

## Payday Loan Collection Scams

Written by Charlene Crowell  
Friday, 04 November 2011 09:19

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Know your rights and responsibilities

Almost every consumer is concerned with today's tough financial times. But for those looking to make a fast buck, tough times can also make for easy prey – especially when a payday loan borrower can be tracked down.

Across the country state attorneys general, the Better Business Bureau, law enforcement officials and others are alerting consumers to overly-aggressive phone callers who threaten arrest if a payday loan is not immediately repaid.

Claiming to be representatives of a law firm or collection agency these fake collectors demand personal financial information such as bank account or credit card numbers. Others request that monies be wired immediately or direct consumers to purchase a pre-paid credit card. Regardless of the specific request, their aim is to either get your money directly or gain access to it through information provided.

In truth, however, many of these callers have no affiliation with a credible business, the names are fictitious and calls are made from untraceable numbers. The heavy-handed collection tactics are intended to get cash quickly and move on to the next victim.

According to North Carolina Attorney General Roy Cooper, "Don't fall for these calls from crooks demanding that you pay phony debts. Never agree to share your personal information with someone you don't know who calls you, no matter how convincing they sound."

Rather than reacting to harsh language and pressures to pay immediately, consumers would be wise to assert their own interests. A legitimate debt collector should respond to requests for written and additional information. That kind of inquiry should identify the original creditor, amount owed, date of the alleged transaction, etc. Any pushback from this line of questioning should signal that the caller is suspect.

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For bona fide collection businesses, the Fair Debt Collection Practices Act (FDCPA) sets standards for debt collectors and covers personal, family and household debts. Abusive, deceptive or unfair practices are specifically prohibited. This law covers personal, family and household debts – including payday loans, credit cards, auto loans and more.

Phoning consumers before 8:00 am in the morning or after 9:00pm at night is illegal. Any collection attempt at a consumer's workplace is also banned. In either of these circumstances, the consumer is protected so long as they advise the collector of their unwillingness to take such calls.

Each year, the Federal Trade Commission prepares a report on FDCPA. For 2010, the agency received more complaints on debt collection than on any other industry. The three top categories of complaints were:

Calling repeatedly or continuously;

Misrepresenting the character, amount, or status of the debt (including demanding a larger payment than is permitted by law); and

Failing to send consumers a statutorily required written notice about the debt and their rights.

America's lingering and widespread unemployment imposes financial challenges. But just because you may have fallen into debt, now is not a time to fall victim to a consumer scam. If debts are owed, speak directly with your creditors to arrange a manageable repayment plan, and develop a paper trail as evidence of your good faith efforts to repay.

Most importantly - let the scammers find someone else to flinch.

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