

Stop Calling Me!

Even if you're behind on your bills these days, you needn't be harassed

By JEAN CHATZKY

THERE ARE STRICT LAWS against debt collectors' harassing debtors, but a new audio CD put together by the National Consumer Law Center, a not-for-profit group of lawyers and others, vividly shows how harassment still goes on. The CD features recently taped phone calls from around the country.

Track 1: A pharmacist, in hushed tones, repeatedly reminds a debt collector, "I've told you not to call me at my work."

"I can call you at your job" is the reply. "You watch me."

Track 2: A debt collector accuses a borrower of hiding a debt from her husband. "Does he know you have this bill?" the collector asks. "You're acting like you're trying to hide this from him." This pushes the limits of what's legal.

Track 3: A collector tells a debtor that if she is successfully sued and doesn't pay, "you can be jailed."

Historically, about 3% of Americans have trouble paying their bills at any given time. But in today's uneasy economy, with 1.6 million people laid off in the past 24 months and near record consumer debt, credit problems are hitting or threatening many who have always paid their bills. Often collection companies pay creditors pennies on the dollar for the right to collect delinquent accounts, then try to recoup that money and more.

The vast majority do so within the guidelines of the federal Fair Debt Collection Practices Act, which says collection agencies may not use deceptive, unfair or abusive practices. That means they can't threaten jail (debt disputes are civil rather than criminal matters)

or, in many cases, litigation (often only the creditor has that right). They can't contact uninvolved parties like children, neighbors or co-workers, and can't make a follow-up call so soon that it's unlikely a debtor's



situation will have changed.

When these rules are broken, the stress on debtors can be enormous. "I've had cases where law-abiding people are terrified to go out of their houses," says Richard Feferman, a consumer-rights lawyer in Albuquerque, N.M. According to the Federal Trade Commission, the number of complaints against third-party debt collectors, while just 15,819 in 2001 (the last year for which data are available), has been steadily rising.

The laws are not much of a legal barrier to collectors. The companies know that statutory damages against them for any

violations are capped at \$1,000, a figure small enough to make fair-debt-collection lawsuits just part of the cost of doing business. Individuals who have been harassed can sue for actual damages and might win more, but that route is difficult and time consuming. A better first move is to try to make collector calls vanish in other ways:

- Tell the collector to cease contact because the calls are causing you distress. Do it first on the phone, then by mail with a return receipt requested to generate a paper trail. At that

point, third-party collectors must stop, and most will.

- If the debt is not in dispute, ask the collector for help. Most work within the law and can help structure a payment plan.
- Consider debt consolidation. If you have home equity, you may be able to refinance and simultaneously pull out cash. Or you might open a home-equity line of credit (HELOC) at a low interest rate. One-third of HELOCs, in fact, are now used for debt consolidation. ■

Jean is a columnist for MONEY magazine. You can e-mail her at moneytalk@money.com