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# Zombie Debt: The Bills That Won't Die

## One Woman Sued to Stop the Harassing Phone Calls

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It's the debt that won't go away.

Like the phoenix that rises from the ashes, so does so-called zombie debt. A consumer may think it's dead, but it keeps coming back to haunt.

"Zombie debt is a phrase to describe all debt that a consumer had forgotten about or never even owed that comes back to haunt them," said Joseph Mauro, of the Consumer Protection Attorney.

Nancy Rose was tormented for years as collection agencies hassled her about debt that wasn't even hers. More than a decade ago Rose had her identity stolen and since then debt collectors have been stealing her peace of mind.

"It is a nightmare. It won't go away," Rose said. "I had knots in my stomach. I was on the phone for hours."

Rose reported a fraudulent \$5,000 charge and still the bill collectors were relentless. When she refused to pay, they went after her credit rating. Each time she cleared her name with one agency, the cycle started up again because her debt had been sold to a different bill collector.

Rose finally sued the persistent collection agency for fraud five years ago. Rose was awarded \$40,000.

Her experience isn't an isolated one.

When George Lovelock missed a Verizon bill for 11 cents, it ballooned into \$4,000 seven years later.

Lovelock said the collector backed off when he made it clear that he knew his rights.

"If they are going after me, someone who has the resources to fight them, what are they doing to people who don't understand their rights?" he said.

"I think what I did was make them aware that I was aware," Lovelock said.

## The Debt Collection Industry

Many banks sell debt. For example, an institution might sell a credit-card debt worth \$10,000 to a collection agency for only \$100. Then, the agency turns around and aggressively tries to collect and whatever it receives is mostly profit.

This year more than \$100 billion of "junk debt" is expected to be bought and sold on the open market, according to a report by debt collection advisory Kaulkin Ginsberg.

A debt collection trade association said it polices its members.

"Once we determine that the complaint is against a member of ACA international, what we do is seek to work with the consumer and the debt collection agency to identify a solution," said Rozanne Andersen, executive vice president of the Association of Credit and Collection Professionals.

### **How to Protect Yourself**

First, ask for something in writing from your billing agency.

Consumers should recognize a statute of limitations exists and varies from state to state. Many allot about seven years where you cannot be sued or have your credit rating destroyed.

"If a consumer believes that this debt that the debt collector is trying to collect from is past the statute of limitations, they should not pay it," said Mauro.

Also, you should never let a collector debit your account because the money can often be difficult to get back.

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