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Posted on: Thursday, April 20, 2006

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AKAMAI MONEY

Debt pursued even after statute of limitations up

By [Greg Wiles](#)
Advertiser Columnist

Q: During a tough time in my life I walked away from \$3,800 on two credit cards and moved to Hawai'i. That was 1992. My credit rating suffered, but eventually the debts disappeared from the reports.

I've now straightened out my life and am a property owner. But I'm getting letters from a New York collection agency asking that I pay these off. Isn't there a statute of limitations on this?

WHAT'S NOT FAIR UNDER THE LAW

People have some protection against overly aggressive debt collectors under the federal Fair Debt Collection Practices Act.

It prohibits collectors from calling you too early or late in the day and restricts them from harassing you at work if they know your employer disapproves of the calls, according to the Federal Trade Commission.

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HONOLULU TRAFFIC
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A. Here at Akamai Money we realize people go through rough patches, but we can't recommend anyone deal with credit card debt by ignoring it. You damage your credit score and raise credit-card costs for the rest of us.

But unless you want to make good on the payments because of personal ethics or clearing your conscience, it appears the statute of limitations for creditors to sue you has lapsed.

That won't stop debt collection companies from requesting you pay up, though. You run the risk of facing collectors that call frequently or try to put the old debt back on your credit report.

You may find yourself contacted by a series of different bill collectors as one unsuccessful agency sells your account to another and so on.

Hawai'i's statute of limitations runs for six years, though creditors could have 10 more years if they get a judgment against you, said Wendy Burkholder, Consumer Credit Counseling Service of Hawaii executive director.

In addition, a negative mark will generally remain on your credit report for seven years, said Craig Watts, spokesman for credit scoring Web site myFico.com.

Other states' statutes of limitations on credit card debt vary. You need to pinpoint when you last paid off or had a bill saying the debt was due. If you tried to pay off some of the debt more recently the statute of limitations may have restarted.

In recent years the business of collecting delinquent debt has been exploding. In 2005 old credit card debt with an estimated face value of \$100 billion was sold to U.S. collection companies, according to Kaulkin Ginsberg Co., a Bethesda, Md.-

The collectors trying to collect credit card, automobile, medical care and some other types of debt are restricted from:

- Calling you if you've sent a letter telling them to stop
- Threatening violence
- Using profanities or repeatedly calling
- Saying they will have you arrested if the debt isn't paid
- Sending a document that looks like it came from a court or government agency

If a collection agency violates any of the above, the Federal Trade Commission says you may contact it or the state Attorney General's office.

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based firm that researches the accounts receivable industry.

"It's a big and growing market," said Paul Legrady, who is director of Kaulkin Ginsberg's Research Group. He said some of this debt is sold at a couple of cents for each dollar of what's owed. The older and more times agencies have tried to collect on it, the less it will cost the purchaser.

Many of the buyers expect a return of 2 1/2 times what they pay as they make collection attempts over a five-year period, a Kaulkin Ginsberg report said.

In short, it's highly lucrative for these companies to run your name through huge computer data bases to determine whether you've now got the means to pay. A program probably found you'd taken out a mortgage recently and tagged you for a letter, said Burkholder, the credit counselor.

Legrady said there is a good way to avoid the collectors.

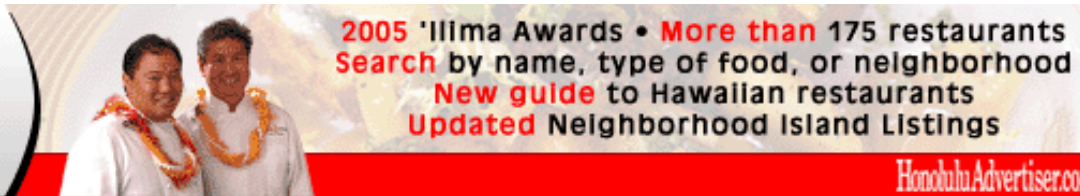
"If you pay debts then you'll never hear from any collection agency," he said.

*Do you have a question about personal finance, taxes or other money matters?
Reach Akamai Money columnist Greg Wiles at 525-8088 or
gwiles@honoluluadvertiser.com*

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