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ATTORNEYS AT LAW

Steady Oversight Not Permission to Relax Compliance

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Last week, national news organizations reported on a conglomerate of New York debt collectors who purportedly engaged in “overbiffing,” the practice of fraudulently inflating the “balance in full,” or BIF, of consumer debt. [Charges filed by the Federal Trade Commission](#) allege the defendants engaged in a practice of providing consumers a “Balance Given” that was in many instances hundreds or thousands of dollars higher than the consumers’ “Client Balance,” or amount actually owed.

The complaint further alleges the defendants often pretended to work at the county sheriff’s office in order to pressure consumers into paying the alleged debts by telling them they had committed crimes and threatening to arrest them. These allegations led to the judge entering a temporary restraining order against the defendants and freezing their assets.

These charges come on the heels of the Bureau of Consumer Financial Protection (BCFP) releasing its [50-State Complaint Snapshot](#) in late October. This report gives statistics and a state-by-state breakdown of consumer complaints to the BCFP, typically regarding financial services companies. In this report, the BCFP notes that average monthly complaints are up 9% from 2017 to 2018, with debt collection complaints making up one of the highest percentages of total complaints – 302,438 since 2015. Moreover, 40% of the debt collection complaints stemmed from allegations of attempts to collect debt not owed.

While the intensity of oversight and new regulations has taken a step back over the past couple of years, creditors, collection agencies, debt buyers, attorneys, and other interested parties should be mindful to conduct their business with attention to detail and in full compliance with the law. Cases like the one in New York and the nationwide complaint snapshot are reminders that improper and inappropriate means of collecting debt that is justifiably owed may not only harm the consumer and the creditor, but they can have lasting impacts on the industry as a whole.