



Enforcement Alert from Hudson Cook; CFPB Imposes Industry Ban on Medical Debt Collector

December 15, 2023 | [Julia K. Whitelock](#) and [Kristen Yarows](#)

HIGHLIGHTS:

- The CFPB issued a consent order with a medical debt collector for alleged violations of the Fair Credit Reporting Act, Regulation V, the Fair Debt Collection Practices Act, and the Consumer Financial Protection Act.
- The Company neither admitted nor denied the allegations, but consented to a ban on debt collection and consumer reporting activities, requesting all credit reporting agencies delete collection accounts for consumers' accounts that the Company furnished, and paying a \$95,000 penalty.

CASE SUMMARY:

On December 15, 2023, the CFPB announced a settlement with a medical debt collector to resolve allegations that it violated the Fair Credit Reporting Act ("FCRA"), its implementing Regulation V, the Fair Debt Collection Practices Act ("FDCPA"), and the Consumer Financial Protection Act ("CFPA"). The CFPB alleged that the Company violated the FCRA by failing to implement reasonable written policies and procedures regarding the accuracy of furnished information and failing to conduct reasonable investigations of disputed debts. The CFPB alleged that the Company violated the FCRA and FDCPA by failing to report to credit reporting agencies that the debt was disputed. The CFPB alleged that the Company violated the FDCPA by continuing collection activities before obtaining verification of the debt despite receipt of the consumer's debt validation notice, and misleading consumers through its continued collection activities after the consumer disputed the debt but before it obtained substantiation of the debt. The CFPB also alleged that by violating the FCRA, Regulation V, and the FDCPA, the Company violated the CFPA.

The consent order permanently bans the Company from debt collection and consumer reporting activities, requires the Company to request that each credit reporting agency to which it furnished data delete all consumer collection account tradelines it previously furnished, and pay a \$95,000 civil money penalty, which takes into account the Company's sworn and documented inability to pay an additional civil money penalty of \$1,905,000. The Company did not admit or deny the allegations in the consent order.

RESOURCES:

You can review all of the relevant court filings and press releases at the [CFPB's Enforcement Page](#).

- [Consent Order](#)
- [Stipulation](#)
- [CFPB Press Release](#)

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