



Debt Collection Focus Groups

Fors Marsh Group, LLC

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Introduction

Third-party debt collectors are required to send an initial notice to validate a debt with consumers when collection activities begin. Within these validation notices, a large amount of variability exists in the formatting, inclusion of contact information, language and reading level, and descriptions of the debt. The Consumer Financial Protection Bureau (CFPB) has commenced efforts to design model validation notices to reduce the variability and help consumers easily recognize their debts and rights.

In an effort to understand the consumers' perspective on the debt collection process, Fors Marsh Group (FMG) conducted five focus groups with two consumer groups; individuals with no debt collection experience and individuals who had been contacted by a debt collector attempting to recover a debt within the previous two years (henceforth referred to as "debt collection experience"). Two focus groups, one with each consumer group, were held in Arlington Virginia on July 16, 2014. Three focus groups, one without debt collection experience and two with debt collection experience, were held in New Orleans, Louisiana on July 29 (participant demographics are displayed in Appendix A).

The goals of these focus groups were to assess consumers' thoughts about debt collectors and the debt collection process, evaluate perceptions of disclosures provided by collectors, and measure consumers' understanding of their rights and responsibilities in the debt collection process. We determined when consensus was reached by the participants in a group on several occasions. Consensus was determined by assessing whether any disagreement existed after a participant made a statement. Additionally, the moderator often made statements like, "So it seems like there is consensus that [INSERT TOPIC]," "It appears as if we all agree that [INSERT TOPIC]," and "It seems like there is some disagreement that [INSERT TOPIC]." The moderator read the attitudes of participants in the groups, assessed agreement with the statement, and transitioned to subsequent discussion areas.

This research will guide future testing of validation notice content and design. The discussions and activities during these five groups are summarized in this report, which is divided into five key sections:

- Impressions, Information Search, and Concerns
- Consumer Rights
- Confusion about Time-Barred and Obsolete Debts
- Communications with Debt Collectors
- Debt Collection Notices.

I. Impressions, Information Search, and Concerns

Impressions

The focus groups began with a discussion of participants' initial impressions of debt collectors and the debt collection process. In the No Debt Collection Experience group in New Orleans and both groups in Arlington, there was consensus that participants had mostly negative thoughts and reactions when they heard "debt collection." These three groups indicated that the negative impressions were based on personal experiences, the experiences of their families and friends, and stories they have seen on social media. When asked what came to mind when they heard "debt collection," participants said:

- "People harassing you over the phone." - Arlington No Debt
- "Bad credit scores." - Arlington No Debt
- "Letters and bills." - Arlington No Debt
- "Headaches." - Arlington Debt
- "Somebody didn't pay their bills." - New Orleans No Debt
- "Calling you more than five times a day." - Arlington Debt

Information Search

The moderator asked participants where they would go if they were trying to learn more about debt collection. Participants in both Arlington groups, the New Orleans No Debt Collection Experience, and one of the New Orleans Debt Collection Experience groups said they would start with an Internet search. Participants said they would most likely start with a Google search or review government websites like the CFPB or Better Business Bureau (BBB). No clear pattern emerged for how participants said they would utilize other non-Internet sources, like libraries, news articles, or friends. Feedback from participants suggested that most information searching would be done through the Internet. When describing information search routines, participants said:

- "Just start Googling." - Arlington No Debt
- "BBB is like Yelp for a company. It can help you identify scams." - Arlington Debt
- "I would start with the Internet." - New Orleans No Debt
- "I'd look at the consumer protection." - New Orleans Debt

When discussing information encountered online, participants varied in the trust that they said they placed in Internet sources. Two participants in the New Orleans No Debt Collection Experience group explained why they did not always place trust in Internet sources:

- "I wouldn't trust Google because anyone can put stuff on Google." - New Orleans No Debt
- "Every source is not reliable." - New Orleans No Debt

Online Sources

Participants in the Arlington No Debt Collection Experience group said they were interested in a formal government source of consumer rights online. These participants said they would be interested in checking and verifying their rights during debt collection activities.

- "I assume now that the protection board has somewhere you can go." - Arlington No Debt

- “[I’d want] a link to a government website to crosscheck and make sure it’s all the same.” - Arlington No Debt

The moderator asked participants who they would trust to provide them with information about the debt collection process and specifically probed about trust of the government. In the New Orleans No Debt Collection Experience group, a participant explained she did not trust the government because, “They know too much.” Participants in all groups except one of the New Orleans No Debt Collection Experience group mentioned the CFPB as a source they said they would trust and utilize when trying to learn more about their rights. The Arlington No Debt Collection Experience and one of the New Orleans Debt Collection Experience groups reached consensus and said they trusted the government. The New Orleans No Debt Collection Experience Group had variable trust in the government. The trust participants had for government sources could not be determined in the other groups.

Concerns About Impacts of Debt Collection

The moderator asked each group if they were worried about potentially being arrested or going to jail, but none of the participants in the groups expressed concerns with these issues. The primary concerns participants had about what would happen after a debt had gone to collection were (1) its impact on an individual’s credit score and (2) the ability of a person to communicate clearly with collectors who speak English as a second language. In the Arlington No Debt Collection Experience group participants expressed particular concern about debt collection impacting the ability to get a job that may require a security clearance and background check.

Participants said they would give different types of advice if they knew someone with a debt that had recently gone to collection. Three common pieces of advice were:

- Verify the debt
- Pay it as soon as possible
- Know your rights.

When instructing family and friends to “know your rights,” participants in the Arlington No Debt Collection Experience group said they would tell them to look through the online resources provided by the CFPB. The participants in the Arlington Debt Collection Experience group said they would tell family and friends to go to a local attorney or credit counseling agency. Other groups did not elaborate on how an individual should “know your rights.”

Concerns about fraud existed across participants in all groups and locations. Variability existed in who had experienced identity theft or fraudulent charges in the past, but participants expressed an awareness that these issues were on the rise. Participants in all groups indicated that they would verify a debt before making any payments. Participants in the Arlington No Debt Collection Experience group expressed an interest in a database containing debt collection agencies, “like a national student debt database,” to help with the identification of collection agencies with complaints of fraud.

II. Consumer Rights

Prior Knowledge

Participants completed an activity to assess their ability to identify rights afforded to individuals in the debt collection process. The moderator asked participants to select the rights they believed they had under the law from a list containing true and false rights. In all groups and locations, participants expressed some uncertainty about whether or not certain items were rights under the law. While discussing the rights after the activity, most participants said they could see utility in all the items and said they hoped that each was a right under the law. Participants expressed this hope even for the rights that they did not identify as true. Figure 1 displays the frequency with which the true rights were identified by participants, and Figure 2 shows the frequency with which false rights were identified as actual rights under the law.

Figure 1. Frequency of Identification: True Rights

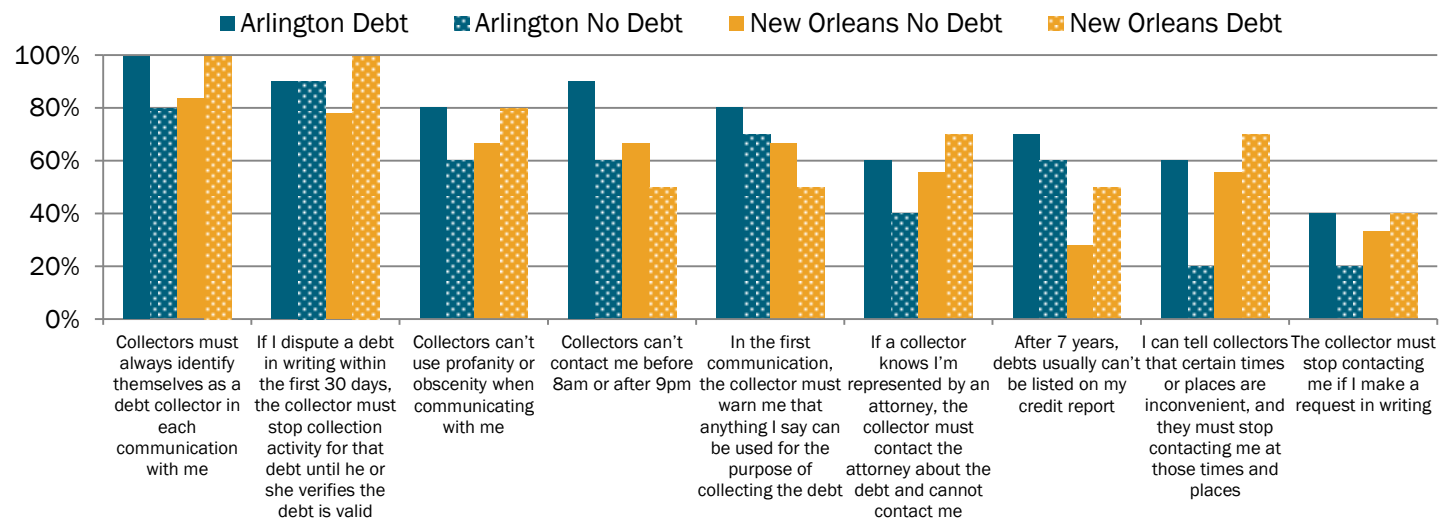
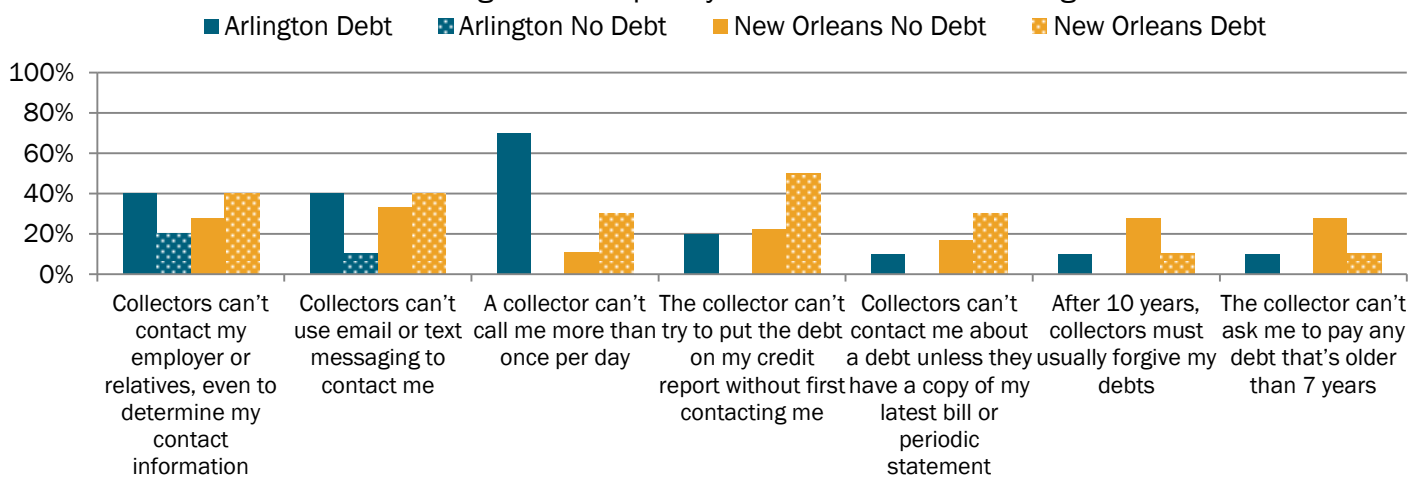


Figure 2. Frequency of Identification: False Rights



After identifying rights they believed they had under the law, participants saw a list of just the true rights that consumers have under the law. Participants then identified the three that they thought were most important (Table 1).

Table 1. Most Important True Rights by Group	
No Debt Collection Experience; Arlington	No Debt Collection Experience; New Orleans
<ol style="list-style-type: none"> 1. If I dispute a debt in writing within the first 30 days, the collector must stop collection activity for that debt until he or she verifies the debt is valid. 2. Collectors can't contact me before 8am or after 9pm.* 2. If a collector knows I'm represented by an attorney, the collector must contact the attorney about the debt and cannot contact me.* 2. The collector must stop contacting me if I make a request in writing.* <p>*Tied for second.</p>	<ol style="list-style-type: none"> 1. If I dispute a debt in writing within the first 30 days, the collector must stop collection activity for that debt until he or she verifies the debt is valid. 2. After 7 years, debts usually can't be listed on my credit report. 3. Collectors must always identify themselves as a debt collector in each communication with me.
Debt Collection Experience; Arlington	Debt Collection Experience #1; New Orleans
<ol style="list-style-type: none"> 1. After 7 years, debts usually can't be listed on my credit report. 2. If I dispute a debt in writing within the first 30 days, the collector must stop collection activity for that debt until he or she verifies the debt is valid. 3. Collectors must always identify themselves as a debt collector in each communication with me. 	<ol style="list-style-type: none"> 1. If I dispute a debt in writing within the first 30 days, the collector must stop collection activity for that debt until he or she verifies the debt is valid. 2. Collectors must always identify themselves as a debt collector in each communication with me. 3. I can tell collectors that certain times or places are inconvenient, and they must stop contacting me at those times and places. (Tied for third) 3. In the first communication, the collector must warn me that anything I say can be used for the purpose of collecting the debt. (Tied for third)
	Debt Collection Experience #2; New Orleans
	<ol style="list-style-type: none"> 1. If I dispute a debt in writing within the first 30 days, the collector must stop collection activity for that debt until he or she verifies the debt is valid. 2. Collectors must always identify themselves as a debt collector in each communication with me. 3. I can tell collectors that certain times or places are inconvenient, and they must stop contacting me at those times and places.

In all groups except the Arlington Debt Collection Experience group, participants indicated that the most important right was that if a debt is disputed in writing within the first 30 days, the collector must stop collection activity for that debt until he or she verifies the debt is valid. For the Arlington Debt Collection Experience group, this right was the second most important. This right was consistently identified as important because of concerns about fraud and identity theft. Participants commented:

- “It’s a good thing to help a person get all of their things together and make sure that everything is legit and you’re not just going off of what someone else said.” - Arlington No Debt
- “It’s very formal. I think it’s good because it may not be yours.” - New Orleans No Debt

Additional evidence for the importance of verifying debt and reducing scams emerged from this activity. Results showed that participants in all groups except the Arlington No Debt Collection Experience group rated, “Collectors must always identify themselves as a debt collector in each communication with me,” as one of the top three rights. A comment from a participant in the Arlington Debt Collection Experience group summarized the importance of this right:

- “It kind of makes it a little more formal, and that you’re talking to someone who knows the rules and regulations. It makes them sound legitimate and credible.”
Arlington No Debt

After the first No Debt Collection Experience group in Arlington, two rights were dropped from the activity before the Debt Collection Experience group began. We excluded the rights from the subsequent Arlington focus group because the phrasing was confusing to participants. The two items were:

1. The collector can’t reveal the details of my debt to anyone other than me.
2. After 5 years of nonpayment, I often can’t be sued on a debt.

During this activity, 80% of participants in the Arlington No Debt Collection Experience group believed Item 1 was an actual right and 20% believed that Item 2 was an actual right.

We updated these items after the focus groups in Arlington and included them in the New Orleans focus group activities. The two new items were:

1. The collector can’t reveal the details of my debt to neighbors or coworkers without my permission.
2. For some types of debt, after 5 years of nonpayment, I may not be able to be sued on the debt.

Results from the rights activity indicated that 90% of participants in the New Orleans No Debt Collection Experience group, and 70% and 28% of participants in the two New Orleans Debt Collection Experience groups believed they had Item 1 as a right under the law.

In addition, 10% of the participants in the New Orleans No Debt Collection Experience group, and 25% and 0% of participants in the two Debt Collection Experience groups believed they had Item 2 as a right under the law.

Perceptions of the Mini-Miranda

The mini-Miranda was perceived by participants in all groups in both locations as a useful method to formally alert individuals of whom they are speaking with and that information given during conversations could potentially be used in court. In New Orleans, participants in groups with and without debt collection experience said they agreed that hearing the language in the mini-Miranda would make them regret picking up the phone, put them on the defensive, and say as little as possible. People from these groups said they would not be instantly convinced that the debt collectors on the phone were not scam artists with elaborate scripts. Results from the previous consumer rights activity suggested that the mini-Miranda was a very important right that verified the official nature of the communication, but emotions regarding the statement were variable. Even though it may be viewed as important by consumers, they may still feel regret about answering the call because of stress about repeated communications, the inability to repay their debts, or the accumulation of additional debts.

Participants said interacting with debt collectors changes behavior in a mostly negative way. Consensus across participants in all groups indicated that hearing the mini-Miranda on the phone, or reading a validation notice would, “make me freeze up and not say too much.” Additionally, participants said that talking with debt collectors, “makes me pay attention,” and “puts me on the defensive.”

In Arlington, the Debt Collection Experience group indicated that the tone of voice debt collectors used can make a drastic difference in how pleasant interactions were. Professionalism on the part of the debt collector made it easier for an individual in the Arlington Debt Collection Experience group to communicate with the collector. For example, one participant said:

- “If they are professional, that helps it out. Professional people seem more trustworthy.” Arlington Debt

III. Confusion about Time Barred and Obsolete Debts

Helpful Information

Participants in all groups agreed it would be helpful and important to know that, “after a certain time/age, you could not be sued to collect the debt” and “after a certain time/age, the debt could not appear on your credit report.”

- “It’s something I definitely want to know.” - New Orleans Debt
- “Yes it would be useful.” - New Orleans Debt
- “I really did not know that there is a timeframe limit.” - New Orleans No Debt
- “It’s good to know that.” - Arlington No Debt
- “It’s good to know, yes.” - Arlington Debt

Confusion and Misconceptions

Participants’ comments suggested that actual understanding of time-barred and obsolete debts varied considerably within groups. Because of the confusion regarding time-barred and obsolete debts, the moderator was not able to ask participants to give their thoughts about each of these rights. Select comments, shown in Table 2, demonstrate that a high

degree of confusion existed regarding these rights, specifically when an individual can be asked to pay a debt, when he or she can be sued, when it is taken off of credit reports, and when, if ever, debts are forgiven. When discussing time-barred and obsolete debts, false certainty that untrue rights were true was common. Participants' quotes highlighting this false certainty include:

- "I think you're forgiven after 20 years." - Debt Collection Experience Arlington
- "I think it's true [Debts can't be listed on my credit report after seven years] if it's below a certain amount." - Arlington No Debt Collection Experience

Table 2. Participant Quotes Highlighting Confusion with Time Barred and Obsolete Debt		
List of Rights	No Debt Collection Experience	Debt Collection Experience
After 10 years, collectors must usually forgive my debts. (False)	<ul style="list-style-type: none"> • "I think it's after seven years, it's like it's wiped off." New Orleans • "If you don't pay, it's still on there. Like if you get a ticket and you pay it, after X amount of years, you no longer have a moving violation." New Orleans • [Head shakes indicating disbelief] Arlington 	<ul style="list-style-type: none"> • "There's a difference between forgiveness and listing it on a credit report." Arlington • "There are so many myths about that, it's not even funny." New Orleans • "I think you're forgiven after 20 years." New Orleans
After 7 years, debts usually can't be listed on my credit report. (True)	<ul style="list-style-type: none"> • "Some people tell you not to pay a debt after seven years because it can mess up your credit score." New Orleans • "Is that retired debt or outstanding debts?" New Orleans • "It doesn't say the debt goes away after 7 years, it says it usually can't be listed on the credit report. There is uncertainty in this statement." New Orleans • "I think it's true if it's below a certain amount." Arlington 	<ul style="list-style-type: none"> • "After seven years, what happens?" New Orleans
The collector can't ask me to pay any debt that's older than 7 years. (False)	<ul style="list-style-type: none"> • "No, I don't think that's true." Arlington 	<ul style="list-style-type: none"> • "I don't have a clear sense of these time things." New Orleans • "I'm not sure how the time frame works." New Orleans • "They're still asking me from 2003, so that's definitely false." Arlington

Behavior Change: Scheduling Payments

Participants in the New Orleans No Debt Collection Experience and New Orleans Debt Collection Experience groups said knowledge of time-barred and obsolete debts would

change the way they approach the repayment of their outstanding debts. In the New Orleans No Debt Collection Experience group, one participant said, “Why would I pay it?” In the New Orleans Debt Collection Experience group, a participant said, “It would help prioritize what I am paying. I know for a fact that making a payment restarts the seven-year clock.” Misunderstanding the rights for time-barred and obsolete debts can negatively impact repayment scheduling, especially when individuals choose not to repay a debt thinking it may eventually disappear.

When people have multiple debts in collection, variability emerged in how participants said they determined which debts to pay first. In the Arlington No Debt Collection Experience group, participants said individuals should pay debts that have the highest interest rates, debts that impact credit the most, and debts where they might lose something, like a car. Participants in the Arlington Debt Collection Experience group said individuals should pay their highest debts first or make payments to the debt collectors that are the nicest to work with. In the New Orleans No Debt Collection Experience group, different participants said it would be best to pay the highest interest rate, the lowest debt amount, and the newest debts first. Participants in the New Orleans Debt Collection Experience groups said they would pay their smallest, newest, and debts with companies that are willing to make payment arrangements.

Participants in the Arlington No Debt Collection Experience group, and participants in both the New Orleans Debt Collection and No Debt Collection Experience groups said they were skeptical about the types of information they were hearing about rights for time-barred and obsolete debts. If participants in these groups had a debt like this, they said they “would not believe it,” they would think “there’s got to be a catch,” and would only, “trust a judge or something in writing.”

IV. Communications with Debt Collectors

Negative and Threatening Interactions

Participants said initial communications with debt collectors, by phone or mail, have been negative because they believed collectors operated outside of regulations and were perceived as condescending and intimidating. Participants from both groups in Arlington and one of the Debt Collection Experience groups in New Orleans specifically used the word “threatening” to describe interactions with debt collectors. Additionally, when the moderator asked participants, “What do you think would happen with the debt after you asked the collector to stop contacting you?” a participant said:

- “They’re going to say yes; then someone else from the same company is going to call you. Your name is going right back on the list.” - New Orleans Debt

Another participant said:

- “The rules and regulations are secondary to how they do it. They use scare tactics to get you to pay them back.” - New Orleans Debt

Threatening interactions were described at other times by participants. In the Arlington and New Orleans No Debt Collection Experience groups and one of the New Orleans Debt

Collection Experience groups, participants indicated that communications with debt collectors were likely to have been negative.

- “They will say ‘I’m not going to stop until you pay or I break your knees.’” - New Orleans No Debt
- “I’ve heard people say debt collectors will contact me at all hours of the night.” - New Orleans No Debt
- “What do we do if they start breaking the rules?” - New Orleans Debt
- “The tricky thing is that some debt collectors change the outgoing number you are calling from to make it seem like a local call.” - Arlington No Debt

In both Arlington groups and in one of the New Orleans Debt Collection Experience groups, responses from participants indicated that collectors made repeated phone calls and used threatening and intimidating language during phone communications.

- “Straight threatening.” - Arlington No Debt
- “They use some harsh stuff.” - Arlington Debt
- “Sometimes they are intimidating and threatening.” - New Orleans Debt
- “They called me multiple times a day from different numbers. It’s very harassing.” - New Orleans Debt

The language in validation notices has been perceived as threatening as well.

- “Sense of urgency, like they are yelling at you, and things were written in all caps.” - Arlington Debt
- “They make it sound scarier than it actually is, as if there was a debt prison, which there isn’t. They word it like it’s scary.” - New Orleans Debt

Participants in all New Orleans groups and in the Arlington No Debt Collection Experience group expressed that interactions with debt collectors were likely to be negative when the collection agency was contacting the wrong person.

- “They don’t stop calling when I say it wasn’t mine.” - New Orleans Debt
- “We had a debt collector call one of my coworkers, and we had to get security to block the number.” - New Orleans No Debt
- “There’s a fine line between the number of times they call and harassment.” - New Orleans No Debt
- “I think they would keep calling you. This has actually happened where for some reason, the person who had my previous number...I’d say, ‘This is not so and so.’ There needs to be a way to get them to stop the harassment.” - Arlington No Debt

If participants started to feel harassed by debt collectors, consensus in the Arlington No Debt Collection Experience and New Orleans Debt Collection Experience groups suggested that they would hang up or ignore future communications. Participants in the Arlington Debt Collection Experience and New Orleans No Debt Experience groups reached agreement and said that individuals should not ignore the communications. Rather, they said individuals should make a formal complaint in writing or to the complaint department listed on the sample validation notice (Appendix B).

Levels of Trust

Variation existed across groups and locations about whether or not an individual should trust information coming from a debt collector, but participants in most groups agreed that debt collectors should **not** be trusted. The primary reason for their concern was that the debt collectors “do not have your best interests in mind.”

- “I would not trust what a debt collector told me.” - New Orleans Debt
- “I would trust it from someone who is not trying to get money from me.” - New Orleans Debt
- “They can misrepresent information.” - Arlington No Debt
- “I’d think they were obligated to tell me my rights.” - New Orleans No Debt

If participants were not sure that a debt collector had the right amount, consensus existed in the Arlington No Debt Collection Experience and New Orleans Debt Collection Experience groups that individuals should “go through your files, check bank statements, checks, and see if there is anything you can put together as proof for yourself,” “Check your credit score to see if it was on there,” and “Call to verify.”

Mail Materials

Many participants agreed that they have not opened every piece of mail they have received, especially when it looked like junk. Participants said they have been able to classify junk based on the identification of companies they do business with, the presence or absence of return addresses, whom the envelope is addressed to, and the thickness of the envelope (thinner envelopes were likely to be perceived as junk). When shown a sample envelope that validation notices have been sent in, participants in all but one of the New Orleans Debt Collection Experience groups indicated that the envelope was something that could be classified as important. Participants in both of the Debt Collection Experience groups in New Orleans indicated that the envelope could be part of a scam if it did not have a return address and a stamp.

- “If it has a return address, I’d open it.” - New Orleans Debt
- “It looks like junk if it doesn’t have a return address.” - New Orleans Debt
- “The kind of stamp also can make it look like junk.” - New Orleans Debt
- “Something like this is not automatically junk.” - Arlington Debt

Emails are another potential method to get in contact with consumers. Consensus from participants in all but one group (New Orleans No Debt Collection), however, suggested that people were even less likely to open emails from unknown senders, especially when they were asking for money. The New Orleans No Debt Collection experience group was not asked this question.

- “If I can’t tell what it’s about or who it’s coming from, I don’t open it.” - New Orleans Debt
- “It could go into spam.” - New Orleans Debt
- “I have five email addresses; it’s a lot to keep track of.” - New Orleans Debt
- “I don’t open every email, you could get a virus.” - Arlington Debt
- “No, too many filters.” - Arlington No Debt

V. Debt Collection Notices

Recognizing Debt

Recognizing the debt was a major concern for participants because of anecdotes about fraud and identity theft. The moderator asked participants about the inclusion of additional data elements in validation notices (See Additional Data Elements section below). Across the different groups and locations, a few of the additional data elements were identified by participants as key in helping individuals recognize a debt:

- The original creditor
 - “It would be helpful to know that the debt was sold. If it's sold and you don't know, then you may write it off as unimportant.” - Arlington Debt
- The amount of the debt when it moved into collection
 - “It would help me recognize the debt, but it'll probably have fees added on so you might not recognize it.” - New Orleans No Debt
- The type of debt
 - “Yes because you may not remember the account number.” - Arlington Debt
 - “It definitely helps.” - Arlington Debt
- The amount of debt listed separately by principal, interest, and fees
 - “Yes, then it'll be like your credit card bill.” - New Orleans No Debt
- The name of the brand associated with the debt
 - “Anything to narrow down and connect what it is, otherwise it's just a thing I owe, and I'm not really thinking about it.” - New Orleans Debt
- Date of the original debt
 - “How long ago the debt was. [For example] your account from 6 years ago at Macy's in Missouri so you can pinpoint where the debt is from.” - Arlington No Debt

Consensus across all groups was that when a debt was sold, it became difficult to recognize, especially when it had been sold multiple times. Participants expressed that they would have liked to know when and how often their debt was sold.

- “If Sallie Mae sold my debt, I'd like an email from Sallie Mae, rather than from the company they sold it to. It can't be the first out-of-the-blue contact.” - New Orleans No Debt
- “It's like, how many times has this debt been sold?” - New Orleans No Debt
- “I think that if your account has been sold to another party, I want a list of everyone it's been sold to so I can know where it originated.” - New Orleans No Debt
- “It would be helpful to know that the debt was sold. If it's sold and you don't know, then you may write it off as unimportant.” - Arlington Debt
- “So often things get sold from one lender to another to another and you don't know who has your debt anymore. That's not your fault; it's just a pain in the butt.” - Arlington No Debt

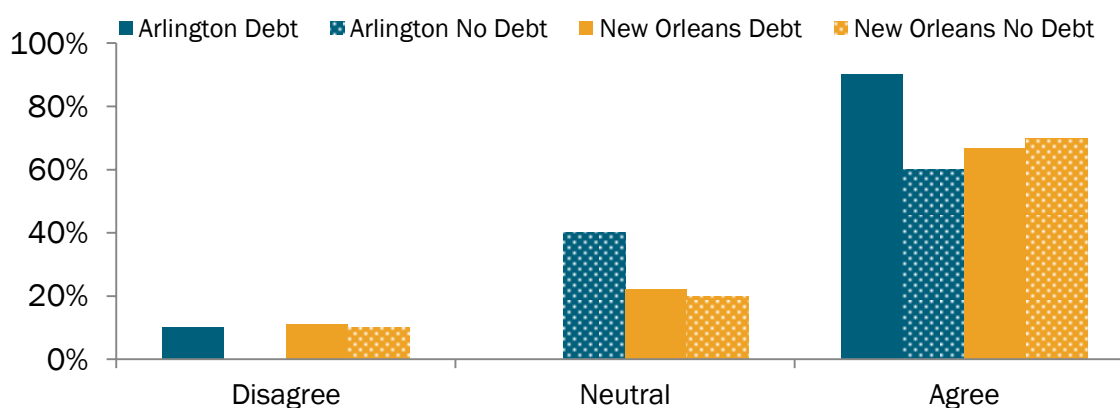
One participant in the Arlington Debt Collection Experience said the language used in validation notices could serve as a barrier to the recognition of debt:

- “I wonder if this language is going to be easy for people with low levels of literacy. It may not be written for people with low literacy.” - Arlington Debt

Overall, however, participants across all groups viewed the language in the sample notice as clear (see sample notice in Appendix B). Responses to a rating scale item (Figure 3) suggest that language in the notice was perceived as easy to read. When referring to the language in the notice, participants said:

- “It’s pretty concise to me.” - New Orleans Debt
- “I wasn’t confused about anything.” - New Orleans No Debt
- “I think it’s short and to the point. I’ve seen ones that are longer. This doesn’t overwhelm.” - Arlington Debt
- “The concise nature does make it helpful for people with no time.” - Arlington No Debt

Figure 3. Responses to the rating question: The language in this notice is clear.



Participants said security of personal information was a serious concern. Participants said they wanted as much information as possible to help them recognize their debt. However, participants in the Arlington Debt Collection Experience, the New Orleans No Debt Collection Experience, and one of the New Orleans No Debt Collection Experience groups said that some information, like partial social security numbers and data on hospital procedures and doctors, decreased the security of validation notices.

- “It’s [SSN] not super helpful or safe.” - Arlington Debt
- “I don’t think it [SSN] should be on there.” - New Orleans No Debt
- “I don’t want it on anything.” - New Orleans Debt

Important, Confusing, and New Information

During each group, participants viewed a sample validation notice (Appendix B) and completed three tasks. The moderator asked them to 1) Highlight important information, 2) Circle information that is confusing, and 3) Underline information that participants did not know. The information that was highlighted as important is shown in Table 3 (larger visualizations are displayed in Appendix C). Items that were highlighted with low frequency are shown in green; items highlighted with highest frequency are shown in red.


Table 3. Visualizations displaying items participants highlighted as important.

Arlington No Debt Collection Experience

	1	2	3	4	5	6	7	8	9	10
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**Arlington NO DC
Number of Highlights**


**1780 North Main Street
Pasadena, CA 91107-2824**




7/14/2014

Add Service Requested

ARR 487






Northern Financial Group
www.NFG.com

Creditor: Elm Bank
Account No.: 566531341145
Amount Due: \$1,547 of as of 7/14/14
Telephone: (866) 555-1413

[INSERT NAME]
5429 Campbell St.
Unit #H04
New Orleans, LA 70115-2824

Northern Financial Group
P.O. Box 77654
Pasadena, CA 91107-2824



Please detach at perforation and return with your payment.

YOUR DELINQUENT ACCOUNT HAS BEEN REFERRED TO THIS OFFICE FOR COLLECTION!!!!

Please send payment in full of any disputed amount, payable to our client, in the enclosed envelope.

We advise you notify this office within 30 days after receiving this notice that you dispute the validity of the debt or any portion thereof. This office will assume this debt is valid if you notify this office in writing within the 30 day period that the debt, or any portion thereof, is disputed. This office will obtain verification of the debt or obtain a copy of a judgment and mail a copy of it to each judgment or notification if you request this office in writing within 30 days after receiving this notice. This office will provide you the name and address of the original creditor, if different from the current creditor.

We trust that your intention is to address this long overdue debt. We encourage you to make arrangements to pay this debt by the date specified above. If you are unable to do so, please contact us immediately. As of the date of this letter you owe the amount stated above. Please pay promptly. The amount due on the day you pay may be greater than the amount shown here because of late charges. An amount may be charged for late payment. Please pay the amount due on the day you pay and we will cancel any late charges. For further information about your balance please call your account representative.

This communication is from a debt collector. We are required to inform you that this is an attempt to collect a debt, and any information obtained will be used for this purpose.

Sincerely,
John Doe
(866) 555-1413, ext 454
Northern Financial Group
P.O. Box 77654
Pasadena, CA 91107-2824


If you have a complaint about the way we are collecting this debt, you may write to our Contact Center, 1780 North Main Street, Pasadena, CA 91107-2824 or call us toll-free at (866) 555-1413 between 9:00 A.M. P.S.T. and 5:00 P.M. P.S.T Monday-Friday

New Orleans No Debt Collection Experience

0
1
2
3
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9
10

NOLA NO DC
Number of highlights

1780 North Main Street
Pasadena, CA 91107-2824


7/14/2014

Address Service Requested

A98 A87
[Barcode]

[INSERT NAME]
5429 Campbell St.
Unit #804
New Orleans, LA 70115-2824

Northern Financial Group
P.O. Box 77654
Pasadena, CA 91107-2824

Credit: Elm Bank
Account No.: 556643-134-11145
Amount Due: \$1,547 as of 7/14/14
Telephone: (866) 555-1413

Northern Financial Group
P.O. Box 77654
Pasadena, CA 91107-2824

[Barcode]

Please detach at perforation and return with your payment.

YOUR DELINQUENT ACCOUNT HAS BEEN REFERRED TO THIS OFFICE FOR COLLECTION!!!

Please remit payment in full of any disputed amount, payable to our client, in the enclosed envelope.

Unless you notify this office within 30 days after receiving this notice that you dispute the validity of the debt or any portion thereof, this office will assume this debt is valid. If you request this office to verify within 30 days after receiving this notice, this office will provide you the name and address of the original creditor, if different from the current creditor.

We hold that your importer is to address this long-term debt if you wish to make payment arrangements. As of the date of this letter you owe the amount of \$1,547 as of 7/14/14. If you wish to test this matter, you may call the number (866) 555-1413. If you wish to pay this debt, you may call the number (866) 555-1413. If you wish to pay this debt, you may call the number (866) 555-1413. If you wish to pay this debt, you may call the number (866) 555-1413.

If you wish to pay this debt, you may call the number (866) 555-1413. If you wish to pay this debt, you may call the number (866) 555-1413. If you wish to pay this debt, you may call the number (866) 555-1413. If you wish to pay this debt, you may call the number (866) 555-1413.

This communication is from a debt collector. We are required to inform you that this is an attempt to collect a debt, and any information obtained will be used for this purpose.

Sincerely,
John Doe
(866) 555-1413, ext 454
Northern Financial Group
P.O. Box 77654
Pasadena, CA 91107-2824

If you have a complaint about the way we are collecting this debt, you may write to our Contact Center, 1780 North Main Street, Pasadena, CA 91107-2824 or call us toll-free at (866) 555-1413 between 9:00 A.M. P.S.T. and 5:00 P.M. P.S.T. Monday-Friday.

Arlington Debt Collection Experience

Arlington Yes DC
Number of Highlights

0 1 2 3 4 5 6 7 8 9 10

1780 North Main Street
Pasadena, CA 91107-2824

714-2014

Address Service Requested

ABR AB7

[INSERT NAME]

5429 Campbell St.

Unit #804

New Orleans, LA 70115-2824

Northern Financial Group
www.NFG.com

Creditor: Elm Bank
Account No.: 56643-134-1145
Amount Due: \$1,547 as of 7/14/14
Telephone: (866) 555-1413

Northern Financial Group
P.O. Box 77654
Pasadena, CA 91107-2824

Please detach at perforation and return with your payment.

YOUR DELINQUENT ACCOUNT HAS BEEN REFERRED TO THIS OFFICE FOR COLLECTION!!!!

Please remit payment in full of any disputed amount, payable to our client, in the enclosed envelope.

Unless you notify this office within 30 days after receiving this notice that you dispute the validity of the debt or any portion thereof, this office will assume this debt is valid. If you notify this office in writing within 30 days after receiving this notice, this office will provide you the name and address of the original creditor, if different from the current creditor. If you dispute the validity of the debt or any portion thereof, this office will obtain a copy of a judgment and mail you a copy of each judgment or notification if you request this office in writing within 30 days after receiving this notice. This office will provide you the name and address of the original creditor, if different from the current creditor.

We will not attempt to collect this debt if you notify this office in writing within 30 days after receiving this notice. If you notify this office in writing within 30 days after receiving this notice, this office will obtain a copy of a judgment and mail you a copy of each judgment or notification if you request this office in writing within 30 days after receiving this notice. This office will provide you the name and address of the original creditor, if different from the current creditor.

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New Orleans Debt Collection Experience

NOLA Yes DC																			
0	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19
1780 North Main Street Pasadena, CA 91107-2824												 Northern Financial Group www.NFG.com							
714-2014												<div>Creditor: Elm Bank Account No: 56643-134-11145 Amount Due: \$1,547 as of 7/14/14 Telephone: (866) 555-1413</div>							
A9B AB7 																			
(INSERT NAME) 5429 Campbell St. Unit #804 New Orleans, LA 70115-2824												Northern Financial Group P.O. Box 77654 Pasadena, CA 91107-2824 							
Please detach at perforation and return with your payment.																			
YOUR DELINQUENT ACCOUNT HAS BEEN REFERRED TO THIS OFFICE FOR COLLECTION!!!!																			
Please remit payment in full of any disputed amount, payable to our client, in the enclosed envelope.																			
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We advise that your intention is to pay, address this long overdue bill if you wish to resolve your account. If you fail to pay this amount by the date specified, we will send you a letter stating that you are in default and we will charge late fees. We will also report your delinquency to the credit bureaus. If you do not pay this amount by the date specified, we will send you a letter advising about your loan. Please call your account representative.																			
This communication is from a debt collector. We are required to inform you that this is an attempt to collect a debt, and any information obtained will be used for this purpose.																			
Sincerely, John Doe (866) 555-1413, ext 54 Northern Financial Group P.O. Box 77654 Pasadena, CA 91107-2824												If you have a complaint about the way we are collecting this debt, you may write to our Contact Center, 1780 North Main Street, Pasadena, CA 91107, 2824 or call us toll-free at (866) 555-1413 between 9:00 A.M. P.S.T. and 5:00 P.M. P.S.T Monday-Friday.							

Across all groups, certain elements were commonly identified as important:

- The account number, creditor, and amount due (top right)
- The written 30-day notice at the start of Paragraph 1
- The phone number to contact the office 24 hours a day in Paragraph 2
- Contact information for the complaint department (bottom box).

Participants in the Debt Collection Experience groups in Arlington and New Orleans indicated slightly more importance for the information box at the top right compared to participants in the groups without debt collection experience.

Across all groups, certain elements were commonly identified as confusing (visualizations are displayed in Appendix D):

- The statements about the account accruing interest and late charges
- The request to pay a “disputed amount”
- The mini-Miranda.

Participants in the Debt Collection Experience groups identified the first paragraph as slightly less confusing than participants in the No Debt Collection Experience groups.

Across all groups, certain elements were identified as information participants did not previously know (visualizations are displayed in Appendix E):

- The “trust that your intention is to address this long overdue debt”
- The contact information to make a complaint.

Participants in the Debt Collection Experience groups more frequently indicated that the first paragraph had new information compared to participants in the No Debt Collection Experience groups.

Improvements to the Display of Rights

Variability existed across groups and locations about how to best display rights within a validation notice. Within the No Debt Collection Experience Group in Arlington, one participant said it would be better to see rights in bullet form, one said it would seem less legitimate in bullets, and another said they didn’t mind reading through legalese to identify the rights. One participant in the Arlington Debt Collection Experience group said it would be nice to see bullets because, “it may not all apply to you.” A participant in the New Orleans Debt Collection Experience group said the sentences were too long, while a participant in one of the New Orleans Debt Collection Experience groups said, “it’s pretty concise to me.”

Responses to the rating scale question, “The format of this notice is well organized,” demonstrate that participants agreed that the information in the notice was well organized, despite variability in how long participants said they thought the sentences were (Figure 4).

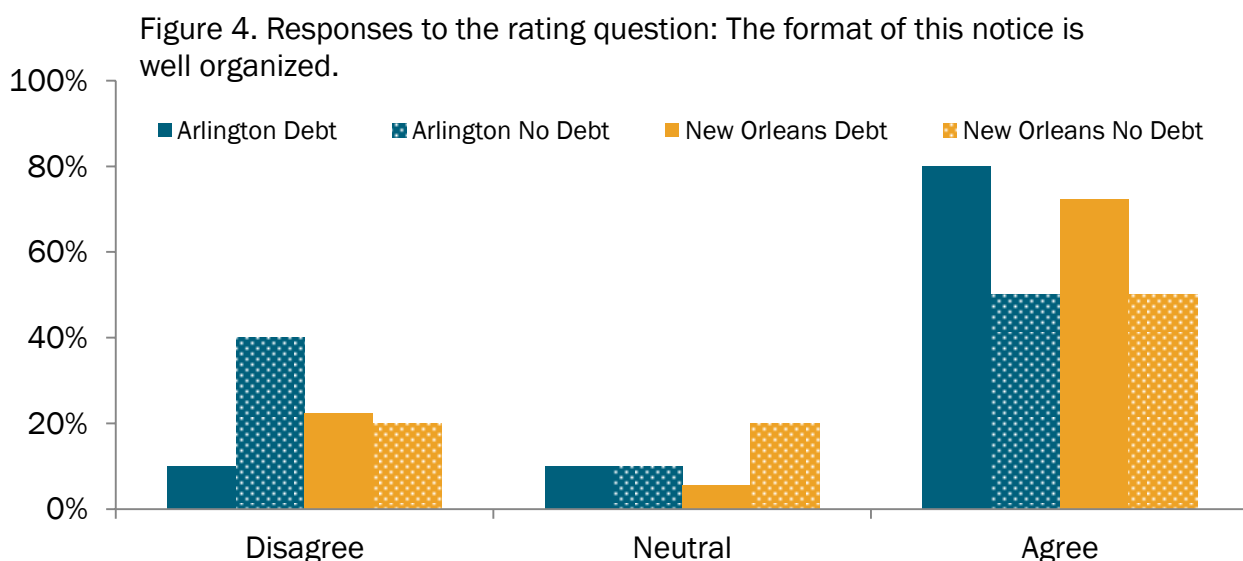
A quote from one participant in the Arlington Debt Collection Experience group suggests that relative judgments about the length and clarity of the notice could have been made:

- “I think it's short and to the point. I've seen ones that are longer; this doesn't overwhelm.” - Arlington Debt

Participants in the Debt Collection Experience groups in New Orleans and Arlington could have been making other relative judgments. Specifically, participants mentioned that they had not received notices that provided a phone number to call to make a complaint. The ability to make a complaint was a welcomed addition.

- “I’ve never seen a form that tries to make it friendly.” - New Orleans Debt
- “I’ve never seen that you can call and complain.” - Arlington Debt

Despite the evidence suggesting some participants made relative judgments when evaluating the sample validation notice, feedback about the notice was primarily positive.



Some participants in the Arlington No Debt Collection Experience Group did not agree that the notice was organized. Participants in this group said they wanted to see the amount of the debt more than once and that additional reference to the debt amount would improve the organization because:

- “I have to hunt to find it [the actual amount].” - Arlington No Debt
- “The amount should be there more than once” - Arlington No Debt
- “Because you have to detach the paper, you may misplace the part with the amount. The amount should be in the body somewhere.” - Arlington No Debt

In addition to providing the amount of the debt more than once, the Arlington and New Orleans Debt Collection Experience group participants suggested specific elements to improve. Participants in the other groups did not elaborate on how to make specific improvements. The specific improvements participants suggested included:

- “They could do a quick blurb and direct you to a website to learn more about your rights.” - Arlington Debt
- “It may not be written for people with low literacy.” - Arlington Debt
- “It would be more approachable to have my rights closer to the front.” – New Orleans Debt

- They could mandate the size of the font, because you get older people that can't read everything. It might make it easier to understand.” – New Orleans Debt

Separate Rights Sheet

Including a separate list of rights with validation notices is a potential way to inform consumers about their rights in the debt collection process. When asked by the moderator, some participants expressed that this could be a useful way to inform consumers about their rights, especially those individuals accustomed to receiving validation notices. However, changes to validation notices may go unnoticed because individuals are, “used to seeing it,” they have “stopped reading it,” and have “seen this form so many time, now I just look for numbers.”

The moderator asked participants if they would be interested in receiving an additional piece of paper that contained a list of consumer rights. Table 4 shows the consensus reached after the moderator asked participants if they wanted a separate rights sheet.

Table 4. Would you want a separate sheet describing your rights in greater detail?	
No Debt Collection Experience; Arlington	No Debt Collection Experience; New Orleans
Consensus Yes	Consensus Yes
Debt Collection Experience; Arlington	Debt Collection Experience #1; New Orleans
Consensus No	Consensus Yes
	Debt Collection Experience #2; New Orleans
	Consensus Yes

A list of rights branded by the CFPB would likely be perceived as trustworthy because the government is frequently seen as a trusted source (See Section I: Information Search). The added sheet would also make the envelopes the notices arrive in feel more bulky and less like junk (See Section IV: Communication with Debt Collectors). Participants in the Arlington and New Orleans No Debt Collection Experience groups said a sheet would seem similar to the information sent with credit cards. Most participants said the list of rights would be helpful, but variability existed about whether or not participants said they would actually read and use the information. The Arlington Debt Collection Experience group did not discuss the impact of the CFPB brand on the rights sheet. Comments related to the separate rights sheet included:

- “You could verify on your own.” - Arlington No Debt
- “How many times do you really look through your credit card statement? I wouldn't look through the pamphlet.” - New Orleans No Debt
- “The most important part is this saying that I owe a debt. I wouldn't focus on the pamphlet. I'd just look at the page that says you owe this by this date.” - New Orleans No Debt
- “I would keep a copy of it and have it next to the phone.” - New Orleans Debt
- “I'd be more willing to read it. It'd be from someone I trust a little more.” - New Orleans Debt

Trust in Validation Notices

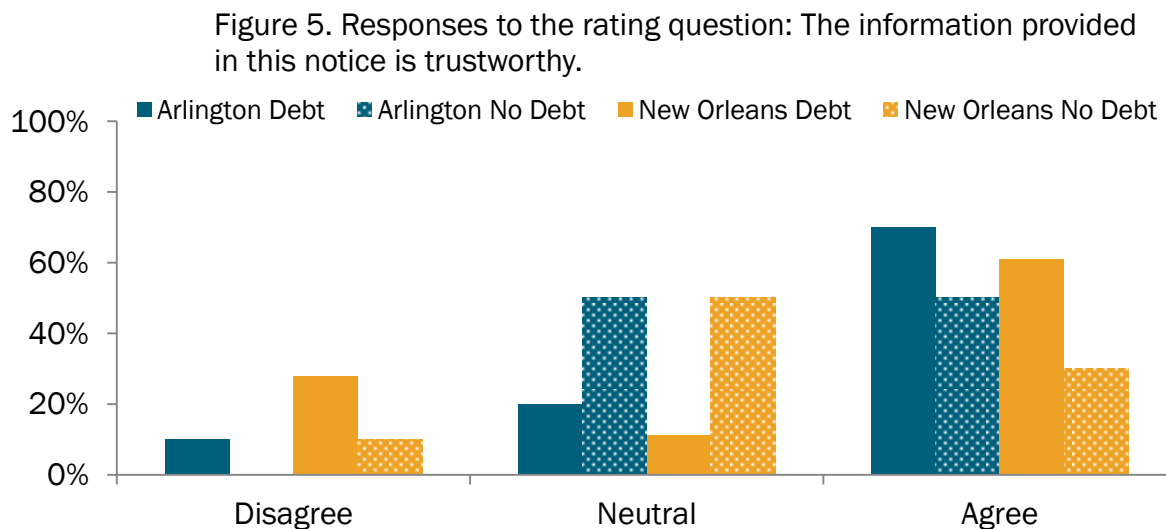
Variability existed in how much trust participants said they placed in the sample validation notice. In the Arlington No Debt Collection Experience group, participants said the sample notice seemed legitimate because they were able to identify rights that they had just discussed. Participants in the Arlington Debt Collection Experience group reached consensus that they trusted the notice and that the website and the account number listed on the notice alerted them that the notice could be trusted.

- “The account number helps you know it’s not a scam.” - Arlington Debt
- “If you have that [account number], you automatically know it’s not a scam.” - Arlington Debt

Participants in the Debt Collection Experience groups in New Orleans said they were mixed in their trust of the validation notice. Some participants in the New Orleans No Debt Collection Experience group said they mistrusted the notice because there was a typo; the word account was spelled “acount.” In addition, some participants noted that the phone number for the complaints department was the same phone number listed elsewhere on the notice. Participants said that the repeated phone number made them feel as if the complaint department was not real.

- “I’d want to see that you can call a government agency to complain, that would actually matter.” - Arlington Debt
- “I don’t think they’d do anything with the complaint.” - Arlington No Debt
- “It looks like they have a separate complaint agency, but it’s the same agency as the one that is trying to collect.” - New Orleans Debt

Despite some of the issues that reduced trust in the notices, participants reported general trust in the validation notice through their responses to the rating scale question, “The information in this notice is trustworthy” (Figure 5).



Participants in both groups in Arlington and one of the Debt Collection Experience groups in New Orleans said they perceived text in all caps as “unnecessary,” “juvenile,” and “like they are yelling at you.” In addition to repeat numbers, typos, and all capitalized text reducing

trust, one participant in the New Orleans Debt Collection Experience group expressed general mistrust of collection notices that they received at home.

- "Whenever I've gotten a letter, I've never trusted it." - New Orleans Debt

Additional Data Elements

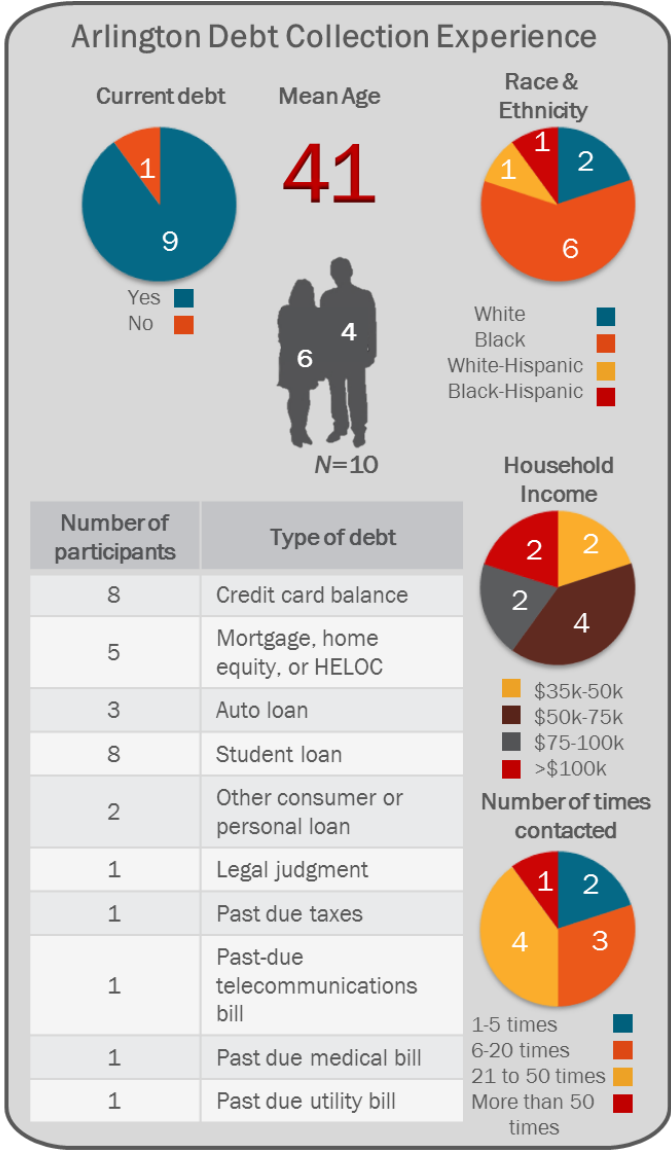
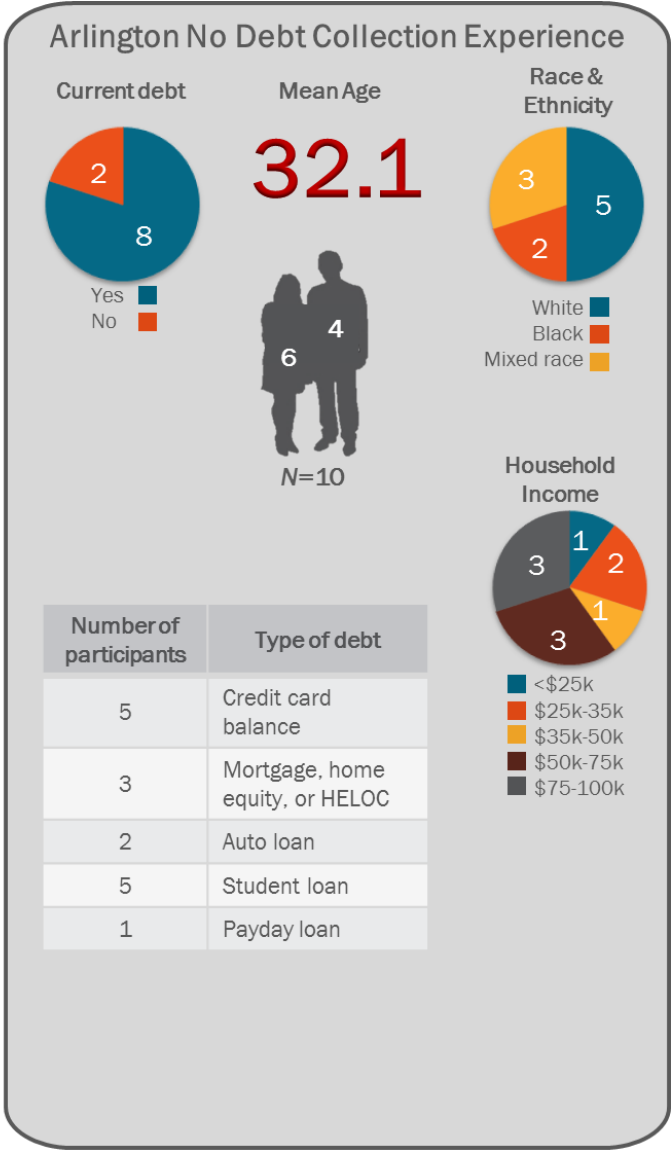
After reviewing the sample validation notice, the moderator asked participants about potential additional data elements that could help consumers identify and recognize their debts. Participants said most of the additional data elements were potentially helpful. The data elements that participants in all groups and both locations said would be useful were:

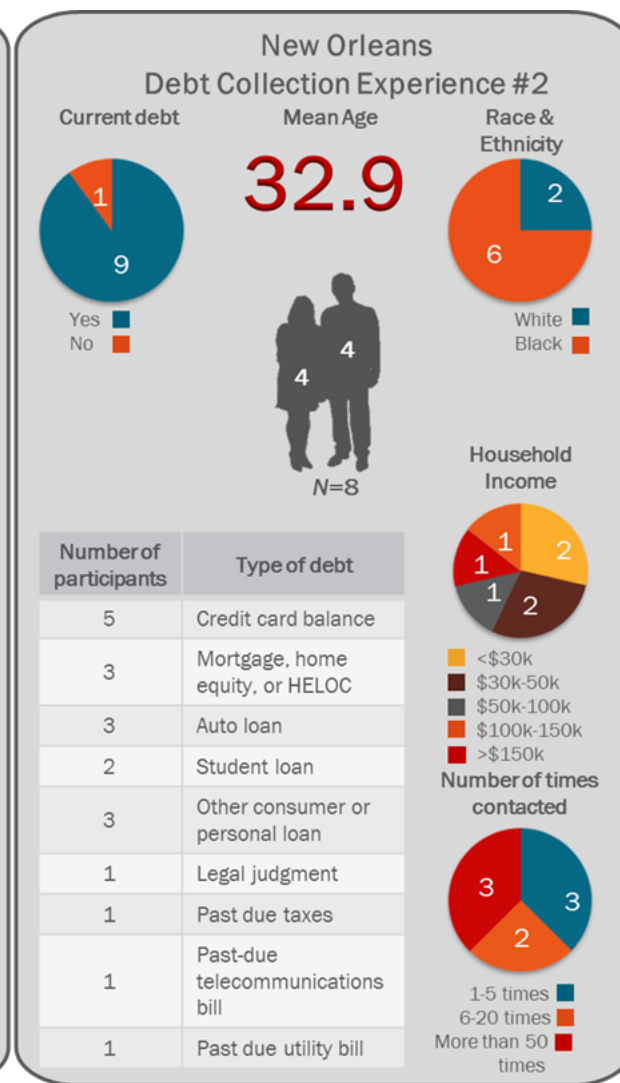
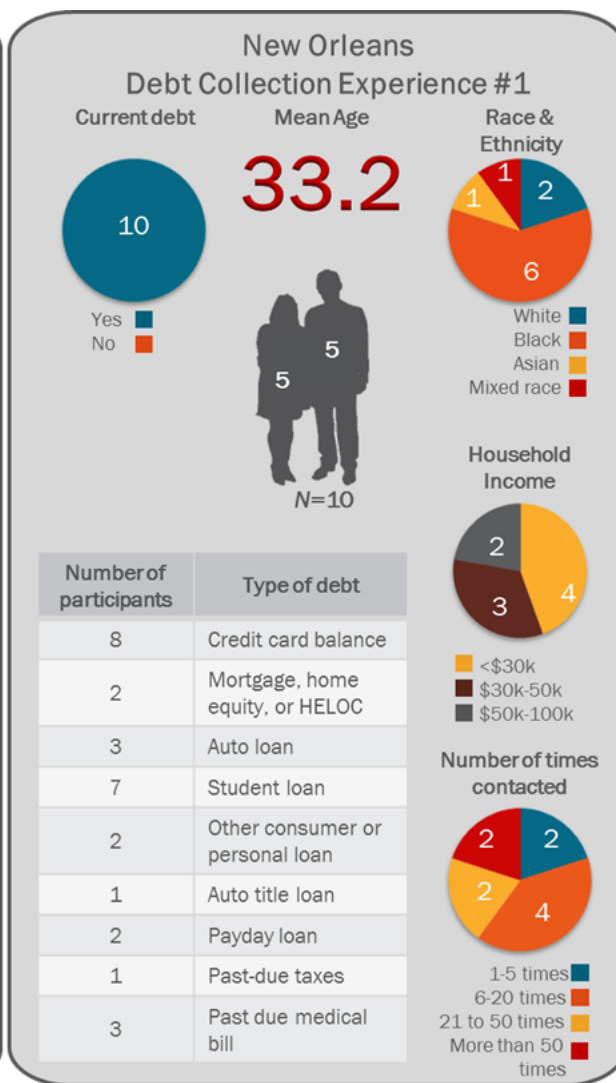
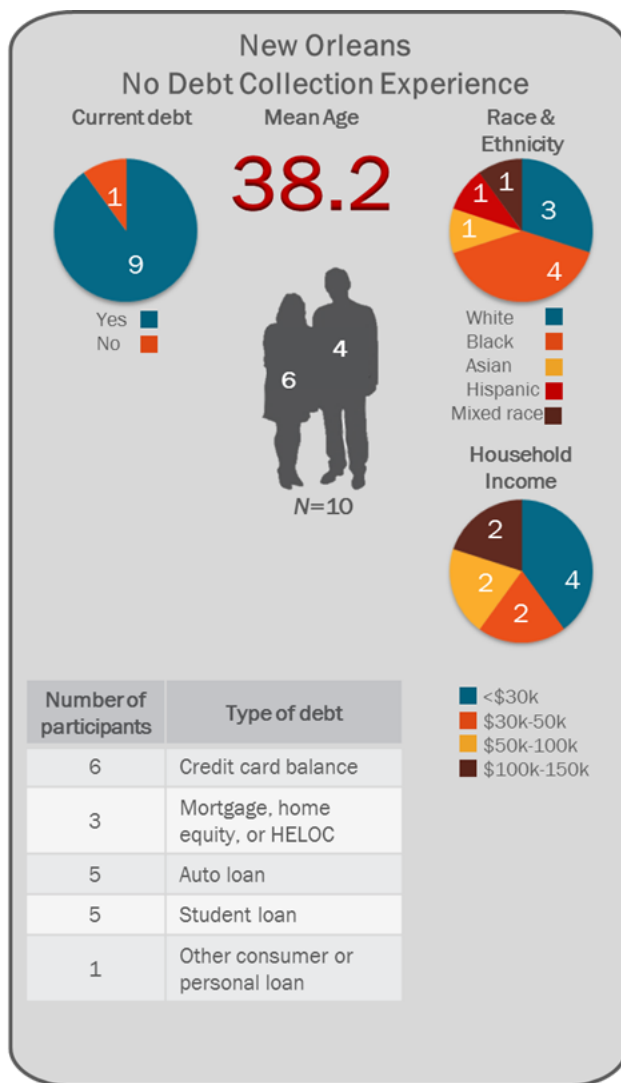
- List your debt amount separately by principal, interest, and fees
- The date and amount of the last payment by the consumer on the debt
- The name of the brand associated with the debt, where different from the original creditor (so Best Buy, not Citibank).

The full list of additional data elements and whether or not participants agreed that they would be helpful to include on a validation notice is displayed in Table 5.

Table 5. Potential additional data elements for validation notices.				
	Consensus: Yes/No/Variable			
Additional Data Element	Arlington No Debt	Arlington Debt	New Orleans No Debt	New Orleans Debt
List your debt amount separately by principal, interest, and fees	Yes	Yes	Yes	Yes
The type of the debt (e.g., student loan, auto loan)	Yes	Yes	Yes	Variable
The date and amount of the last payment by the consumer on the debt	Yes	Yes	Yes	Yes
A copy of the last periodic statement	Variable	N/A	Variable	Variable
The original amount of the debt	Yes	Variable	N/A	Yes
The amount of the debt when it moved into collections	Variable	Variable	Yes	Yes
The partial Social Security Number of the person who supposedly owes the debt	Yes	No	Variable	Variable
The name of the brand associated with the debt, where different from the original creditor (so Best Buy, not Citibank)	Yes	Yes	Yes	Yes
The name and address of the person who supposedly owes the debt	Yes	N/A	N/A	N/A
The original account number (or a truncated version)	Yes	Variable	N/A	N/A
The name of the doctor, medical group, or hospital for past-due medical bills	Yes	Yes	Variable	Variable
The date of the original contract	Variable	N/A	No	N/A

Appendix A: Participant Demographics





Appendix B: Sample G-Notice

1780 North Main Street
Pasadena, CA 91107-2824



7/14/2014

Address Service Requested

A98 A97



[INSERT NAME]
5429 Campbell St.
Unit #804
New Orleans, LA 70115-2824



Creditor: Elm Bank
Account No.: 56643-134-11145
Amount Due: \$1,547 as of 7/14/14
Telephone: (866) 555-1413

Northern Financial Group
P.O. Box 77654
Pasadena, CA 91107-2824



Please detach at perforation and return with your payment.

YOUR DELINQUENT ACCOUNT HAS BEEN REFERRED TO THIS OFFICE FOR COLLECTION!!!!

Please remit payment in full of any disputed amount, payable to our client, in the enclosed envelope.

Unless you notify this office within 30 days after receiving this notice that you dispute the validity of the debt or any portion thereof, this office will assume this debt is valid. If you notify this office in writing within the 30 day period that the debt, or any portion thereof, is disputed, this office will: obtain verification of the debt or obtain a copy of a judgment and mail you a copy of such judgment or verification. If you request this office in writing within 30 days after receiving this notice, this office will provide you the name and address of the original creditor, if different from the current creditor.





We trust that your intention is to address this long overdue debt. If you wish to make payment arrangements, you can call our office 24 hours a day at (866) 555-1413 so we can assist you in resolving this matter. As of the date of this letter you owe the amount stated above. Because your account may accrue interest, late charges and other charges that may vary from day to day, the amount due on the day you pay may be greater. If you pay the amount above an adjustment may be necessary after we receive your check. If so, we will contact you. For further information about your balance please call your account representative.

This communication is from a debt collector. We are required to inform you that this is an attempt to collect a debt, and any information obtained will be used for this purpose.

Sincerely,
John Doe
(866) 555-1413, ext 454
Northern Financial Group
P.O. Box 77654
Pasadena, CA 91107-2824

If you have a complaint about the way we are collecting this debt, you may write to our Contact Center, 1780 North Main Street, Pasadena, CA 91107-2824 or call us toll-free at (866) 555-1413 between 9:00 A.M. P.S.T. and 5:00 P.M. P.S.T Monday-Friday

Appendix C: Sample Validation Notice: Important Information

Arlington NO DC										
Number of Highlights										
0	1	2	3	4	5	6	7	8	9	10
1780 North Main Street Pasadena, CA 91107-2824								Northern Financial Group www.NFG.com		
 7/14/2014				Creditor: Elm Bank Account No.: 56643-134-11145 Amount Due: \$1,547 as of 7/14/14 Telephone: (866) 555-1413						
Address Service Requested										
A98 A97										
										
[INSERT NAME] 5429 Campbell St. Unit #804 New Orleans, LA 70115-2824				Northern Financial Group P.O. Box 77654 Pasadena, CA 91107-2824						
										
Please detach at perforation and return with your payment.										
YOUR DELINQUENT ACCOUNT HAS BEEN REFERRED TO THIS OFFICE FOR COLLECTION!!!!										
Please remit payment in full of any disputed amount, payable to our client, in the enclosed envelope.										
Unless you notify this office within 30 days after receiving this notice that you dispute the validity of the debt or any portion thereof, this office will assume this debt is valid. If you notify this office in writing within the 30 day period that the debt, or any portion thereof, is disputed, this office will obtain verification of the debt or obtain a copy of a judgment and mail you a copy of such judgment or verification. If you request this office in writing within 30 days after receiving this notice, this office will provide you the name and address of the original creditor, if different from the current creditor.										
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NOLA No DC
Number of Highlights

0 1 2 3 4 5 6 7 8 9 10

1780 North Main Street
Pasadena, CA 91107-2824



Northern Financial Group
www.NFG.com



Address Service Requested

A98 A97



[INSERT NAME]
5429 Campbell St.
Unit #804
New Orleans, LA 70115-2824

Creditor: Elm Bank
Account No.: 56643-134-11145
Amount Due: \$1,547 as of 7/14/14
Telephone: (866) 555-1413

Northern Financial Group
P.O. Box 77654
Pasadena, CA 91107-2824



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NOLA Yes DC

Number of Highlights

0 1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18

1780 North Main Street
Pasadena, CA 91107-2824



Address Service Requested

A98 A97



[INSERT NAME]
5429 Campbell St.
Unit #804
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Northern Financial Group
www.NFG.com

Creditor: Elm Bank
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Arlington Yes DC
Number of Highlights

0 1 2 3 4 5 6 7 8 9 10

1780 North Main Street
Pasadena, CA 91107-2824



7/14/2014

Address Service Requested

A98 A97



Northern Financial Group
www.NFG.com

Creditor: Elm Bank
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Amount Due: \$1,547 as of 7/14/14
Telephone: (866) 555-1413

[INSERT NAME]
5429 Campbell St.
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Northern Financial Group
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Sincerely,
John Doe
(866) 555-1413, ext 454
Northern Financial Group
P.O. Box 77654
Pasadena, CA 91107-2824

If you have a complaint about the way we are collecting this debt, you may write to our Contact Center, 1780 North Main Street, Pasadena, CA 91107-2824 or call us toll-free at (866) 555-1413 between 9:00 A.M. P.S.T. and 5:00 P.M. P.S.T Monday-Friday


Appendix D: Sample Validation Notice: Confusing Information

Arlington NO DC

1780 North Main Street
Pasadena, CA 91107-2824


7/14/2014

Address Service Requested

A98 A97


[INSERT NAME]
5429 Campbell St.
Unit #804
New Orleans, LA 70115-2824

 Northern Financial Group
www.NFG.com

Creditor: Elm Bank
Account No.: 56643-134-11145
Amount Due: \$1,547 as of 7/14/14
Telephone: (866) 555-1413

Northern Financial Group
P.O. Box 77654
Pasadena, CA 91107-2824



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NOLA No DC
Number of Highlights

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1780 North Main Street
Pasadena, CA 91107-2824



Northern Financial Group
www.NFG.com



7/14/2014

Address Service Requested

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NOLA Yes DC

Number of Highlights

0 1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18

1780 North Main Street
Pasadena, CA 91107-2824



Northern Financial Group
www.NFG.com



Address Service Requested

A98 A97



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Arlington Yes DC
Number of Highlights

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7/14/2014

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Appendix E: Sample Validation Notice: New Information

Arlington No DC Number of Highlights										
0	1	2	3	4	5	6	7	8	9	10

<p>1780 North Main Street Pasadena, CA 91107-2824</p>  <p>7/14/2014</p> <p>Address Service Requested</p> <p>A98 A97</p>  <p>[INSERT NAME] 5429 Campbell St. Unit #804 New Orleans, LA 70115-2824</p>	 <p>Northern Financial Group www.NFG.com</p> <div style="border: 1px solid black; padding: 5px; margin-top: 10px;"><p>Creditor: Elm Bank Account No.: 56643-134-11145 Amount Due: \$1,547 as of 7/14/14 Telephone: (866) 555-1413</p></div> <p>Northern Financial Group P.O. Box 77654 Pasadena, CA 91107-2824</p> 
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NOLA No DC
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1780 North Main Street
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7/14/2014

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1780 North Main Street
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Appendix F: Moderator's Guide

A. Introduction

Hello everyone and welcome. Thank you for taking the time out of your busy day to meet with us. My name is [NAME OF FACILITATOR] and I will be your moderator for this focus group today. I work for Fors Marsh Group, we are a private research firm, and we are helping the Consumer Financial Protection Bureau. The Consumer Financial Protection Bureau is a federal government agency that was created to help consumers and we are here helping the CFPB gather information to understand consumers' experiences.

[For group with no debt collection experience] I will be asking you to answer some questions about your understanding of the debt collection process. I know that you all have NOT ever had a debt in collection, but we're interested in hearing the opinions of people who aren't familiar with the process.

[For groups with debt collection experience] I will be asking you to answer some questions about experiences you may have had with the debt collection process. Despite many consumers' best intentions, some people experience personal hardships like illness or loss of a job which causes them to struggle to keep up with their debts. Everyone is here because they have had some personal experience with debt collection.

[For all groups] Today we are going to talk about the debt collection process and your understanding of the process, and we'll look at some materials. We are interested in your thoughts and opinions so we can understand what could make the debt collection process and materials clearer in the future.

Before we get started, I want to emphasize that everything said in this room is considered private. I'm here to listen and understand your perspective on these issues, not to judge or criticize you in any way. We will not share any information with any debt collectors, attorneys, collection firms, or others that try to recover debt.

There are some people from my team who are in the other room to observe, take notes, and record your comments. Your candid feedback will be very valuable, so even though people are observing, please speak openly about your opinions and experience. We want to learn from you, so it is important that you share your honest opinions. Audio recordings and transcripts will be maintained for future research use; however responses will not be linked to you personally. Your name and other personally identifiable information will be removed from the transcripts and your identity will not be associated with any particular comment or statement.

And finally, since we are talking about a subject that could be sensitive and people might share personal information, we ask that you keep anything that is said here private after you leave.

Does anyone have any questions before we move on? If you think of any questions later, you can interrupt me and ask.

Now that some of those formalities are out of the way, we can get to some introductions. We'll go around the table and I want everyone to say their name and where they would go on a vacation if they won the lottery.

I'll start. My name is [NAME OF MODERATOR], and if I won the lottery I would go on a vacation to [DESTINATION]. Let's continue to my left.

B. Understanding the Debt Collection Process

[For groups without debt collection experience only]

To begin our discussion, I'd like to ask everyone about your understanding of the debt collection process.

1. What do you think of when I say "debt collection"?
 - a. What would you be most concerned about?
 - i. [If necessary] Ruining your credit? Lawsuits? Jail time?
2. Where do you get your impressions of the debt collection process?
 - a. Who talks about it? What do they say about it?
 - b. Where do you see it?

We are here today to talk about consumer debt collection. To make sure we are on the same page, I want to define this – we are specifically talking about when a debt collector, an attorney, a collection firm, or another party contacts a consumer to request payment on a debt that is past due. This can be money owed to a utility or phone company or owed to a bank or finance company.

C. Recall About Debt Collection Notices

[For groups with debt collection experience only]

We are here today to talk about consumer debt collection. To make sure we are on the same page, I want to define this – we are specifically talking about when a debt collector, an attorney, a collection firm, or another party contacts a consumer to request payment on a debt that is past due. This can be money owed to a utility or phone company or owed to a bank or finance company. For our discussion here today I'd like everyone to think about their most recent debt that went into collection.

Now I want to ask about your initial impressions of the debt collection notices you may have received.

1. Do you remember getting a letter in the mail from a debt collector when the collector first started to collect the debt?
2. What do you remember about the notice(s) that you received about your debt in collections?
 - a. Was the notice clear or confusing?
3. At the time you received it, did you recognize the debt listed on the notice based on information in the notice?
 - a. If not, what made it difficult to recognize?
 - b. If yes, what information in the notice helped you recognize the debt?
 - i. [If necessary] the name of the creditor, the amount, the account number?
4. When you received the notice, what did you think would happen if you didn't pay it?
 - a. [If necessary] Did you think you could be sued?
 - i. Did you think that was likely?
 - b. [If necessary] Did you think not paying could damage your credit rating?
 - i. Did you think that was likely?
 - c. [If necessary] Did you think you could get arrested?
 - i. Did you think that was likely?
5. Did you try to confirm the information given in the notice?
 - a. What information in the notice did you try to confirm?
 - b. What additional information did you look at? [If necessary] Old billing statements, other correspondence from the creditor, Internet?

- c. Did you talk to anyone to try to confirm the information in the notice?
- 6. What was your reaction to the notice?
 - a. Did you know what to do next?
 - b. Did you take any specific steps in reaction to the notice?
 - c. What do you know now about the notices that you would have liked to know when you first saw it?
 - d. Did the notice make you to ask for help? Where did you look for help/more information?
 - e. Did the notice seem trustworthy?
 - i. What made it trustworthy?

D. Consumer Rights Activity

Let's start with a show of hands: Raise your hand if you think that you have rights as a consumer during the debt collection process.

Okay, before we talk more about that, I'm going to give you a list of possible consumer rights during the debt collection process. I'd like you to circle the ones that you think are consumer rights under the law. You're not being graded on how many rights you can identify, so don't worry if you're not sure about some, just circle the ones that you *think* are rights under the law.

[Give participants Attachment Appendix B and have them circle their answers.]

It looks like everyone is done. I'd like to talk about what everyone thinks about these rights. As we go through, you may change your mind about some of the rights, but please don't change your paper responses. *[Go through the list of rights and for each one ask the following questions]*

- 1. Was this a right that you thought that consumers have in debt collection?
 - a. Why or why not?
 - b. If consumers do not currently have this right under the law, do you think this is a right that would help consumers? Why/how would it help?

[Collect lists from participants, and then show correct answers on the screen, show the list of 11 rights on the screen after revealing the correct answers.]

So this is a list of the consumer rights from that exercise that were real. I'd like you to mark which three rights you think would be most important to you.

- 1. Were you aware of these rights?
- 2. Who would you talk to about these rights?
 - a. Who do you trust to provide you with information about your rights? Who do you think is on your side? Who is a consumer advocate?
 - b. Would you trust a debt collector if he or she was explaining rights to you? Why or why not?
- 3. Now that you've done this exercise, what do you know now about your rights that you wish you knew before you were first contacted by a debt collector? Where should you be able to find information about your rights? If you looked online, what websites would you expect to have trustworthy information?

E. Time Barred and Obsolete Debt

1. Would it be important to you to know that after a certain time/age you could not be sued to collect the debt? Would that change your behavior? How?
2. Would it be important to you to know that after a certain time/age the debt could not appear on your credit report? Would that change your behavior? How?
3. Sometimes collector's regain their right to file a lawsuit to collect debt when consumers make payments on old debts on which they could not be sued.
 1. Were you aware of this?
 2. How do you think you would know if you had a debt like this?
 3. If you had a debt like this, what would you want to know about it?
 4. If you learned that a debt you had was like this, what would you do?
 5. If the debt collector told you that if you paid some amount on the debt, they would NOT regain their ability to sue, would you trust them? Who would you trust? Why?

F. Debt Collection Notices Activity

Okay, now we're going to talk specifically about communications from debt collectors.

First, I'm going to read you something that collectors say over the phone and I'd like your reactions: "This call is from a debt collector. This is an attempt to collect a debt. Any information obtained will be used for that purpose."

1. Do you find that information useful?
2. Would hearing that language make you change your behavior in any way?
3. What about if debt collectors just said "This call is from a debt collector?"

Next let's talk about the notices that people get in the mail. Let's start by talking about the mail you get at your home.

1. Do you open every piece of mail you get?
2. How do you decide what to open or not open?
 - a. What don't you open?
3. What makes you more likely to open a specific piece of mail?

[Hold up a sample of a validation notice envelope.]

1. What about this—would you open this?
2. If not, why not?
3. Does it seem important?
4. What would make you more likely to open this?
5. And what about email?
 - a. Do you open every email you get?
 - b. How do you decide what to open?

Okay, so let's say that you did open one of these envelopes, and inside there is a notice about debt collection. I'm going to give you an example of what that notice would look like (See Appendix C), and I'm going to ask you to take a minute to read over it. While you're reading, I want you to take the highlighter that is in front of you, and highlight the information in the notice that you think would be the *most important information to you if you got this in the mail*.

Next I would like you to take the black pen that is in front of you and circle anything that you did not know before.

Next I would like you all to take the red pen that is in front of you and circle anything you find particularly confusing.

Now, if you flip the form over, on the back there are a couple of questions I want you to answer about this notice.

1. The format of this notice is well organized. (1=strongly disagree – 5=strongly agree)
2. The language in this notice is clear. (1=strongly disagree – 5=strongly agree)
3. The information provided in this notice is trustworthy. (1=strongly disagree – 5=strongly agree)

Here is the notice that you just evaluated. Let's discuss this form.

1. What do you think is the purpose of the form?
 - a. How can you tell?
2. What is the most important/useful information?
3. Do you trust the information on the notice?
 - a. What is making you trust or not trust it?
 - b. What would make you trust it more?
4. There are some consumer rights already displayed in this notice. What do you think about the way the rights are displayed?
 - a. Do you think you could improve the way the rights are explained?
 - i. How would you want them to be displayed?
 - ii. For example, would you want a short list of rights directly in the notice, would you want a separate sheet describing your rights in greater detail, or would you want to receive a link to a website that explains your rights?
 - b. What would be the most trustworthy way to receive information about your rights?
 - i. Would the method of delivery change whether you thought it was official or important? For instance, if you got it in the mail? In a phone call? Via email? Via text message?
5. What other improvements can be made to this notice?
 - a. Is there anything else that you would want to see on this notice that you think would help you recognize the debt? What about information like:

Probe on/listen for some of the following items:

“Need to Know”:

- List your debt amount separately by principal, interest, and fees
- The type of the debt (e.g., student loan, auto loan)
- The date and amount of the last payment by the consumer on the debt
- A copy of the last periodic statement
- The original amount of the debt
- The amount of the debt when it moved into collections
- The partial Social Security Number of the person who supposedly owes the debt
- The name of the brand associated with the debt, where different from the original creditor (so Best Buy, not Citibank)

“Nice to Know”

- Contact information about the current owner of the debt
- The name and address of the person who supposedly owes the debt
- The original account number (or a truncated version)
- The name of the doctor, medical group, or hospital for past-due medical bills
- More information about the medical service provided, such as the itemized bill, the procedure name, or the referring doctor
- The date of the original contract
- Name and address of joint borrowers or co-signers
- The name of the original creditor (if different from the current owner)

G. Conclusion

As we wrap things up, let me ask a few final questions about the debt collection process generally.

1. If you were giving advice to a friend who was recently contacted by a debt collector, what is the most important thing you would tell your friend?
2. What would you do if you weren't sure that the debt collector had the right debt amount?
3. What would you do if you started feeling harassed by a debt collector?
 - a. [If they say they'd cease communications] What do you think would happen with the debt after you asked the collector to stop contacting you?
4. If you had multiple debts in collection, how would you decide which debts to pay first?
5. What other kinds of things might affect how you would respond to an effort to collect debt?

Those are all the questions I have for everyone. I want to sincerely thank everyone again for taking the time to answer my questions and work through these exercises. Before we finish up, does anyone have any questions for me, or anything else they'd like to say about the debt collection process?