

## **New Deceased Debt Collection Rules Go Live Next Week**

by Patrick Lunsford – insideARM.com – August 22, 2011

The Federal Trade Commission's recent guidelines on collecting debts from decedents go into force on Monday, August 29. The new rules mostly concern the permissibility of contacting third parties for the purpose of collecting the debts of the deceased.

The FTC in early October 2010 released its "Statement of Policy Regarding Communications in Connection with the Collection of Decedents' Debts." The statement provided guideline clarifications for the agency's actions against debt collectors that are chasing deceased debt. The FTC had an open comment period on the statement. In July, the government issued its final statement, slated to go into effect August 29.

Any company subject to the Fair Debt Collection Practices Act (FDCPA) will need to follow the new guidelines.

But rather than restrict debt collection behavior, the FTC's statement clarifies how it will enforce laws that are already on the books. Most of the clarification centers around the FTC's enforcement of third party disclosure provisions in the FDCPA.

The FTC said that it will not pursue third party disclosure action against a collection agency when it attempts to communicate with a permissible person about a deceased debt. This includes a spouse of the deceased, a parent, guardian, or executor or administrator of an estate. The FTC also said that it would not pursue action against a collection agency for its efforts to locate such a person.

Many in the ARM industry have applauded the new guidance, including ACA International and specialty deceased debt collection agencies.