

One of Country's Largest Debt Collectors Agrees to Pay Record \$1 Million Civil Penalty to Settle Charges of Violating Fair Debt Collection Practices Act

Settlement Includes Comprehensive Consumer Complaint Handling, Employee Training

<http://www.ftc.gov/opa/1998/10/nationwide.shtm>

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Nationwide Credit, Inc., of Atlanta, Georgia, has agreed to pay a \$1 million civil penalty as part of a settlement with the Federal Trade Commission to resolve allegations that the company violated the Fair Debt Collection Practices Act (FDCPA). The \$1 million civil penalty is the largest ever in a debt collection case. According to the FTC, Nationwide's debt collectors harassed consumers, made false and misleading representations, failed to send required validation notices, failed to verify debts when requested to do so by consumers, and made impermissible third party contacts regarding consumers' debts. Many of these allegations are the same as charges the FTC made against Nationwide in 1992. The consent filed in 1992 also prohibited violations of the FDCPA and required Nationwide to pay a \$100,000 civil penalty.

The settlement includes a comprehensive consumer complaint and resolution program which was developed by Nationwide's new management and owners. "Under the new program, every consumer complaint about collection practices must be thoroughly investigated and responded to -- I expect the new program to set the standard for handling consumer complaints in the debt collection industry," said Jodie Bernstein, Director of the FTC's Bureau of Consumer Protection.

The FDCPA prohibits abusive, deceptive and unfair debt collection practices. For example, debt collectors cannot make false statements, threaten to take legal action they cannot or do not intend to take, use profanities or obscenities, call consumers at work if they know it is inconvenient or that such calls are not allowed by the employer, or call consumers at other times they know to be inconvenient to the consumer, such as before 8:00 a.m. or after 9:00 p.m.

According to the FTC's complaint detailing the charges, Nationwide's collectors, on numerous occasions:

- called consumers at work when they knew the consumers' employers prohibited such calls;
- talked with third parties, including neighbors, children, and employers, for purposes other than acquiring location information about consumers, without consumers' consent;
- used obscene or profane language;

- caused the telephone to ring, or engaged a person in telephone conversations, repeatedly or continuously, with the intent to annoy, abuse, or harass a consumer;
- falsely implied that failure to pay the debt could result in arrest, imprisonment, or garnishment of wages;
- threatened to take action -- such as filing a lawsuit -- when they did not intend to do so;
- called consumers at times or places that they knew or should have known were inconvenient;
- failed to notify consumers of their right to dispute and obtain verification of their debts, and to obtain the name of the original creditor; and
- continued to try to collect debts after consumers disputed them in writing, and before Nationwide verified the debts.

The settlement requires Nationwide to implement a comprehensive training program for all of its present and future employees with responsibility for debt collection. The training program must include a discussion of the FDCPA, the FTC's Official Staff Commentary on the FDCPA, and the consent decree. Nationwide must submit -- for approval by the FTC's Division of Credit Practices -- a draft syllabus and the materials to be used during the training classes. Once approved, the materials and the programs may not be changed for ten years, without prior approval from the FTC.

In addition, the owners of Nationwide have developed, and will maintain, a comprehensive Consumer Resolution Center (CRC) that will document in writing all complaints and resolutions, and whose address and toll-free number will be on every letter sent to consumers. Under the terms of the consent decree, Nationwide will include the following disclosure, clearly and conspicuously, on each written collection communication that is sent to a consumer:

Collection agencies must comply with a Federal law that provides consumers certain rights. One of these is the right to have us stop communicating with you about this debt. If you write to us and ask us to stop communicating with you about this debt, we will. But if you owe this debt, you will still owe it and your creditor may continue to collect it from you. If you have any concerns with the way we are collecting this debt, write to our RESPONSE CENTER, P.O. Box 161407, Atlanta, GA. 30374 or call us toll-free at 1-800-540-6364 between 9:00 am and 5:00 pm ET Monday - Friday.

Further, each of Nationwide's employees with debt collection responsibility must be given a notice explaining that both Nationwide and the individual employee must comply with the FDCPA and that both may be financially liable if they fail to do so.

Finally, the consent decree contains a number of reporting and record keeping requirements that will assist the FTC in monitoring compliance with the terms of the settlement.

The complaint and the proposed consent decree were filed by the Department of Justice on behalf of the FTC in the U.S. District Court for the Northern District of Georgia, Atlanta Division, on October 6. ***The Commission vote to refer the complaint and proposed consent decree to DOJ for filing was 4-0.***

NOTE: This consent decree is for settlement purposes only and does not constitute an admission by the defendant of a law violation. Consent decrees are subject to the court's approval and have the force of law when signed by the judge.

Copies of the complaint, the proposed consent decree, and the FTC's [brochure](#) explaining the FDCPA, are available from the FTC's web site at <http://www.ftc.gov> and also from the FTC's Consumer Response Center, Room 130, 6th Street and Pennsylvania Avenue, N.W., Washington, D.C. 20580; 202-FTC-HELP (202-382-4357); TDD for the hearing impaired 1-866-653-4261. To find out the latest news as it is announced, call the FTC NewsPhone recording at 202-326-2710.

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