

Limit urged on texting to collect debt

The FTC, adapting to new technologies, sees the opportunity for abuse.

By David Migoya

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Debt collectors should be barred from sending text messages to consumers without first obtaining their permission, the Federal Trade Commission says in a new report to Congress.

The recommendation is one of several changes the FTC is urging for the Fair Debt Collection Practices Act. The FTC also recommended increases in the amount consumers can collect from rogue agencies it sues, an allotment unchanged since 1977.

"Private actions, not FTC actions, were intended to be . . . the main means of promoting industry compliance with the FDCPA," the report notes.

The advent of new technologies, such as text messaging, opens avenues for collectors to reach debtors but should be restricted if it can needlessly cost consumers additional money.

"Consumers should not have to pay to be contacted by a debt collector," the FTC says in the report issued Tuesday.

The debt-collection act established specific standards of conduct for collection agencies and prohibits abusive, deceptive and unfair practices.

The nature of consumer debt has changed drastically, with mortgage and credit-card debt increasing the most.

The industry struggles to obtain accurate information, often resulting in collection efforts against the wrong consumer or for the wrong amount, the report said. The law should require collectors to provide more information to consumers when validating a debt.

"If a consumer disputes a debt, the collector is required to obtain verification of the debt and provide it to the consumer before renewing its collection efforts," the FTC says in the report. But collectors typically do little more than corroborate their information with the creditor that gave it to them.

The FTC said it logged more than 78,000 complaints against debt collectors in 2008, a slight decrease from 2007.

Efforts to reach the industry's trade group, ACA International, for comment were unsuccessful.

David Migoya: 303-954-1506 or dmigoya@denverpost.com