
Commerce & Labor Committee

HB 2325

Brief Description: Modifying the prohibited practices of collection agencies.

Sponsors: Representatives Wood, Condotta, O'Brien, Hankins and Moeller.

<p>Brief Summary of Bill</p> <ul style="list-style-type: none">• Limits collection agency communication with people other than the debtor.

Hearing Date: 1/14/04

Staff: Susan Kavanaugh (786-7106).

Background:

Washington collection agency law and the federal Fair Debt Collections Practices Act (Act) govern businesses that collect debts for other businesses.

The Act prohibits further contact with a debtor to demand payment if the debtor sends the collection agency a written request to stop. Under Washington law collection agents are prohibited from, among other things, harassing debtors. State law also prohibits debt collectors from communicating with a debtor's employer more than once in an effort to obtain payment, unless the employer agrees to more, but does not address repeat contacts with others who are not the debtor. Under the Act, a collection agency may contact other people only in an effort to locate the debtor. The collector may not tell people contacted in searching for the debtor that the person being sought owes money. When contacting someone other than the debtor, debt collectors must identify themselves, but are required not to identify their employer (the collection agency) unless if expressly requested.

There are 809 collection agencies licensed to collect in Washington. In 2003 the Department of Licensing, Business and Professions Division Complaint Tracking System showed 159 complaints received regarding collection agencies. In 2001, the latest year for which this information is available, the Attorney General's Consumer Protection Division received 843 complaints regarding collections, giving the collections industry a ranking of eighth in a listing of the top 20 areas generating consumer complaints.

Summary of Bill:

It is presumed to be harassment, and is therefore prohibited, for a collection agency or any of its employees to communicate with anyone other than the debtor or the debtor's spouse unless all of the following apply:

- Each time there is communication, the collection agent or employee tells the person being contacted the name of the collection agency and its street address and telephone number.
- Communication occurs no more than once in a calendar year, except at the debtor's residence or place of employment.
- Communication ceases after the person notifies the collection agency in writing to stop contact.

Proposed Sub Compared to the Original:

Specifies that a collection agent is required to identify the collection agency only if requested to do so.

Appropriation: None.

Fiscal Note: Not requested.

Effective Date: The bill takes effect 90 days after adjournment of session in which bill is passed.