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The debt collectors won't stop

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Genevieve Duboscq and her partner bought a house in Richmond in February 2006. They received a new phone number when they moved in.

And that's when things turned ugly.

According to Duboscq, calls started flooding in almost immediately from a host of creditors and debt-collection agencies, all of which were seeking a pair of people neither Duboscq nor her partner had ever heard of.

"It quickly became clear that the phone number we'd been given by the phone company used to belong to some people who couldn't pay their debts," Duboscq told me.

No matter how many times Duboscq tried to explain the situation to the debt collectors, they continued calling -- again and again -- at least once a day, every weekday, for the past year.

"It's pretty scary," Duboscq said. "These people assume that my partner and I are somehow related to whoever owes them money. I tell them to please stop calling, but they keep calling."

What's happening to Duboscq illustrates how tenacious debt collectors can be in pursuing cash -- whether or not they have the right person. It also highlights the challenges consumers face in getting debt collectors off their backs.

"These people are relentless," said Steve Blackledge, legislative director of the California Public Interest Research Group in Sacramento.

"Their persistence can be very intimidating," he said. "So is their aggressiveness when they get someone on the phone. They'll talk about lawsuits and court orders, and bully the person until they get some money out of them."

Many creditors will send out a letter or two seeking payment of outstanding funds from customers, but that's often as far as they'll go.

The creditor's next step frequently is to sell the debt to a professional debt-collection firm, which will purchase the obligation for pennies on the dollar in hopes of making an easy score by spooking people into coughing up at least a little cash.

Kaulkin Ginsberg, a Maryland consulting firm that specializes in the accounts-receivable business, estimates that there are about 6,500 U.S. companies engaged in one way or another in debt

collection.

In 2005, the latest year for which figures are available, collectors purchased more than \$115 billion in outstanding debt, the firm estimates. At least that was the face value of the total amount owed.

In reality, the collectors might spend as little as 3 cents on the dollar for each debt purchased. A collector typically would hope to earn back two to three times that amount from consumers.

"Debt collection in the United States is a growth industry," observed Paul Legrady, director of Kaulkin Ginsberg.

So what recourse does a consumer have?

If you really do owe some money and a debt collector is breathing down your neck, you'll probably have to pay something. But you do have rights.

According to the Fair Trade Commission, debt collectors are allowed to contact you in person or by phone, fax or mail, but not at inconvenient times. Specifically, that means they're not supposed to call before 8 a.m. or after 9 p.m.

They're also not supposed to bother you at work, but only if they know that your employer frowns on that sort of thing.

If you send a letter to a debt collector requesting that they stop bugging you, the Fair Debt Collection Practices Act says they have to leave you alone. But that could just prompt the collector to escalate to the next level and file a lawsuit.

In any case, the FTC says that debt collectors "may not harass, oppress or abuse you." Presumably, consumers can complain to federal authorities if they feel oppressed or abused by debt collectors.

But what if you don't owe any money? The law says that debt collectors must stop badgering you if you send them a letter stating that you don't owe any money within 30 days of receiving a written notice from the collection firm.

But this is often no help to people like Duboscq because the collectors aren't sending any notices. In Duboscq's case, they don't know where she lives. All they know is that she's at a Bay Area phone number that some database somewhere associates with a known deadbeat.

"I've never received any mail from any of these people," Duboscq said. "Everything is by phone. I wouldn't know where to send a letter, and I wouldn't want to anyway. I don't want to give them my address and be a part of their world."

This is probably a mistake. Because Duboscq is perhaps the closest thing all these debt collectors

have to a warm body, they have little incentive to stop bothering her, particularly if the amount of money owed is significant.

Experts say that at some point, people in Duboscq's position will have to bite the bullet and send letters to each collection firm detailing the situation and formally requesting that the phone calls stop.

If the calls persist after this point, a complaint should be lodged with the FTC.

"The way the law is structured, debt collectors will presume you owe the debt until you explain in writing why you don't," said Gail Hillebrand, a senior attorney at Consumers Union.

Is that fair?

"No. But debt can be sold and resold for a long time. So if you don't do something, this could just keep happening."

At this point, more than a few readers are probably wondering why Duboscq doesn't just change her phone number. I wondered the same.

"Why should I have to?" she retorted. "It's our number. My partner and I have moved many times in the last 16 years. We don't want to change our number again."

Duboscq has a point. She also has a problem.

Her best bet now is either to break out the stationery or get another number. It's a lousy choice. But sometimes that's all we get.

David Lazarus' column appears Wednesdays, Fridays and Sundays. He also can be heard Saturdays, 4 to 7 p.m., on KGO Radio. Send tips or feedback to dlazarus@sfchronicle.com.

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