,

Sign Your Name

Print Your Name

Letter B

(your street address)

(city, state, zip)

(today's date)

(name of creditor or collection agency)

(street address)

(city, state, zip)

Re: Credit Account: _____

Dear Sir or Madam:

This letter is to notify you that I do not wish you to call, write, or visit me at home or work about the money you claim I owe.

Sincerely,

Sign Your Name

Print Your Name

Letter C

(your street address)

(city, state, zip)

(today's date)

(name of consumer agency)

(street address)

(city, state, zip)

Re: Collection Practices of: _____

(name of company)

(street address)

(city, state, zip)

To Whom It May Concern:

I would like to file a formal complaint against _____ *(company)*
for actions taken while trying to collect a debt. My complaint is as follows:

(State your complaint. If you need more room, use another piece of paper.)

I would appreciate it if you would investigate this matter and have these practices stopped. I may be contacted at the above address if additional information is needed or you may call me between _____ and _____ at telephone _____. *(hours when you can be reached)*

Sincerely,

Sign Your Name

Print Your Name

Letter D

(your street address)

(city, state, zip)

(today's date)

(name of creditor or collection agency)

(street address)

(city, state, zip)

Re: Credit Account No.: _____

Dear Sir or Madam:

This letter is to notify you that I do not wish you to call, write, or visit me at home or work about the money you claim I owe. This letter is also to advise you that all of my income is exempt from collection as established by law.

Sincerely,

Sign Your Name

Print Your Name