



Attorney General  
of New York  
**Letitia James**

## Dear New Yorkers,

Buying on credit has become a way of life. Too often, however, the debt load can become overwhelming. People find themselves at the mercy of bill collectors and searching for help to keep their heads above water. This is a time when people become vulnerable to unscrupulous agencies collecting debts or claiming to help individuals out of debt.

Fortunately, there are federal and state laws that regulate how debts are collected and that oversee agencies offering credit or budget counseling. This brochure outlines these laws and provides information about where to find help in resolving debt problems.

If you have questions, or believe that a debt collection or credit counseling agency has violated the law, please don't hesitate to call, write, or email my office. Complaint forms and complete explanations of these laws are available online at [ag.ny.gov](http://ag.ny.gov) or by calling the Consumer Frauds Helpline at (800) 771-7755.

Sincerely,

*Letitia James*

# Resources

## Office New York State of the Attorney, Consumer Frauds

(800) 771-7755  
[ag.ny.gov](http://ag.ny.gov)

## New York State Department of Financial Services

To make complaints or ask for help  
(877) 226-5697

To find list of licensed budget planning agencies:  
[dfs.ny.gov/consumer/brgods.htm](http://dfs.ny.gov/consumer/brgods.htm)

## Credit Report

To check or freeze your credit reports.  
877-322-8228 / [annualcreditreport.com](http://annualcreditreport.com)

## Major Credit Reporting Agencies

**Experian:**  
(888) 397-3742 / [experian.com](http://experian.com)

**TransUnion:**  
(800) 888-4213 / [transunion.com](http://transunion.com)

**Equifax**  
(800) 685-1111 / [equifax.com](http://equifax.com)

**Innovis**  
[innovis.com](http://innovis.com)



# Managing Debt Overload

## Consumer Tips



Office of the New York State  
Attorney General  
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## Debt Collectors

There are two types of debt collectors:

- **Debt Collection Agencies** collect debts owed to third parties (this includes attorneys who regularly collect debts);
- **Creditors** are firms or people to whom you owe money directly.

The Federal Fair Debt Collection Act regulates collection agencies, while the New York State Debt Collections Procedures Law covers both agencies and creditors.

## Contact Restrictions

Under federal law, a debt collection agency is allowed to contact you in person, by mail, telephone, telegram or fax. Personal contact is restricted to between 8 AM and 9 PM, unless you agree to other times. They are prohibited from contacting you at work if the agency knows that your employer disapproves.

In addition, you may ask, in writing, that the debt collection agency stop calling you. Upon receiving your letter, they may only contact you to acknowledge the letter or inform you that the agency or creditor intends to take some specific action. State law prohibits contact that is at unreasonable hours or frequency. It also forbids creditors or agencies from contacting your employer prior to obtaining a judgment.



## Disputing the Debt

You must dispute the debt in writing within thirty days of the agency contacting you. The agency is prohibited from contacting you again until it can verify the debt.

### Harassing or threatening Tactics:

Debt collection agencies may not:

- Use obscene or profane language, or threaten to harm you or your property;
- Advertise your debt for sale;
- Call without identifying themselves.

### False or Misleading Representations

Some “strong arm” tactics used by collection agencies or creditors include threatening clients with actions they may not legally make, or pretending they have official duties when they do not.

Debt collectors may not:

- Threaten to collect more money than the debt owed;
- Falsely claim or imply they are representing a government action or entity;
- Send communications that appear to come from a court or other government entity;
- Falsely claim that you will be arrested or charged with a crime.



## Budget Planning Agencies

Many people find their way out of debt by working with a credit counselor. Also called debt management or budget planning services, these agencies help consumers pay off unmanageable debt. They can contact creditors to arrange lower fees and interest rates, and can create budget and repayment plans. Nonprofit companies will frequently base their fees on a sliding scale, or charge a flat or monthly fee for service.

Unfortunately, some will offer quick fixes that could end up putting you even deeper in debt. To find the right service for you:

- Work only with someone who is licensed by the New York State Department of Financial Services;
- Ask up front about the fees they will charge, and what services the fees will cover;
- Look for a community group, Employee Assistance Program, or credit union that offers low cost counseling;
- Compare services and fees from three services to find the right plan.

### Beware of services that:

- Tell you to stop making payments, unless those payments are continued through your debt repayment plan; not paying can damage your credit rating and lead to lawsuits
- Charge fees based upon your promised debt reduction;
- Encourage you to borrow against your home to pay off debts.