



MARYLAND COMMISSIONER OF FINANCIAL REGULATION CONSUMER ADVISORY



September 30, 2020

DEBT COLLECTION: YOUR RIGHTS AS A MARYLAND CONSUMER

On September 29, 2020, the [Federal Trade Commission](#) (FTC), in partnership with Maryland and 47 other states, announced “[Operation Corrupt Collector](#)”, a federal-state law enforcement sweep against fake and abusive debt collectors.

In support of these coordinated efforts and consistent with the FTC’s announcement, Maryland’s [Office of the Commissioner of Financial Regulation](#) (OCFR) is releasing this consumer advisory to inform the public about Maryland’s consumer debt collection law and how to respond to a collection call for an unknown debt and report suspected illegal debt collection activity.

Maryland’s Consumer Debt Collection Act Provides Recourse to Consumers

Maryland has been at the forefront of protecting consumers against abusive debt collection practices by licensing collection agencies and enforcing the **Maryland Consumer Debt Collection Act**.

The Maryland Consumer Debt Collection Act ("the Act") provides recourse to Maryland consumers whose rights under the Act have been violated. According to the Act, a collector who violates any provision of the Maryland law is liable for damages proximately caused by the violation, including damages for emotional distress or mental anguish suffered with or without accompanying injury. Note, however, that the Act does not apply to any commercial transaction or transactions in the course of carrying on a business. Also, the Act’s protections may be pre-empted in the collection of certain obligations owed to a state or the federal government.

Types of debts covered under the law: Consumer transactions involving a person seeking or acquiring real or personal property, services, money or credit for personal, family, or household purpose.

Types of individuals subject to the law: Any person collecting or attempting to collect an alleged debt arising out of consumer transaction. This includes creditors and or any person hired as an employee of the creditor, and third party collection organizations and attorneys who collect debts for another.

Types of prohibited collection activities: In collecting or attempting to collect an alleged debt, a collector may not do any of the following:

- Use or threaten force or violence.

- Threaten criminal prosecution, unless the transaction is a violation of a criminal statute.
- Disclose or threaten to disclose any information which affects your reputation for credit worthiness with knowledge that the information is false.
- Contact your employer with respect to a delinquent indebtedness before obtaining a final judgment against you.
- Disclose or threaten to disclose to a person other than yourself, or your spouse (or parent if the debtor is a minor) information which affects your reputation, whether or not for credit worthiness, with knowledge that the other person does not have a legitimate business need for the information.
- Communicate with you or a person related to you at unusual hours or in any other manner as reasonably can be expected to abuse or harass you.
- Use obscene or grossly abusive language in communicating with you or a person related to you.
- Claim, attempt, or threaten to enforce a right with knowledge that the right does not exist.
- Use a communication which simulates legal or judicial process or gives the appearance of being authorized, issued or approved by a government, government agency or lawyer when it is not.

How to Respond to a Collection Call for a Debt You Don't Recognize

In each of the new FTC enforcement cases announced this week, the companies claimed to be collecting on debt that they couldn't legally collect, or that people didn't actually owe. In these cases, the companies made robocalls telling people that they were being sued, or soon would be, if they didn't pay up. In other cases announced by FTC law enforcement partners, the companies called people claiming to be law enforcement officials or attorneys — scaring people with threats of arrest at their workplace, prison, or suspension of their driver's license if they didn't pay right away.

Below are steps that you can take to protect yourself if you receive a collection call for a debt you already paid or that you know isn't yours, or if you are being threatened or harassed by a debt collector.

- **Find out who is calling.** Get the name of the collector, the collection company, its address, and phone number. Check to see if the company is licensed in Maryland by searching the Nationwide Multistate Licensing System at www.nmlsconsumeraccess.org.
- **Get “validation” information about the debt.** Within 5 days of first contacting you, debt collectors must “validate” or tell you the amount of the debt, the name of the current creditor, and how to get the name of the original creditor.
- **Don't respond to threats.** When scammers threaten to arrest you, suspend your driver's license, or call your employer if you don't pay immediately, hang up and report the collector to the appropriate state or federal agency (see contact information below).
- **Do your own detective work.** Check with the original creditor. Is the debt yours? Did they sell your debt or hire a company to collect it? If so, is the caller the original creditor's collector?

- **Dispute the debt.** If you think you don't owe some — or all — of the debt, you may dispute it with the collector by mail or online, even if you got validation information.

Report Suspected Illegal Debt Collection Activity

Maryland consumers can report suspected illegal or fraudulent debt collection to the [State Collection Agency Licensing Board](#), which has statutory responsibility for the licensing of collection agencies operating in Maryland. The board addresses written complaints, conducts hearings on alleged violations, mediates disputes, and issues orders requiring licensees to correct violations. **Use the complaint form on OCFR's website [here](#). You may also send an email DLFRComplaints-LABOR@maryland.gov or call 410-230-6077.**

The FTC also collects complaints about abusive collection agency practices and enforces compliance with the federal Fair Debt Collection Practices Act. Your complaints can help detect patterns of wrong-doing, and may lead to investigations and prosecutions. The FTC enters all complaints it receives into Consumer Sentinel, a secure online database that is used by thousands of civil and criminal law enforcement authorities worldwide. **File a complaint with the FTC online [here](#).**

The Office of the Commissioner of Financial Regulation, a division of the Maryland Department of Labor, is Maryland's banking and financial services regulatory agency. For more information, please visit our website at www.labor.maryland.gov/finance.



Office of the Commissioner of Financial Regulation