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## PRESS RELEASE

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### **Senate Passes Bill to Protect Against Abusive Debt Collection**

BOSTON - **Senator Anne M. Gobi (D-Spencer)** has announced that today, the Senate passed legislation to address undue and deceptive practices of the debt collection industry in the Commonwealth. The Bill, S.2409, *An Act Relative to Family Financial Protection*, safeguards borrowers against debt collector harassment and empowers consumers to repay debt and take more control over their economic security.

"I receive a number of complaints from people who are doing the right thing and yet are harassed by unscrupulous debt collectors," said Senator Gobi. "This bill sets very clear parameters and helps people to pay off legitimate debts while still being assured some financial security. "

"Since the end of the Great Recession, debt collecting as an industry has grown substantially and has been the subject of numerous complaints to the Attorney General's office. This legislation protects individuals from deceptive practices while also ensuring that repaying delinquent debt will not result in financial hardship," said **Senate President Stan Rosenberg (D-Amherst)**.

Under the bill, consumers would be allowed to maintain a baseline level of their own income for basic expenses, which gives consumers the ability to pay off their debt without causing financial hardship. In addition, the bill also eliminates the practice of "tolling" which is the deceptive practice of collecting debt from consumers after the statute of limitations expires. Currently, if a consumer makes a payment on debt after the statute of limitation expires, the statute of limitations starts over without the consumer's knowledge. The bill also limits attorney's fees and interest that creditors and debt collectors can recover.

Debt collectors would also be prohibited from pursuing court judgments on debts more than 4 years old. The bill would also decrease the period of time to begin collection on a court judgment from 20 years to 5 years. It would also reduce the number of warrants for arrest issued in debt collection lawsuits.

Since 2006, the Office of the Attorney General has received approximately 1,300 complaints a year about the debt collection industry. Their findings revealed that debt collectors seek to collect money consumers do not owe or make errors about the actual amount that is owed.

The bill will be taken up for consideration by the House of Representatives.

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