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CFPB issues annual FDCPA report

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The CFPB has issued its eighth annual [Fair Debt Collection Practices Act report](#) covering the CFPB's and FTC's activities in 2018.

While the new report incorporates information from the FTC's annual letter to the CFPB describing its FDCPA activities during the year covered by the report, the report continues the practice begun with last year's report (issued under former Acting Director Mulvaney's leadership) of not including the text of the FTC's letter as an appendix. (Annual FDCPA reports issued under former Director Cordray's leadership included the FTC's letter as an appendix.) In addition, like last year but unlike prior years, the FTC did not issue a press release about its annual letter concurrently with the issuance of the letter. Instead, [the FTC's letter](#) on its 2018 FDCPA activities (which is dated February 19, 2019) is linked to a later [press release](#) issued by the FTC about the CFPB's report.

With regard to the CFPB's debt collection rulemaking, Director Kraninger states in her opening message that "[t]he Bureau will issue a Notice of Proposed Rulemaking related to debt collection in spring 2019. The Notice of Proposed Rulemaking will address such issues as communication practices and consumer disclosures." We continue to expect the CFPB's NPRM to only cover third-party debt collectors and not cover first-party collections.

Other information set forth in the report includes the following:

- According to the report's section on complaints, the CFPB handled approximately 81,500 debt collection complaints in 2018 (which was 3,000 less than in 2017 and 6,500 less than in 2016). As in 2017, the most common complaint was about attempts to collect a debt that the consumer claimed was not owed (but with more such complaints involving identity theft than in 2017). Also as in 2017, the second and third most common complaint issues were, respectively, written notifications about the debt and communication tactics.
- In the report's section on the CFPB's supervision of debt collection activities engaged in by banks and nonbanks subject to CFPB supervision, the CFPB described only one type of FDCPA violation found by its examiners, a violation of the FDCPA requirement for a debt collector, upon receipt of a consumer's written debt validation request, to cease collection until it obtains verification of the debt. CFPB examiners found that one or more debt collectors routinely failed to mail verifications before engaging in further collection efforts. Instead, the collectors forwarded the validation requests to their relevant clients, who mailed responses directly to consumers. The collectors accepted their clients' determinations (as reflected by a code entered by the client into a shared record system) that the debt was owed by the relevant consumer for the amount claimed without taking any steps to verify the debt and without mailing the required verification to consumers. The collectors then continued collection activities in violation of the FDCPA. (These examination findings appear to be taken from the Bureau's Summer 2018 Supervisory Highlights.)
- In 2018, the CFPB brought [one new FDCPA action](#) that resulted in the payment of a total of \$800,000 civil money penalties. The report lists five other pre-2018 FDCPA enforcement actions. One of those actions is the [Weltman case](#) where a law firm defeated the lawsuit filed against it by the CFPB that alleged the law firm's debt collection letters violated the FDCPA and CFPA. The four other cases remain pending.

In 2018, the FTC brought or resolved seven debt collection cases, obtained more than \$58.9 million in judgments, and permanently banned 32 companies or individuals from working in the debt collection industry. In addition to the FTC's enforcement actions involving "phantom debt collection," the report describes three other FTC debt

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collection cases that were initiated or resolved in 2018. One of these cases involved a debt collection business that allegedly threatened to have people arrested if their debts were not paid. The two other cases were brought jointly with the New York Attorney General, with one case involving the alleged use of false threats and abusive language by the defendants and the other involving alleged demands by the defendants for more money than consumers allegedly owed.

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