

**GOVERNMENT OF THE DISTRICT OF COLUMBIA**  
**OFFICE OF THE ATTORNEY GENERAL**  
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## **Chase Bank to Change Unlawful Debt-Collection Practices Thanks to Agreements with State Attorneys General**

*Attorney General Racine Joined CFPB and Colleagues from 47 Other States in Settlement*

**WASHINGTON, D. C.** – Chase Bank USA N.A. and Chase Bankcard Services, Inc. will reform their debt-collection practices for credit cards as the result of a \$136 million joint state-federal settlement with the Office of the Attorney General for the District of Columbia, attorneys general from 47 states, and the Consumer Financial Protection Bureau (CFPB).

The agreement reflects significant reforms and prevents future resales by debt buyers, targets so-called “zombie debts,” and halts collections against 528,000 consumers. The joint state-federal settlement, consisting of assurances of voluntary compliance with the District and the states and a separate CFPB order, follows an investigation into Chase’s past collection practices.

**“Chase’s deceptive and unlawful debt-collection practices harmed consumers here in the District and across the country, and I’m glad that new protections will now be in place to safeguard against future abuses,”** Attorney General Karl A. Racine said. **“In many cases, Chase stacked the deck against consumers by pursuing collections based on information that was falsified or simply incorrect.”**

The agreement requires Chase to significantly reform its collection practices in the areas of declarations, collections litigation, debt sales and debt buying. Debt buying involves the sale of debt by creditors or other debt owners, often for pennies on the dollar, to buyers who then attempt to collect the debt at full value or sell it to other buyers. The agreement also requires new safeguards to help ensure debt information is accurate and inaccurate data is corrected, provides additional information to consumers who owe debts, and bars Chase’s debt buyers from reselling consumer debts to other purchasers.

The joint state-federal investigation that led to the settlement found that Chase:

- Subjected consumers to collections activity for accounts that were not theirs and in amounts that were incorrect or uncollectable;

- Subjected consumers to inaccurate credit reporting and unlawful judgments that may affect consumers' ability to obtain credit, employment, housing and insurance in the future;
- Sold to debt buyers certain accounts that were inaccurate, had been settled, had been discharged in bankruptcy, were not owed by the consumer, or were otherwise uncollectable;
- Filed lawsuits and obtained judgments against consumers using false and deceptive affidavits and other documents that were prepared without following required procedures, a practice commonly referred to as "robo-signing." These practices misled consumers and courts and caused consumers to pay false or incorrect debt and incur legal expenses and court fees to defend against invalid or excessive claims.
- Made calculation errors when filing debt-collection lawsuits that sometimes resulted in judgments against consumers for incorrect amounts.

### **Chase to Cease Collecting on 528,000 Consumers**

As part of the agreement, Chase has agreed to cease all collection efforts on more than 528,000 consumers. Chase sued the affected consumers for credit-card debts and obtained judgments between January 1, 2009 and June 30, 2014. Chase will notify affected borrowers of the change and will request that all three major credit-reporting agencies not report the judgments.

### **Participating States**

In addition to the District of Columbia, the following states are participating in the Chase settlement: Alaska, Alabama, Arkansas, Arizona, Colorado, Connecticut, Delaware, Florida, Georgia, Hawaii, Idaho, Illinois, Indiana, Iowa, Kansas, Kentucky, Louisiana, Maine, Maryland, Massachusetts, Michigan, Minnesota, Missouri, Montana, Nebraska, Nevada, New Hampshire, New Jersey, New Mexico, New York, North Carolina, North Dakota, Ohio, Oklahoma, Oregon, Pennsylvania, Rhode Island, South Carolina, South Dakota, Tennessee, Texas, Utah, Vermont, Virginia, Washington, West Virginia and Wisconsin.

### **Consumers with Debt Collection Questions or Complaints**

Debt collectors are bound by state and federal laws, including the [Fair Debt Collection Practices Act \(FDCPA\)](#), which prohibits debt collectors from using abusive, unfair, or deceptive practices to collect from consumers. Consumers may also have the option of pursuing claims in state or federal court.

For debt-collection complaints or claims:

- Follow this link on the CFPB website: <http://www.consumerfinance.gov/complaint/>;
- Follow this link on the Federal Trade Commission website: <https://www.ftc.gov/fair-debt-collection/submit-consumer-complaint-ftc>;
- Submit a consumer-complaint form on the Office of the Attorney General's (OAG) website: <http://dcforms.dc.gov/webform/oag-consumer-complaint-form#overlay-context=webform/oag-consumer-complaint-form>;
- Call the OAG Consumer Protection Hotline at (202) 442-9828;
- Or send an e-mail to [consumer.protection@dc.gov](mailto:consumer.protection@dc.gov).

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