

## AS THE DEBTOR TURNS....

I've noticed a trend. Debtors are getting savvier. We could have foreseen this, even gone so far as to predict it; had it been a bug, we would have stepped on it.

Look around. Debtors today are computer driven, oriented with online bill paying, cell phones, GPS, PDA's, and wireless internet access. Not only has "JOE PUBLIC" technically caught up, they now have more information at their fingertips than owning six generations of encyclopedias. They can look up fraud cases, research statutes of limitation, determine FDCPA guidelines, and probably know the GLBA compliance rules better than some of US!

Debtors are smarter now with what they can or cannot get away with, and they are more than willing to utilize loopholes. Though bankruptcy reform may curb what I've always called "PROFESSIONAL DEBTORS," I think we all agree, the ones who have no intention of paying their bills usually have no problem finding another way around the system.

**CASE IN POINT:** I talked to a client of mine last yesterday. Right now, he's tracking a case that filed bankruptcy on multiple occasions over the past 5 years. This person hides assets under family members, runs up outrageous bills, and then heads to the courts for protection. This practice not only drives up costs for the rest of us, but also is probably the highest single reason bankruptcy reform was made.

**CASE IN POINT:** I volunteer my time on an online information board, offering advice to the credit/collections industry. In the past week, I've gotten 4 messages, (FROM DEBTORS) regarding statute of limitations. The evident boom in the debt-buying industry has apparently flooded collectors with aged accounts, and the debtors seem to be finding out quickly which bills MUST be paid, and which ones can be avoided. Inquiries sometimes range from "how many years will this be on my credit?" to "it's been 8 years, can they still sue me?"

**CASE IN POINT:** Collection agency is forced to close, prompting OVER 2000 complaints from debtors, ranging from FDCPA violations to illegitimate accounts. The FTC continues adding names to the list of included parties to this lawsuit. Back in the "olden days", who would have ever thought 2000 complaints was possible?

**CASE IN POINT:** Identity theft is currently lighting up the radar around the country; prompting extreme focus for the Federal Trade Commission. Legislatures around the country are changing laws pertaining to identity thieves. Cases of compromised information from very well known data suppliers, and the number of affected parties from this fallout, continues to climb on a daily basis.

What does this mean to the world of credit & collections? I think the answers are simple: we have new work cut out for us! It will require additional training &

**more creativity in payment negotiations, ever-constantly reminding ourselves of the laws, and developing a new kind of patience usually foreign to bill collectors.**

**Training programs should include more focus on FDCPA compliance (ONLY utilizing recourse creditors or agencies have actual entitlement to). New and seasoned collectors alike need to be constantly aware of the laws, remembering debtors now have readily available access to these resources as well.**

**While the age of technology has improved life for us overall, it's helped the customer/debtor get smarter too. Think outside the box, staying abreast of new trends in technology. Look for ways new tools & gadgets can help your cause, never losing sight of the fact; these same tools might also teach debtors how to avoid you.**

*Kathleen Eads spent almost a decade with a commercial collection agency in Dallas, Texas. She is the Director of Financial Services for NSTN, Inc. NSTN provides interactive and batch processing for directory assistance, Social Security Searches, employment locates, NCOA, Bankruptcy and Deceased Portfolio scrubs. You may visit their website at [www.nstn.net](http://www.nstn.net). You may reach Ms. Crabtree at*