



CONSUMER FINANCIAL PROTECTION BUREAU ISSUES FINAL RULE ON CONSUMER DISCLOSURES RELATED TO DEBT COLLECTION

The Consumer Financial Protection Bureau (Bureau) issued today a final rule to implement Fair Debt Collection Practices Act (FDCPA) requirements regarding certain disclosures for consumers. The rule requires debt collectors to provide, at the outset of collection communications, detailed disclosures about the consumer's debt and rights in debt collection, along with information to help consumers respond. The rule requires debt collectors to take specific steps to disclose the existence of a debt to consumers, orally, in writing, or electronically, before reporting information about the debt to a consumer reporting agency (CRA). The rule prohibits debt collectors from making threats to sue, or from suing, consumers on time-barred debt.

Before a collector furnishes information about a debt to a consumer reporting agency, the final rule generally requires the collector to take one of several actions to contact the consumer about the debt. These actions include speaking with consumers about their debts by telephone, mailing a letter to the consumer, or sending an electronic message about the debt to the consumer. If mailing a letter or sending an electronic message to the consumer, the collector must wait a reasonable period of time to receive a notice of undeliverability, such as 14 days, before furnishing information to a CRA and must not furnish if a notice of undeliverability is received unless the collector takes additional steps. Collectors are also prohibited from, and will be strictly liable for, suing or threatening to sue a consumer to collect a time-barred debt, which is defined as a debt for which the applicable statute of limitations has passed.

Under the final rule, collectors will be also be required to provide readily understandable disclosures that contain more information than consumers currently receive when the collector first begins to communicate with the consumer to collect the debt. The disclosures must include details about the debt and consumer protections, including the right to dispute the debt and to request information about the original creditor. The disclosures also must continue to include a statement that indicates the communication is from a collector and is about a debt. The disclosures will help ensure that consumers are able to recognize debt they may owe and raise concerns about unfamiliar debts. A model form in plain language is provided that debt collectors may use to comply with the rule.

"Today's final rule provides clear rules of the road for debt collectors on how to disclose details about a consumer's debt and informs consumers how they may respond to the collector, if they choose to do so," said Consumer Financial Protection Bureau Director Kathleen L. Kraninger. "Our final rule reflects our commitment to ensuring that consumers are better informed; informed consumers are empowered consumers."

This rule, which follows the recently released final rule regarding debt collection communications, is the result of a deliberative, thoughtful process spanning more than seven years.



It concludes a rulemaking process that encompassed a Notice of Proposed Rulemaking issued in May 2019, a Supplemental Notice of Proposed Rulemaking issued in February 2020, and extensive consumer disclosure testing. The process also reflects engagement with consumer advocates, collectors, and other stakeholders. Together, the two final rules implement and interpret the FDCPA's consumer protections regarding debt collection.

The final rule can be found here: consumerfinance.gov

[Fair Debt Collection Practices Act](#)