



Ministerial Statement

By

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Minister of Home Affairs

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Progress on developing the Fair Debt Collection Practices Act

Mr. Speaker, I rise today to report on the progress being made on the development of a bill entitled “Fair Debt Collection Practices Act”.

Mr. Speaker, the goal of consumer protection legislation is to place consumers, who engage in business transactions such as buying goods, services or securing credit, on an even par with companies who regularly engage in business. Historically, consumer transactions were presumed fair because it was assumed that buyers and sellers bargained from equal positions of power. Complaints by consumers, however, demonstrate that they are inherently at a disadvantage especially in the areas of consumer debt and the collection of that debt.

Mr. Speaker, when debt is created, it has a financial impact on the spending of consumers and businesses with both short-term and long-term implications. Where debt has to be carried by a business, it is likely to contribute to the inflation of the price for goods and services. When debt is owed by the consumer, it slows consumer spending and hinders the ability of the consumer to function normally in society.

Businesses which are owed money, otherwise known as creditors, have the legal right to take certain steps to collect that money. Many creditors handle the collection process in-house although the collection may be assigned to a debt collector or collection agency. However the legal right to collect money must be fair and equitable and not include practices which are abusive.

Mr. Speaker, we are currently developing legislation to amend the Consumer Protection Act 1999. The proposed bill will be known as the

“Fair Debt Collection Practices Act”. The aim is to eliminate abusive practices through the creation of regulations under which creditors and debt collectors may conduct business. Debt recovery practices require oversight and regulations to ensure the fair and equitable treatment of consumers during the collection process.

Mr. Speaker, the Fair Debt Collection Practices will cover all household, family, and personal debts. These include credit card debt, auto loans, personal loans, medical bills, and mortgages. The Fair Debt Collection Practices will not regulate debt generated while running a business.

Mr. Speaker, the following are but a few examples of what will be included in the legislation:-

- **Verification of Debt** - Requiring proper documentation to verify the debt owed; allow for the debtor to review the paperwork from

the creditor verifying the debt owed; and ensure proper accounting of debt and interest repayments;

- **Predatory Lending** – Eliminating excessive interest rates and penalties that cause or is likely to cause substantial injury to the consumer;
- **Misrepresentation or Deceit** – Preventing a debt collector from making false statements to a debtor or in any way use deceit in his or her attempt to collect the debt. This includes misrepresenting himself as a law enforcement officer or an barrister;
- **Harassing Phone Calls** – Preventing a debt collector from calling any debtor repeatedly or incessantly with the intent to harass, annoy, or abuse the person;
- **Use of Deceptive Documents** – Prohibiting creditors or debt collectors from sending any documents intentionally designed to look like official court documents or documents from any governmental agency;

- **Misrepresentation of the Debt Amount** – Prohibiting a debt collector from misrepresenting the amount of the debt, or demanding an amount that is not permitted by the original contract, or by application of law; and
- **Communication with Third Parties** – Forbidding creditors and debt collectors to give false information about the debtor to anyone, and from discussing the debtor or debt with any third party.

Mr. Speaker, Honourable Members of the House, it is a statement of fact that business and consumers need each other in order to enjoy a good quality of life. When that balance is being undermined by predatory lending, the Fair Debt Collection Practices legislation will ensure accountability by all parties who engage in the process of credit.

Thank you, **Mr. Speaker**