

They don't break legs, but some break rules

Collection agencies often hassle consumers who've paid in full

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When David Rhodes got a letter at his home demanding \$351.89 for an old cell phone bill, he knew something was amiss.

Not only was the letter addressed to Janha Rhodes, but David Rhodes never even had an account with Sprint, although an agency named Collectech claimed he had.

"I called and I said, 'Do you have a Social Security number? Do you have anything? Do you even have a signature?' They had nothing," recalled Rhodes, 60, who lives in the Murray Hill section of Manhattan. "I was annoyed. Well, angry."



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David Rhodes knew bill collectors had the wrong guy, but they wouldn't listen.

Calls and letters from debt collectors are about as welcome as cockroaches, and they're appreciated even less when the tab was run up by someone else.

Beyond chasing after people who haven't paid their bills - for reasons understandable, or not - collection agencies often pursue the wrong person and sometimes play downright rough, critics of the industry charge.

The city's Department of Consumer Affairs said complaints against debt collectors jumped 40% in the 12 months that ended June 2006, the latest data available.

Creditors, such as credit card companies and retailers, increasingly sell off their delinquent debt to companies that often buy it for just pennies on the dollar, said Jonathan Mintz, the department's commissioner.

These buyers then either try to collect the debt themselves or farm out the work to other agencies.

This selling and reselling sometimes leaves collectors with bad information. It also prompts some collectors to get more aggressive because "they're no longer protecting the reputation of the original business," Mintz said.

Rhodes, president of the School of Visual Arts, finally turned to the Department of Consumer Affairs, which helped him resolve the matter - or so he thought. A year later, the same bill surfaced again, this time from an agency called, NCO Financial Systems. "It was an aggravation and a waste of time," Rhodes said.

Manhattan lawyer Jim Rhodes, no relation to David Rhodes, was also pursued by two different collectors for a debt that wasn't his: an Emerge MasterCard account. One company offered to let him pay \$1,389.73 to clear what it claimed was a \$2,779.45 bill.

When Rhodes, 66, told them he knew nothing about the account, they asked for proof.

"How can you prove that something never existed?" he wondered, adding that one of the collectors even threatened legal action. "If I really were a deadbeat, I wouldn't like it, but this made me doubly outraged because I didn't owe it."

Incidents like these merely reflect the actions of a few bad apples, said Rozanne Andersen, general counsel for collection professionals group ACA International.

"Obviously, there must be some bad actors who are sparking the rising complaints," she said. "But more importantly, it's more consumers understanding their rights."

Consumers are certainly not blameless. Even if collectors are targeting the wrong person, the debt they're after is real. And delinquent debt is on the rise.

Outstanding consumer, government and business debt grew 7.5% annually between 2000 and 2004 to about \$24 trillion, according to mergers and acquisitions advisory firm Kaulkin Ginsberg.

That, along with tougher bankruptcy laws, has helped create a boom in the collections industry.

But there are rules. Calling more than twice a week, or before 8 a.m. or after 9 p.m., advertising a debt, and attempting to seize wages or assets without legal authorization are all forbidden.

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