

**Commissioner Julie Brill**  
**Life of a Debt: Data Integrity in Debt Collection**  
**FTC Roundtable**  
**Opening Remarks**  
**June 6, 2013**

Thank you and good morning. I'm delighted to be here today with Steve Antonakes of the CFPB to kick off this very important event. Today's roundtable is intended to bring together all of the stakeholders in debt collection – industry members, consumer advocates, technology providers, and regulators at both the state and federal level – to discuss the debt collection process, and how that process can, and should be, improved. Everyone here today has a deep interest in ensuring that the system is both fair and transparent.

I want to start by acknowledging the hard work of the folks that organized this event. The roundtable is a joint effort of the FTC and the CFPB, and I think it demonstrates our strong partnership and ability to leverage our collective assets and expertise. Tom Kane and Dan Dwyer of the Division of Financial Practices spearheaded this effort for the FTC, and John Tonetti and Corey Stone of the Office of Deposits, Cash, Collections, and Reporting Markets served as leads for the CFPB. Thanks to all of you for bringing together so many key players for this important discussion.

This morning I'd like to talk a bit about the impetus for holding this workshop, and describe some of the important work that the FTC has done in debt collection that I think will inform our discussions today.

It will probably come as no surprise to anyone in this room that debt collection is a booming industry. One of the lingering results of the financial crisis is that U.S. consumers are in debt to the tune of \$11.23 trillion. Eight percent of that debt, or about \$900 billion, is delinquent, with \$678 billion being seriously delinquent (90+ days late).<sup>1</sup>

This may provide opportunity for the debt collection industry, but it signals something quite the opposite for consumers. Consider some of the things that financially distressed consumers face: unemployment or underemployment, lack of health insurance and proper health care, and difficulties in paying for critical needs like food, housing and child care. Add in the



litigation. We also found that debt collectors often have no ability to obtain relevant data about the debt, and any data the debt collectors have may be inaccurate, due to contractual or other limitations. As a result of poor or no information about the underlying debts, debt collectors very often do not have the information necessary to respond to consumer disputes or requests for debt validation.

The harm to consumers is magnified when debt collectors report erroneous information to credit bureaus. Consumers may be denied employment, insurance, or credit as a result.

In addition to instituting court action, debt collectors sometimes, if permitted by credit contract or other agreement, commence arbitration against alleged debtors. Our report expressed



