



**Debt Collection Validation Notice Research:
Summary of Focus Groups, Cognitive
Interviews, and User Experience Testing**

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1.0 Introduction

The Fair Debt Collection Practices Act (FDCPA), enacted in 1977, requires that debt collectors provide consumers with certain information during or within five days of initial communication, including, among other things, information about a given debt and the consumer's right to dispute the debt. While there are statutory requirements for what information debt collectors must provide consumers, there is no standard format for these notices. Validation notices can vary considerably—such as by design, content, and reading level—in the way information is presented.

Since 2014, the Consumer Financial Protection Bureau (CFPB) has been working with Fors Marsh Group (FMG), as part of a rulemaking process, to develop model validation notices that will communicate effectively and clearly key information about the debt and about how consumers can respond to the notice.

The CFPB worked with FMG to execute a multi-phase effort that included focus groups, individual in-depth cognitive interviews, and one-on-one user experience (UX) interviews with consumers in multiple locations across the United States. These efforts collected qualitative data on consumers' experiences with debt collection validation notices, and on their comprehension of and reactions to wording and formatting options on sample model notices.

This report provides an overview of the research effort and findings. More detailed reports describing the findings in each phase of the research are available as appendices to this document. Those reports also contain specific research materials and stimuli.

2.0 Methodology

The research project consisted of three phases of qualitative data collection: (1) a series of focus groups, (2) three rounds of cognitive interviews, and (3) three rounds of user experience interviews.

Summary of All Participants

	All Participants	Focus Groups	Cognitive Testing	UX Testing
Men	52	21	16	15
Women	56	27	14	15
Total	108	48	30	30
Average Age	38	35.6	38.9	40.8

Focus Groups

In an effort to understand consumers' perspectives on the debt collection process, FMG conducted five focus groups with two different types of consumers: 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. Because it is possible for any consumer to receive a validation notice at any time, the CFPB was interested in how consumers with and without debt collection experience would react to and evaluate various aspects of sample validation notices.

FMG held two focus groups in Arlington, Virginia, on July 16, 2014:

- One group with individuals with no debt collection experience.
- One group with individuals who had been contacted by a debt collector within the previous two years.

FMG held three focus groups in New Orleans, Louisiana, on July 29, 2014.

- One group with individuals with no debt collection experience.
- Two groups with individuals who had been contacted by a debt collector within the previous two years.

Conducting these focus groups allowed CFPB to hear from consumers about their existing attitudes, beliefs, and perceptions about the debt collection process. Topics of discussion included:

- What rights consumers believe they have in the debt collection process
- How consumers perceive the debt collection process
- The types of contact consumers have had with debt collectors
- How consumers perceive materials they receive from debt collectors
- What protections consumers believe Federal law provides
- Where consumers would look to find more information about the debt collection process.

In addition, the moderator in these focus groups showed participating consumers sample letters modeled after existing validation notices as well as lists of examples of both real and fictitious consumer rights. This allowed for discussion and feedback on elements currently in use in some validation notices and potentially additional information that could be added to the disclosures.

Data collected through the focus groups allowed the CFPB to identify specific data elements that could be considered for inclusion on the model notices by identifying whether participants believed additional elements could help them identify and recognize their debts, and whether additional information about consumer rights would be useful for consumers. The groups also helped identify what information was of particular concern to consumers, and whether current disclosures effectively communicated that information.

Summary of Focus Group Participants

	All Focus Groups	Arlington No Debt	Arlington Debt	New Orleans No Debt	New Orleans Debt #1	New Orleans Debt #2
Men	21	4	4	4	5	4
Women	27	6	6	6	5	4
Total	48	10	10	10	10	8
Average Age	35.6	32.1	41	38.2	33.2	32.9

Cognitive Testing

After the completion of the focus groups, FMG conducted cognitive testing on three versions of sample validation notices. Cognitive interviews are a specific type of individual, in-depth interview that can be used to test language, surveys, or forms with respondents in order to identify potential sources of confusion or error. In cognitive interviewing, respondents are asked to interact with materials to identify terminology or vague wording that needs to be

clarified or defined, wording that is unclear or that is interpreted differently by different individuals, and unclear or incomplete response options on the survey or form.

In this phase of research, FMG conducted one-on-one interviews with the same two types of consumer groups addressed in the focus 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. Thirty interviews took place in three locations: Arlington, Virginia, on September 23 and 24, 2014; Minneapolis, Minnesota, on October 9 through 11, 2014; and Las Vegas, Nevada, on October 23 and 24, 2014. At each location, 10 participants were interviewed: seven with debt collection experience and three without debt collection experience.

Summary of Cognitive Interview Participants

	All Cognitive Testing	Arlington	Minneapolis	Las Vegas
Men	16	4	6	6
Women	14	6	4	4
Total	30	10	10	10
Average Age	38.9	35.2	35.6	46

The goal of these interviews was to assess consumers' perceptions, preferences, and understanding of three different versions of language that could be used on validation notices. To accomplish these goals, FMG tested three versions of forms at each location. The first form was modeled closely after forms currently used by some collection agencies and tend to mirror the FDCPA's statutory language (the "sample notice"). The second form contained the same information, but written in simpler language (the "plain language notice"). The third form contained the simplified language used in the "plain language notice" but had additional consumer rights, information about the history of the debt, and, for two testing locations, information about whether the debt was obsolete or time-barred (the "full notice"). (Form usage was counterbalanced to account for order and learning effects.) To measure understanding, participants were asked to define, locate, and explain the meaning of specific parts of each form. Preferences for individual elements, phrasing, and word choices were evaluated by asking participants to directly compare the forms side by side. Specific content areas examined in the cognitive testing included:

- Mini-Mirandas
- Payment Demands
- Consumer Rights
- Additional Data Elements
- Time-Barred Debts

User Experience Testing

Findings from the cognitive testing rounds informed the notice's content and wording for the next phase of user testing. For this third and final phase of testing, prototypes of the forms were developed and examined over three rounds of iterative user experience testing. This testing examined how a respondent interacted with the design (particularly the visual design) of a form or notice, including whether formatting and design elements appropriately cued respondents on how to navigate the instrument. Upon the completion of each testing round, the forms were edited and updated based on user interaction and feedback, and then tested again in the next round. This iterative methodology ensured that changes made to the communications minimized usability issues and that new issues did not emerge as a result of the changes.

One-on-one interviews were conducted with the same two types of consumer groups addressed in other rounds: 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. Interviews took place in three locations: Arlington, Virginia, on March 31 and April 1, 2015; Minneapolis, Minnesota, on April 14 and 15, 2015; and Las Vegas, Nevada, on April 28 and 29, 2015. At the Arlington location, 10 participants were interviewed: eight with debt collection experience and two without. At the Minneapolis location, nine participants were interviewed: seven with debt collection experience and two without. At the Las Vegas location, 11 participants were interviewed: eight with debt collection experience and three without.

During user experience testing, eye-tracking glasses were used to capture participants' eye movements when interacting with the notice. Eye-movement data is a proxy measure of visual attention and provides additional insight into participants' experience with the notices. Eye movements consist of fixations, which occur when the eye is relatively still, and saccades, which are the rapid movements between the fixations. A fixation is very brief, typically 0.1 to .5 seconds in duration. Heat maps and gaze plots are then used to visualize the eye-movement fixations captured by the glasses. The data provided by eye tracking allows researchers to assess where people look as they use the documents, the order in which they look at different areas of the document, and how long they look at these different areas. Eye tracking data was of particular use in this research for observing how people initially interacted with the form, and for determining what form elements participants were using to respond to specific questions.

Summary of User Experience Participants

	All UX Testing	Arlington	Minneapolis	Las Vegas
Men	15	5	4	6
Women	15	5	5	5
<i>Total</i>	30	10	9	11
<i>Average Age</i>	40.8	38.9	44.5	39.5

Form Design and Iteration

During focus groups and cognitive testing, participants interacted with forms modeled after those currently used by some debt collectors. During the focus groups, this interaction allowed researchers to identify how consumers responded to documents currently in use. The cognitive interviewing phase of the research effort focused on the language used on the forms, so the same layout and format was used throughout the rounds. This ensured that any differences in participants' responses to the language and content across rounds were likely attributable to the language and content itself, and not the layout or format in which the language was presented. After the cognitive interviews were complete, a professional form designer integrated research findings and CFPB analysis to draft prototypes of new model forms, using graphic elements and specific layout choices to convey the content.

Details of all forms and language used in the different research phases can be found in the reports on the specific research phases, located in the appendices.

3.0 Findings Across Phases: General Perceptions/Initial Responses

During all three phases of testing, FMG collected data on consumer participants' overall perceptions of the debt collection process and validation notices.

During the focus groups, most participants said that initial communications with debt collectors, by phone or mail, have been generally negative. They believed that collectors operated outside of the law and perceived them as condescending and intimidating. Some participants 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?”, comments included:

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

Focus group participants also reported that they perceived language in notices they had received in the past as threatening:

- “Sense of urgency, like they are yelling at you, and things were written in all caps.”
- “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.”

During cognitive interviews, participants were asked to rate the language they reviewed on the sample forms using Likert-scale questions designed to assess perceptions of trustworthiness. Some of these results suggest a slight advantage in perceptions of trustworthiness for the versions of the sample notice that used revised language or plain language rather than statutory language. Comments from participants suggested that the inclusion of additional information about the debt amount (e.g., fees, penalties) contributed to their overall sense of trust:

- “They give you the principal, interest, and fees. That’s a plus.” (reviewed sample notice)
- “I’d trust it more if it stated more information about where the debt is coming from. If I got this in the mail, all I would know is the amount, nothing else. It might be random.” (reviewed plain language notice)

- “I'm not going to automatically trust the information you're giving me. I'd have to have my personal information to recognize this whole debt. I'd want to have addresses or Social Security Number, something that shows that you have the right person.” (reviewed plain language notice)
- “All the information is spelled out in more detail.” (reviewed sample notice)

Participants were also asked whether they found anything in the language confusing. In each cognitive interview location, some participants expressed confusion when they attempted to explain how the parties related to the debt. Creditor and/or collector information was displayed in the Debt Information Box, and each round of interviews featured slightly different information and a different presentation.

Debt Information Boxes Used in Cognitive Interviews		
Arlington	Minneapolis	Las Vegas
<div> <p>Current Creditor: Main Street Bank Original Creditor: Bank of USA Brand: Casey's Department Store</p> <p>Amount of debt: \$1,234.56 Principal: \$950.00 Interest: \$234.56 Fees: \$50.00</p> <p>Consumer SSN: xxx-xx-6789</p> </div>	<div> <p>Creditor: Main Street Bank Type of Debt: Student Loan Creditor's Account No.: 56643-134-11145</p> <p>Amount of debt: <u>\$1,234.56</u> Amount at charge-off: \$950.00 Penalties, interest, fees after charge-off: \$284.56</p> <p>Consumer Date of Birth: 12/3/75</p> </div>	<div> <p>Current Creditor: Main Street Corp. Prior Creditors: Bank of USA; Pace Bank Prior Collectors: XYZ Credit Corp.; USA Recovery Services; ACME Services; Marvin & Johnson</p> <p>Amount of debt: \$1,234.56 Amount of your last charge: \$56.00 Date of your last charge: 1/2/2003</p> </div>

Specifically, the unclear relationship between the parties and the debt was highlighted when participants attempted to identify the party that “currently owns the debt.” Across the rounds, when participants were asked who currently owns the debt, they provided a range of responses, including Main Street Bank, ABC Financial, Bank of USA, or the letter recipient; this variety of responses suggested a large degree of uncertainty pertaining to debt ownership. Participants in Las Vegas, who were shown language that included a list of prior collectors, also indicated that they did not think this information was relevant to the current debt. This indication could be a result of the testing environment, in which participants saw the list of fictitious financial institutions for the first time and said they did not like the volume of entities provided. In a non-testing environment, prior collectors might help individuals recognize debts as their own.

Participants in cognitive testing did indicate that they found the breakdown of penalties, interest, and fees added to the trustworthiness of the notices. However, they also said they would like to see fees and penalties broken down even further than they were in the Debt Information Boxes used in the cognitive interviews.

During user experience testing, participants reviewed model forms and were asked a series of debriefing questions on their perceptions of the notice. During the debriefing interview, the moderator asked, “Is there anything in this information that catches your attention or which is particularly important to you?” When responding to this question, participants

typically discussed the debt amounts and charges, dates of the charges and payments, the parties involved in the collection process, and the actions they could take. A few participants also mentioned the reference number when responding to this question and one participant mentioned that the CFPB website address was most important. The moderator then asked, “What is the most useful information to you in this notice?” Participants most often discussed the amount of the debt, dates, parties involved, and the actions they could take. In addition to these items, some participants also mentioned the phone number, information about the original creditor, the CFPB website, the “You Have Rights” box, the tear-off, and the reference number. The moderator also asked participants, “Did you feel overwhelmed by this notice at all? If yes, which parts, and why?” Across all three rounds of user experience testing, half of the participants responded that it was overwhelming and half said that it was not overwhelming; however, participant responses indicated that it was the overall experience of being contacted by a debt collector that was overwhelming, rather than the notice itself. As one participant said, “Well, I always feel overwhelmed if I get any kind of debt, especially if it’s over \$1,000.” Similarly, another participant said, “Well, I think they’re always stressful, getting a bill. People run to their inbox when they get bills.”

During user experience testing, tracking of eye movements was also used to determine how attention was allocated to different parts of the notice during the initial read-through, and heat maps were generated from participants’ eye movements. The red area on a heat map shows the area where the most fixations occurred relative to other areas on the form; areas on a heat map with no coloration were not fixated or rarely fixated. Eye tracking data is inherently qualitative in nature. These findings are included as descriptive data on how these participants interacted with these materials, not to provide explicit explanations for why a participant fixated on an area of the form or not.

Heat maps were created of the participants’ initial review of the notice, when they were reading their document on their own without being prompted with a specific question or directed to a specific section of the notice. Analysis of the Round 1 heat map shows that the section that described the consumer’s right to dispute the debt had the highest number of fixations on the page. The dense text in this section required more reading, resulting in more fixations than the other areas on the notice. The notice’s opening sentences, which conveyed that the notice was from a debt collector, as well as the line items in the “Our information shows” section, which provided detailed information about the debt, also had a comparatively higher number of fixations. The “You Have Rights” and “How do you want to respond to this notice?” sections had a comparatively low number of fixations. Consistent with Round 1 findings, the heat maps and gaze plots from Rounds 2 and 3 also show more fixations occurring on the dispute section, as compared to other areas on the page. Participants also fixated on the introductory section and the “Our information shows” box, while the “What else can you do?” section (which described the consumer’s right to request the original creditor’s contact information, learn more about rights, or to call regarding payment options) was rarely fixated on during the initial read-through. The gaze plots show a

similar visual scan pattern to Round 1. Participants typically read the opening section, moved to the “Our information shows” section, and then more thoroughly read the information informing them about how to dispute the debt. After reading about how to dispute, participants typically scanned quickly the “How do you want to respond to this notice?” section.

Round 1: Heat Map of Initial Read-Through

North South Group
P.O. Box 121212
Pasadena, CA 91111-2222

Questions?
Call (800) 123-4567 from 8am to 8pm, Monday to Saturday
or go to www.nsgroup.com

To: Mr. Mary Smith
1233 Main Street
Apartment 342
Arlington, VA 22222

Reference: 564-345
March 31, 2015

North South Group is a debt collector. We are trying to collect a debt that you owe to ABC Credit. We will use any information you give us to help collect the debt.

By law, we must send you the following information. You have the right to tell us if you think this information is incorrect. You also have the right to get the name and address of the original creditor.

Our information shows:

You had a Main Street Store credit card from Bank of Rockville with account number 123-456-789.

As of January 2, 2008, you owed:	\$ 1,234.56
Since then, you were charged this amount in interest:	\$ 225.00
And you were charged these fees and other charges:	\$ 0.00
And you have paid this amount toward the debt:	\$ 50.00
Total amount of the debt now:	\$ 1,409.56

ABC Credit has taken over the account, so now you owe ABC Credit.

Actions you can take:

Tell us if you think our information is incorrect. You may use the form below to write to us. You may also include supporting documents.

- If you write to us by April 30, 2015, we must stop collection on any amount you think is incorrect until we send you information showing that you owe the debt.
- If you write to us after April 30, 2015 or if you call us at any time, we must stop collection on any amount you think is incorrect until we check our information. But we are not required to send you information showing that you owe the debt.

Tell us if you want the name and address of the original creditor. Write to us by April 30, 2015 and we will stop collection until we send you that information. You may use the form below.

Mail this form to:
North South Group
P.O. Box 121212
Pasadena, CA 91111-2222

Ms. Mary Smith
1233 Main Street
Apartment 342
Arlington, VA 22222

Questions? Call (800) 123-4567

How do you want to respond to this notice?

Check all that apply:

☐ I think your information is incorrect because:

- ☐ This is not my debt.
- ☐ The amount is wrong.
- ☐ I already paid this debt in full or settled it.
- ☐ I do not think that you are the right person to pay.
- ☐ Other or more detail: _____

☐ I want the name and address of the original creditor. Send it to me.

☐ I want to make a payment. I enclosed this amount:

Please make your check payable to North South Group and include the reference number 564-345.

This heat map is a compilation of all eye fixations for all participants tested in Round 1 ($n = 10$) that occurred during the participants' initial read-through of the notice.

Round 2: Heat Map of Initial Read-Through

North South Group
P.O. Box 121212
Pasadena, CA 91111-2222
(800) 123-4567 from 8am to 6pm EST, Monday to Saturday
www.nsgroup.com
April 15, 2015

To: Ms. Mary Smith
2323 Park Street
Apartment 342
Minneapolis, MN 55401
Reference: 564-345

North South Group is a debt collector. We are trying to collect a debt that you owe to ABC Credit. We will use any information you give us to help collect the debt.

Our information shows:
You had a Main Street Store credit card from Bank of Rockville with account number 123-456-789. ABC Credit has taken over that account, so now you owe ABC Credit.

As of January 2, 2009, you owed:	\$	1,234.56
Between January 2, 2009 and today:		
You were charged this amount in interest:	+	\$ 225.00
You were charged this amount in fees:	+	\$ 0.00
You have paid this amount toward the debt:	-	\$ 50.00
Total amount of the debt now:	\$	1,409.56

How can you dispute the debt?
Write to us by May 15, 2015 to dispute all or part of the debt. If you write to us by that date, we must stop collection on any amount you dispute until we send you information that shows you owe the debt. If you write AFTER that date, we must stop collection until we confirm that our information is correct, but we may not be required to send that information to you. For ease, you may use the form below or you may write to us without the form. You may also include supporting documents.

Call us to dispute. But if you do call, we may not be required to send you information that shows you owe the debt. We must stop collection on any amount you dispute until we confirm that our information is correct.

If we do not hear from you, we will assume that our information is correct.

What else can you do?

- Ask us to send you the name and address of the original creditor. Write by May 15, 2015 and we will stop collection until we send you that information. For ease, you may use the form below or you may write to us without the form.
- Learn more about your rights under federal law. For instance, did you know that you have the right to stop or limit how we contact you? For more information, see the enclosed *Summary of Rights* or go to the Consumer Financial Protection Bureau's website at www.consumerfinance.gov.
- Call us at (800) 123-4567 to talk about your payment options.

Mail this form to:
North South Group
P.O. Box 121212
Pasadena, CA 91111-2222

Ms. Mary Smith
2323 Park Street
Apartment 342
Minneapolis, MN 55401
12345678901234567890

How do you want to respond to this notice?
Check all that apply:

☐ I want to dispute the debt because:

- ☐ This is not my debt.
- ☐ The amount is wrong.
- ☐ I already paid this debt in full or I settled it.
- ☐ I do not think that you are the right person to pay.
- ☐ Other or more detail: _____

☐ I want you to send me the name and address of the original creditor.

☐ I enclosed this amount: \$ _____

Make your check payable to North South Group.
Include the reference number 564-345.

This heat map is a compilation of all eye fixations for all participants tested in Round 2 ($n = 8$) that occurred during the participants' initial read-through of the notice. Participants fixated the most on the dispute section.

Round 3: Heat Map of Initial Read-Through

North South Group
P.O. Box 121212
Pasadena, CA 91111-2222
(800) 123-4567 from 8am to 8pm EST, Monday to Saturday
www.northsouth.com
April 27, 2015

To: Ms. Mary Smith
2323 Park Street
Apartment 342
Las Vegas, NV 89109
Reference: 564-345

North South Group is a debt collector. We are trying to collect a debt that you owe to ABC Credit. We will use any information you give us to help collect the debt.

Our information shows:
You had a Main Street Store credit card from Bank of Rockville with account number 123-456-789. ABC Credit now owns that account, so now you owe ABC Credit.

As of January 2, 2013, you owed:	\$ 1,234.56
Between January 2, 2013 and today:	
You were charged this amount in interest:	+ \$ 75.00
You were charged this amount in fees:	+ \$ 25.00
You paid this amount toward the debt:	- \$ 50.00
Total amount of the debt now:	\$ 1,284.56

How can you dispute the debt?

Write to us by May 27, 2015 to dispute all or part of the debt. We must stop collection on any amount you dispute until we send you information that shows you owe the debt. If you write AFTER May 27, we are not required to send that information to you, but we must stop collection until we confirm that our information is correct. For ease, you may use the form below or you may write to us without the form. You may also include supporting documents.

Call us to dispute. But if you do call, we are not required to send you information that shows you owe the debt. We must stop collection on any amount you dispute until we confirm that our information is correct.

If we do not hear from you, we will assume that our information is correct.

What else can you do?

- Ask us to send you the name and address of the original creditor. Write by May 27, 2015 and we will stop collection until we send you that information. For ease, you may use the form below or you may write to us without the form.
- Learn more about your rights under federal law. For instance, did you know that you have the right to stop or limit how we contact you? For more information, see the enclosed Summary of Rights or go to the Consumer Financial Protection Bureau's website at www.consumerfinance.gov.
- Contact us about your payment options.

✂

Mail this form to:
North South Group
P.O. Box 121212
Pasadena, CA 91111-2222

Ms. Mary Smith
2323 Park Street
Apartment 342
Las Vegas, NV 89109

How do you want to respond to this notice?

Check all that apply.

☐ I want to dispute the debt because I think:

- ☐ This is not my debt.
- ☐ The amount is wrong.
- ☐ I already paid this debt in full or I settled it.
- ☐ You are not the right person to pay.
- ☐ Other or more detail: _____

☐ I want you to send me the name and address of the original creditor.

☐ I enclosed this amount: \$

Make your check payable to North South Group.
Include the reference number 564-345.

This heat map is a compilation of all fixations for all participants tested in Round 3 ($n = 9$) during the initial read-through. Participants in this round also fixated the most on the dispute section.

4.0 Findings Across Phases: Debt Recognition

One of the key elements that this research effort attempted to address was debt recognition. In other words, what information consumers need to see on a notice to be able to assess whether the debt referenced belongs to them? However, there are challenges in testing this question in a laboratory setting. The key elements that allow a consumer to determine whether a debt is his or hers are typically specific to the individual's own situation, recollections, and background: do they recognize the name of the creditor or the timeframe? Is the name and contact information on the notice correct? For logistical and privacy reasons, sample forms used in testing typically cannot feature information specific to a research participant. To overcome these limitations and identify how consumers can best identify their debts, different methods were used during each round of testing to gather data on what information should be included on a notice to most effectively facilitate consumer debt identification and recognition.

In both the focus groups and the cognitive interviews, participants were asked whether they thought that information provided on a sample notice would be helpful in identifying whether a debt belonged to them. During focus groups, researchers asked participants about their experiences or concerns with debt recognition. Many participants indicated that identifying whether a debt was theirs or not was a major concern because of the potential for fraud and identity theft. Participants were then asked about certain elements that could be included on the form that would be helpful in identifying the debt. Across different groups and locations, certain data elements were identified by participants as key in helping to recognize a debt:

- The name of the original creditor
- The amount of the debt when it moved into collection
- The type of debt (e.g., credit card, student loan)
- The amount of debt with principal, interest, and fees itemized
- The name of the brand associated with the debt
- The date the debt was originally incurred.

Focus groups participants also stated that when a debt is sold or transferred, it can become difficult to recognize, especially when it was sold multiple times. Participants expressed that they would like to know when and how often their debt was sold. For example, one participant said, "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."

During the cognitive interview phase of research, two data elements were included specifically to assess their usefulness to consumers when identifying their debt. First, in some rounds of cognitive interviews, participants were shown language that included a partial Social Security Number (SSN). Comments from participants suggested mixed reactions to the presence of a partial SSN. Of the seven participants who commented on the partial SSN during this testing, five of them were uncomfortable with the inclusion of the partial SSN because of concerns about identify theft.

In other rounds of cognitive interviewing, the consumer's date of birth (DOB) was added to determine whether it helped individuals recognize a given debt as their own. Participants had mixed reactions to its presence as well; many participants who viewed this element did not think the DOB was an appropriate data element to include on the notice. No participants mentioned the SSN or DOB as elements that would help them identify the debt as their own. Overall, the pieces of information provided in the cognitive interview materials that participants were most likely to cite as helping them recognize the debt as their own were:

- Type of debt
- Amount of last charge
- Date of last charge
- Creditor's account number.

During the user experience testing research phase, a debt identification activity was used to provide participants with a more realistic situation in which to assess recognition. Participants were given a scenario describing a hypothetical consumer and her debt, and were then asked whether the debt on the notices they had been shown could be the debt described in the scenario. In the first two rounds of user experience testing, the scenario was constructed such that the debt described *likely* was the debt shown on the sample notices. In the final round, the scenario was altered such that the debt described *likely* was *not* the debt shown on the sample notices. Overall, participants in the first two rounds were more likely to correctly indicate that the debt in the sample notices could be the hypothetical consumer's, while participants in Round 3 were more likely to correctly say it was not, or to be unclear about whether the debt could be the consumer's. When participants were asked which specific elements on the notice made them think that the debt might be the consumer's, similar elements were cited:

- Matching account numbers
- Matching original creditor
- Similar amounts owed
- A timeframe in the scenario that matched the dates on the notice.

Overall, while it was difficult to create a testing scenario that perfectly reflected a consumer's experience in attempting to identify whether a debt described in a validation

notice was his or hers, across the various rounds of qualitative testing, certain data elements were consistently cited as most useful for debt identification and recognition.

5.0 Findings Across Phases: Mini Miranda

The FDCPA requires collectors to disclose in initial communications with a consumer that the communication is from a debt collector and that the purpose of the communication is to collect a debt (and to disclose in subsequent communications that the communication is from a debt collector). This disclosure is often referred to as the “Mini-Miranda.”

During initial focus group discussions, participants were read this example of a Mini-Miranda disclosure:

“This call is from a debt collector. This is an attempt to collect a debt. Any information obtained will be used for that purpose.”

Participants in all groups described the language as a useful method for collectors to formally alert individuals who they are speaking with and that information given during conversations could potentially be used in a court of law. However, some participants also said that they would not be instantly convinced that the debt collectors on the phone were not scam artists with elaborate scripts. Consensus across participants in all groups was that hearing the Mini-Miranda on the phone or reading it on a validation notice would, in the words of one participant, “make me freeze up and not say too much.”

A key element of the cognitive interviews was testing variations of Mini-Miranda language. During the cognitive interviews, three versions of the language were tested:

- “We are a debt collector, attempting to collect a debt. We will use any information you give us for that purpose.”
- “ABC Financial Group is a debt collector. We are attempting to collect a debt. We will use any information you give us for that purpose.”
- “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 that purpose.”

Cognitive interview participants across all locations and debt-experience levels had high levels of comprehension for the Mini-Mirandas, regardless of which version they saw. As one participant said, “They are the collector trying to get the money from you.” When asked which version of the language they preferred, there was some variability; but overall, participants preferred the second language option because it explicitly stated, early in the statement, that ABC Financial was a debt collector. Some participants also indicated that

they preferred the first and second versions because they were shorter, and indicated that the additional language in the third version was unnecessary.

However, participants did prefer one element of the third version of the Mini Miranda disclosure, which featured more statutory language. Specifically, participants were asked whether they preferred “we are attempting to collect a debt” or “we are required to inform you that this is an attempt to collect a debt.” Most participants responded that the “required” language sounded more official than the version that used the word “attempting.”

During the user experience phase, the following Mini-Miranda language was tested:

“North South Group is a debt collector. We are trying to collect a debt that you owe to ABC Credit. We will use any information you give us to help collect the debt.”

The prototype model notices featured this Mini-Miranda as the first line of text on the notice, bolded to draw reader attention to the disclosure. In an early round of the user experience testing, several additional sentences were included directly under the first bolded line of text:

“By law, we must send you the following information. You have the right to tell us if you think this information is incorrect. You also have the right to get the name and address of the original creditor.”

However, in testing, these sentences were not found to aid in comprehension of the information, and eye tracking demonstrated that these additional sentences were not fixated on, suggesting that they were typically not read. Therefore, this language was removed from the notice in subsequent rounds of testing and in the final notices, the following Mini-Miranda language stands on its own as the first line of the document:

“North South Group is a debt collector. We are trying to collect a debt that you owe to ABC Credit. We will use any information you give us to help collect the debt.”

6.0 Findings Across Phases: Information About the Debt

Some of the key elements of a debt validation notice are the specific pieces of information about the debt, creditor, and collector. This information might allow a consumer to identify whether the debt is theirs and, if it is, provide the information consumers need to address the debt. As was discussed in the Debt Recognition section, focus group respondents indicated that recognizing a debt was important to them, but that when a debt was sold, it became more difficult for consumers to identify from where the debt originated or if the debt was, in fact, theirs. Specific debt information was therefore tested in cognitive interviews and the user experience testing.

During cognitive testing, the following information about the sample debt was tested:

Cognitive Testing Debt Information Boxes

Round 1

Current Creditor: Main Street Bank
Original Creditor: Bank of USA
Brand: Casey's Department Store

Amount of debt: \$1,234.56
Principal: \$950.00
Interest: \$234.56
Fees: \$50.00

Consumer SSN: xxx-xx-6789

Round 2

Creditor: Main Street Bank
Type of Debt: Student Loan
Creditor's Account No.: 56643-134-11145
Amount of debt: \$1,234.56
Amount at charge-off: \$950.00
Penalties, interest, fees after charge-off: \$284.56

Consumer Date of Birth: 12/3/75

Round 3

Current Creditor: Main Street Corp.
Prior Creditors: Bank of USA; Pace Bank
Prior Collectors: XYZ Credit Corp.; USA
Recovery Services; ACME Services; Marvin
& Johnson

Amount of debt: \$1,234.56
Amount of your last charge: \$56.00
Date of your last charge: 1/2/2003

During the user experience phase, the following information about the sample debt was tested:

User Experience Testing Debt Information Boxes

Round 1

Our information shows:

You had a Main Street Store credit card from Bank of Rockville with account number 123-456-789.

As of January 2, 2009, you owed: \$ 1,234.56

Since then, you were charged this amount in interest: + \$ 225.00

And you were charged these fees and other charges: + \$ 0.00

And you have paid this amount toward the debt: - \$ 50.00

Total amount of the debt now:

ABC Credit has taken over the account, so now you owe \$ 1,409.56
ABC Credit.

Round 2

Our information shows:

You had a Main Street Store credit card from Bank of Rockville with account number 123-456-789. ABC Credit has taken over that account, so now you owe ABC Credit.

As of January 2, 2009, you owed: \$ 1,234.56

Between January 2, 2009 and today:

You were charged this amount in interest: + \$ 225.00

You were charged this amount in fees: + \$ 0.00

You have paid this amount toward the debt: - \$ 50.00

Total amount of the debt now:

\$ 1,409.56

Round 3

Our information shows:	
You had a Main Street Store credit card from Bank of Rockville with account number 123-456-789. ABC Credit now owns that account, so now you owe ABC Credit.	
As of January 2, 2013, you owed:	\$ 1,234.56
Between January 2, 2013 and today:	
You were charged this amount in interest:	+ \$ 75.00
You were charged this amount in fees:	+ \$ 25.00
You paid this amount toward the debt:	- \$ 50.00
Total amount of the debt now:	\$ 1,284.56

Creditor/Owner/Debt Brand

The first lines in each of the Debt Information Boxes contained information about creditors. Across locations and debt experience levels, participants demonstrated confusion when attempting to explain the relationship between original and current creditors. Participants were asked to identify the party that “currently owns the debt.” In Round 1, participants said they thought the owner of the debt could be Main Street Bank, ABC Financial, Bank of USA, or the letter recipient. In later rounds, participants identified three potential current debt owners, including Main Street Bank or Main Street Corporation (differed by location), ABC Financial, and the letter recipient. The variety of responses suggests a large degree of uncertainty pertaining to debt ownership between current and original creditors.

In addition, during Round 1, the brand “Casey’s Department Store” was presented to participants; this was meant to simulate a branded card associated with the debt. During focus groups, participants had identified the brand associated with the debt as a data element that would be helpful in identifying the debt. During cognitive testing, this element was not specifically identified by any participants as a feature that would help participants recognize the debt as their own, though all participants said they thought that Casey’s Department Store was the location where the fictional debt was accrued. However, participants in this hypothetical testing situation had no prior experience with this debt and Casey’s Department Store was a fictional location; brand may be a helpful feature to include in validation notices used in the real world, but cognitive testing could not provide clear evidence as to whether this piece of information was helpful or unhelpful.

Based on findings from the cognitive testing, the prototype model forms developed for user experience testing were designed to include statements laying out aspects of the chain of debt ownership, including the original creditor, the brand of the debt, the current collector, and the current creditor. In addition, the prototype model forms presented this information as sentences, rather than in a list, in an effort to better explain the relationship between organizations. The goal of these statements was to help ensure that consumers understood the relationships between the entities and could accurately describe the debt.

During user testing, most participants could correctly answer specific questions related to the different parties involved with the debt, such as the original account number or where to send payment now. In addition, when the moderator asked participants, “Is there a brand associated with the debt?”, 19 of the 28 participants correctly identified Main Street Store. However, the relationship between the various parties and broader issues about the overall debt collection process remained unclear to participants. When the moderator asked participants, “What questions do you have after reading this?”, several participants’ responses centered on the lack of information about how the parties related to one another. One participant said, “I originally saw it as I owed the creditor . . . and I got the credit through this Bank of Rockville. And now ABC Credit was collecting it. And I wasn’t sure about North South Group. So now I’m confused about how Bank of Rockville didn’t go directly to North South Group and how ABC Credit got involved. So I guess I’m confused about who ABC Credit is if they’re not a debt collector.” After the first round of user experience testing, the two sentences describing the original creditor and the current debt owner were placed together at the top of the debt information box. This improved user responses to ownership questions, but this topic continued to be a difficult concept for participants across the rounds to comprehend.

Debt Amount

The other key data elements located in the Debt Information Boxes address the amount of the debt and the payments, fees, and interest related to the debt.

During cognitive testing, participants were shown multiple options for displaying the total amount of the debt: one option itemized principal, interest and fees; one listed the amount due at charge-off and the total of post-charge-off penalties, interest, and fees; and one did not itemize the total amount owed. Across rounds, participants said they liked seeing the amount of debt itemized (in whatever format they were shown) because it helped them recognize specific charges. However, many participants said that they did not know what the fees were for and said that they would have liked to see penalties and fees broken down even further. Additionally, participants provided mixed responses when explaining which entity applied the penalties, interest, and fees: this remained an area of confusion throughout the rounds of cognitive testing. In addition, some participants expressed confusion about the term and concept of “charge-off.”

Based on the findings suggesting that consumers preferred to see details of the debt broken down, the prototype model forms developed for the user experience testing all featured breakdowns of the debt amount, including amount owed, interest, fees, and payments. In addition, the term charge-off was not used on the prototype model forms; rather, a specific date after which fees and interest were charged was provided to consumers. Between rounds, small changes to wording and formatting were made but the data elements displayed did not change. Across all rounds, participants were overwhelmingly able to use the Debt Information Boxes to correctly answer questions about the amount owed, the

amount of interest on the debt, and whether fees were owed. However, participant responses did still suggest some confusion regarding which party charged the interest on the debt.

Social Security Number/Date of Birth

Participants across rounds of testing said that the security of their personal information was a serious concern. In the focus groups, while participants said they wanted as much information as possible to help them recognize their debt, they felt that some information—such as partial Social Security numbers and specifics about hospital procedures and doctors—decreased the security of validation notices. During various rounds of cognitive interviews, partial Social Security numbers and consumer DOB were added to the notice. While some participants indicated that this information made the notice feel somewhat more trustworthy or official, overall participants were uncomfortable with the inclusion of this information or felt that these elements were not appropriate for a validation notice. Prototype notices developed for the user experience testing do not include either partial Social Security numbers or DOBs.

Contact Information for Debt Collector/Original Creditor

The FDCPA requires that validation notices disclose the consumer's right to request the name and address of the original creditor.

Two versions of this disclosure were tested during the cognitive interviews:

Plain Language version: If you write us within 30 days of receiving this notice to request the name and address of the original creditor, we are required to give you that information.

Statutory Language version: 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.

Participants tended to prefer the Plain Language version over the Statutory Language versions, although the participants that preferred the Statutory version said that the phrasing sounded more official than that on the Plain Language version.

The prototype model forms developed for user experience testing included text indicating that consumers could request the name and address of the original creditor. Participants' responses suggest that they were aware that there are several methods for obtaining the original creditor's contact information and most recognized writing or using the tear-off section of the letter as one such method. Analysis of eye tracking data of questions related to this showed that when responding to questions about obtaining contact information for the original creditor, participants typically first fixated on the top of the form, which includes contact information for the debt collector, North South Group. After looking at the contact

information located at the top of the form, most participants then looked to other areas of the form, including the tear off and the section titled, “What else can you do?”, which explained that they could write to North South Group to request the contact information for the original creditor.

7.0 Findings Across Phases: Consumer Rights

Overall Rights

One of the CFPB's goals with the model notices is to ensure that participants understand certain debt collection rights or are aware of resources where they can learn more information about these rights. During focus groups, participants were shown a list of some consumer rights in the debt collection process and asked to identify those rights that they believed were the most important. Across the groups, two rights were most often cited as important:

- “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.”
- “Collectors must always identify themselves as a debt collector in each communication with me.”

Discussion in the groups indicated that these rights were considered important due to concerns about fraud and identity theft, and because consumers were concerned about verifying debt and reducing scams. As one participant said about these rights, “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.”

To test the wording and impact of consumer rights that could potentially be provided to consumers on the validation notice or in a separate document, different versions of language for various rights were examined during the cognitive interviews.

Rights Language Tested in Cognitive Interviews		
Right 1	Plain Language	If you dispute all or any part of this debt, you must tell us within 30 days of receiving this notice or we will assume the debt is valid. For example, you may dispute the debt if you believe the debt is not yours or that the amount requested is wrong.
	Statutory Language	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.
Right 2	Plain Language	If you write us to dispute this debt within 30 days of receiving this notice, we are required to send you verification of the debt.
	Statutory Language	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 the judgment and mail you a copy of such judgment or verification.
Right 3	Plain Language	If you write us within 30 days of receiving this notice to request the name and address of the original creditor, we are required to give you that information.
	Statutory Language	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.

For Rights 1 and 2, most participants preferred the Plain Language versions, saying that these versions were more concise and direct. Some participants cited specific elements of the Statutory Language that they found complex or difficult to understand, such as “portion thereof” in Right 2. For Right 3, no clear preference was observed; many participants said they preferred the Plain Language form because it “was more personal” and “was more to the point,” but participants who preferred the Statutory Language said the phrasing sounded more official.

During the various rounds of cognitive interviews, additional rights were also shown to consumers to obtain their reactions to the rights.

Additional Rights Reviewed in Cognitive Testing
If you tell us that any time or place is inconvenient, we cannot contact you at that time or place. For example, if you tell us not to call you on your work telephone, we must comply. If you tell us not to contact you in any way while you are at work, we must comply.
We cannot contact you at work if we know or have reason to know that your employer does not allow such communication.
We cannot contact you before 8 am or after 9 pm, except under limited circumstances.
If you tell us in writing to stop all contact with you, we must stop contacting you. This, alone, does not make the debt go away, and in limited circumstances we may follow up with you.
If you write to dispute this debt within 30 days of receiving this notice, we are required to stop collecting until we send you verification of the debt.
We must not communicate about your debt with most people, including your employer, neighbors, friends, and relatives (except spouses and parents of minor children).
We must not harass you or be abusive to you. For example, we must not threaten you with violence and we must not use obscene or profane language. We also must not intentionally harass or annoy you by repeatedly or continuously calling.
For more information about your rights, go to www.consumerfinance.gov/debtcollection .

Participants often expressed doubts that debt collectors would respect these rights and some raised questions about specific wording, such as the phrase “limited circumstances.” However, participants tended to respond that these rights were important and that reading them could change the actions they would take (i.e., they would try to exercise this right). When asked specifically about the CFPB website, there was consensus among participants that they would visit the site and that they thought it would be trustworthy because it was a “.gov” website. They also had positive reactions to the inclusion of a URL as an additional resource.

Some versions of the notices tested during cognitive interviews listed these rights under a heading that read, “Under Federal Law.” While two participants said the phrase added a sense of urgency and seemed threatening, most participants said that added to the form’s trustworthiness. One participant said, “This is a plus that they say ‘Under Federal Law.’ It’s good to see this in the letter that we are protected under federal law.”

When prototype model notices were developed for the user experience testing, the decision was made to reference consumers’ rights on the actual validation notice. In Round 1 of user experience testing, participants reviewed notices that featured two versions of rights language:

You Have Rights

You have rights under federal law. For example, you can stop or limit how we contact you. See the enclosed *Summary of Rights* or go to www.consumerfinance.gov for more information.

You Have Rights

You have the right to stop us from contacting you or to limit our contact. You can tell us to not contact you at a particular time or place. For example, you may tell us to not call you at work. If you write to tell us to stop contacting you, we must stop. But you will still owe the debt. In certain circumstances, we may follow up. For more information about your rights, see the enclosed *Summary of Rights* or go to www.consumerfinance.gov for more information.

To evaluate whether the different versions of the language accomplished the same goal, participants were asked, “If you wanted the debt collector to stop or limit contact with you, what could you do?” Participants gave similar responses when reviewing each of the notices, most saying that they would write or call the debt collector, suggesting that both language versions would result in the same action. Based on these findings, and given space constraints on the notice, the decision was made to limit rights language on the model notices to the shorter version tested in Round 1.

Summary of Rights Document

In addition to having specific consumer rights listed on the model validation notice, this research also addressed the possibility of providing consumers with a separate, potentially CFPB-branded document containing a statement of some federal consumer rights.¹

In the focus groups, most participants said that a list of rights branded by the CFPB would likely be perceived as trustworthy because the government is frequently seen as a trusted source, and that the added sheet could make the envelopes the notices arrive in feel more bulky and less like “junk.” Most participants said the list of rights would be helpful.

When the prototype model notices were developed for user experience testing, it was determined that the prototype would contain limited information on the rights themselves and would refer consumers to a separate Summary of Rights document. Because the Summary of Rights document had not yet been developed at the time of the user experience testing, the moderator asked participants about their expectations for this document, based

¹The document providing consumers with information on their federal consumer rights was ultimately called the Statement of Rights. However, during this phase of testing on the validation notice, the yet-to-be-developed document was referred to as the Summary of Rights; this report will use that phrase when referring to this document.

on the reference to it on the model validation notice. Participants generally responded that they expected the Summary of Rights document to provide more information about their rights in the debt collection process, such as how to stop or limit contact, or how to handle aggressive collectors, and other information that could answer their questions about the process.

8.0 Findings Across Phases: Dispute Procedure

One important purpose of the model validation notices is to provide the consumer with information on the steps to take if he or she wants to dispute the debt described in the notice.

During the focus groups, the concept of disputing a debt was discussed as part of the broader discussion of consumer rights. As was discussed in the Consumer Rights section of this report, most participants indicated that the most important right among those they reviewed was the right to dispute a debt.

Dispute Language

Language tested during the cognitive interview phase included statements addressing the dispute procedure. As was described in the Consumer Rights section, both plain language and more formal statutory language were tested, and most participants preferred the plain language options. The plain language versions included:

- If you dispute all or any part of this debt, you must tell us within 30 days of receiving this notice or we will assume the debt is valid. For example, you may dispute the debt if you believe the debt is not yours or that the amount requested is wrong.
- If you write us to dispute this debt within 30 days of receiving this notice, we are required to send you verification of the debt.
- If you write us to dispute this debt within 30 days of receiving this notice, we are required to stop collecting until we send you verification of the debt.

Participants identified the third statement, in particular, as being very important. They said that having this information about the requirement that the debt collector stop collection if they disputed the debt would make them likely to attempt to exercise this right, although some did indicate uncertainty about how long this process would take or what happened to the debt during this period. Comments made by participants who saw the third statement included:

- “I would use it as a means to stop harassment. The more confusing part is ‘stop collecting.’ Is it not mine during that period of time? At that point, is it not truly owed by me?”
- “I don’t know how long it takes to verify all of this. Is it a month? A week?”

These results from cognitive testing indicated that participants recognized the right to dispute a debt and the process for doing so as important information, but that the model validation notices might need to provide additional information. Therefore, when prototype model forms were developed, they included both explanatory text describing the dispute rights and process, and a tear-off section on the bottom of the form that consumers could use to initiate the dispute process. To assess understanding of the dispute right, participants in the user experience testing were asked, “Imagine you received this notice, but did not think you owed the debt. What could you do?” The moderator then asked follow-up questions about how participants would respond if they thought they didn’t owe the debt, such as, “Could you dispute the debt? How? What would happen next? What do you think would happen to the debt?” The primary findings from this portion of the testing dealt with the specifics of what happens if a consumer writes or calls to dispute the debt before or after a certain date. If a consumer writes before a certain date, the debt collector is required to send the consumer a copy of the information related to the debt. If the consumer writes after the date or calls to dispute at any time, the debt collector is not required to send the consumer this information. Across rounds, all participants understood that they had options for contacting the debt collector to dispute the debt, but participants gave varying responses to specific questions about disputing across the rounds of testing.

As a result of the findings from these questions, this section of the notice underwent significant design and content changes between the rounds of user experience testing to maximize understanding and ease of use. For example, participants did not appear to initially connect the “Actions you can take” section heading with disputing the debt, so this section was renamed “How can you dispute the debt?” to draw attention to this section. In addition, in Round 1 of user experience testing, it was not clear to participants whether they needed to use the tear-off to write to dispute the debt or if another form of written communication (such as writing a letter) would also suffice. In Round 2, language was added to the form saying, “For your ease, you may use the form below or you may write to us without the form.” Finally, significant changes were made to the language describing the difference between writing and calling to dispute the debt within 30 days, and to the way this language was organized. First, the actions of writing and calling were placed in separate bullet points, with each bullet beginning with an action verb. In addition, information from other locations on the form was moved to a new section with the heading “What else can you do?”, which was intended to draw attention to these options by placing them under an action-oriented question and listing the potential actions with bullet points. After changes had been implemented to the language across rounds, participants’ overall comments suggest that they understood the difference in writing to dispute the debt before the specified date as well as the impact of calling rather than writing.

The dispute language tested in each round of the user experience testing is shown below:

User Experience Testing Debt Dispute Process Description Language

Round 1: Actions you can take

Actions you can take:

Tell us if you think our information is incorrect. You may use the form below to write to us. You may also include supporting documents.

- **If you write to us by April 30, 2015,** we must stop collection on any amount you think is incorrect until we send you information showing that you owe the debt.
- **If you write to us after April 30, 2015 or if you call us at any time,** we must stop collection on any amount you think is incorrect until we check our information. But we are not required to send you information showing that you owe the debt.

Tell us if you want the name and address of the original creditor. Write to us by April 30, 2015 and we will stop collection until we send you that information. You may use the form below.

Round 2: How can you dispute the debt?

How can you dispute the debt?

- **Write to us by May 15, 2015 to dispute all or part of the debt.** If you write to us by that date, we must stop collection on any amount you dispute until we send you information that shows you owe the debt. If you write AFTER that date, we must stop collection until we confirm that our information is correct, but we may not be required to send that information to you. For ease, you may use the form below or you may write to us without the form. You may also include supporting documents.
- **Call us to dispute. But if you do call, we may not be required to send you information that shows you owe the debt.** We must stop collection on any amount you dispute until we confirm that our information is correct.

If we do not hear from you, we will assume that our information is correct.

What else can you do?

- **Ask us to send you the name and address of the original creditor.** Write by May 15, 2015 and we will stop collection until we send you that information. For ease, you may use the form below or you may write to us without the form.
- **Learn more about your rights under federal law.** For instance, did you know that you have the right to stop or limit how we contact you? For more information, see the enclosed *Summary of Rights* or go to the Consumer Financial Protection Bureau's website at www.consumerfinance.gov.
- **Call us at (800) 123-4567 to talk about your payment options.**

Round 3: How can you dispute the debt?

How can you dispute the debt?

- **Write to us by May 27, 2015 to dispute all or part of the debt.** We must stop collection on any amount you dispute until we send you information that shows you owe the debt. If you write AFTER May 27, we are not required to send that information to you, but we must stop collection until we confirm that our information is correct. For ease, you may use the form below or you may write to us without the form. You may also include supporting documents.
- **Call us to dispute. But if you do call, we are not required to send you information that shows you owe the debt.** We must stop collection on any amount you dispute until we confirm that our information is correct.

If we do not hear from you, we will assume that our information is correct.

What else can you do?

- **Ask us to send you the name and address of the original creditor.** Write by May 27, 2015 and we will stop collection until we send you that information. For ease, you may use the form below or you may write to us without the form.
- **Learn more about your rights under federal law.** For instance, did you know that you have the right to stop or limit how we contact you? For more information, see the enclosed *Summary of Rights* or go to the Consumer Financial Protection Bureau's website at www.consumerfinance.gov.
- **Contact us about your payment options.**

In addition, in some rounds of user experience testing, participants were shown a prototype model notice that featured an alternative version of the dispute language. This alternative language consisted of a simplified “How can you dispute the debt?” section that did not include any difference in the dispute rights if an individual wrote or called, or when they disputed the debt.

How can you dispute the debt?

Write or call us to dispute all or part of the debt. We must stop collection on any amount you dispute until we send you information that shows you owe the debt. For ease, you may use the form below or you may write to us without the form. You may also include supporting documents. If we do not hear from you, we will assume that our information is correct.

After reviewing the alternative dispute language, participants were asked what they could do if they wanted the collector to stop or limit contact and if they could dispute the debt. All participants were able to identify that they could dispute the debt, and that the collector would stop collection on the debt until it had provided the consumer with information about the debt.

Form Tear-Off

To assess how consumers might use the tear-off, the moderator asked a series of comprehension questions. First, participants were asked, “Can you use the form to send the payment?” Twenty-eight participants said they could use the form to send the payment and only one participant gave an unclear answer. To further clarify participants’ responses, the moderator asked, “How could you use this form to send a payment?” Twenty-five of the 27 participants who were asked this question said they would check the box and send the tear-off at the bottom of the sheet. This suggests that consumers generally understood that the form can be used to send a payment.

The moderator continued to ask questions to determine how consumers might use the items in the “How do you want to respond to this notice?” section of the tear-off. Participants were asked, “What if you recognized the debt as one you owed, but some information about the debt was incorrect? What could you do?” Of the 28 participants who were asked this question, 23 participants said that they could use the box on the tear-off to dispute the debt. This suggests that it is clear how to use the form to dispute the debt and, as a result, changes made to the tear-off across the rounds of the testing were relatively minor:

User Experience Testing Tear-Off Language

Round 1: How do you want to respond to this notice?

How do you want to respond to this notice?

Check all that apply:

☐ I think your information is incorrect because:

- ☐ This is not my debt.
- ☐ The amount is wrong.
- ☐ I already paid this debt in full or I settled it.
- ☐ I do not think that you are the right person to pay.
- ☐ Other or more detail: _____

☐ I want the name and address of the original creditor. Send it to me.

☐ I want to make a payment. I enclosed this amount: \$

Please make your check payable to North South Group and include the reference number 564-345.

Round 2: How do you want to respond to this notice?

How do you want to respond to this notice?

Check all that apply:

☐ I want to dispute the debt because:

- ☐ This is not my debt.
- ☐ The amount is wrong.
- ☐ I already paid this debt in full or I settled it.
- ☐ I do not think that you are the right person to pay.
- ☐ Other or more detail: _____

☐ I want you to send me the name and address of the original creditor.

☐ I enclosed this amount: \$

Make your check payable to North South Group. Include the reference number 564-345.

Round 3: How do you want to respond to this notice?

How do you want to respond to this notice?

Check all that apply:

☐ I want to dispute the debt because I think:

- ☐ This is not my debt.
- ☐ The amount is wrong.
- ☐ I already paid this debt in full or I settled it.
- ☐ You are not the right person to pay.
- ☐ Other or more detail: _____

☐ I want you to send me the name and address of the original creditor.

☐ I enclosed this amount: \$

Make your check payable to North South Group. Include the reference number 564-345.

9.0 Findings Across Phases: Time-Barred and Obsolete Debt

The final concepts examined in the research on validation notices are time-barred and obsolete debts. Time-barred debts are debts for which the statute of limitations has expired. In some cases, a time-barred debt may be revived (i.e., the statute of limitations may restart) if the consumer makes a payment or acknowledges a debt. Obsolete debts are debts that are too old to be included on a person's credit report, which generally reflects financial activity for the past seven years. The goals of testing these concepts were to evaluate how well participants understood the concepts of time-barred and obsolete debts, and how that understanding would impact their behavior.

Participants in all of the focus groups agreed that 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.” However, participants' comments suggested that actual understanding of time-barred and obsolete debts varied considerably. Responses demonstrated that a high degree of confusion existed about when an individual can be asked to pay a debt, when he or she can be sued, when a debt can appear on a credit report, and when, if ever, debts are “forgiven.”

Many participants also said that knowledge of time-barred and obsolete debts would change the way they approach the repayment of their outstanding debts. Examples of their statements included:

- “Why would I pay it?”
- “It would help prioritize what I am paying. I know for a fact that making a payment restarts the seven-year clock.”

Some participants also expressed doubts about the information they were presented about time-barred and obsolete debts. Participants said that if they received a statement with this information on it, 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.”

During cognitive interviews, a description of a debt that was time-barred and obsolete as well as one of a debt that was time-barred and not obsolete were tested, using the following language:

- “The law limits how long you can be sued on a debt. Because of the age of your debt, we will not sue you for it. This could change, for example, if you

make a partial payment or acknowledge in writing that you owe the debt. We may report or continue to report your debt to the credit reporting agencies.”

- “Because of the age of your debt, we will not sue you for it. This could change. For example, we may sue you if you make a partial payment or acknowledge in writing that you owe the debt.

In most cases, debt as old as yours cannot appear on credit reports by law.”

Overall, interview responses showed that participants were confused by these disclosures on time-barred and obsolete debt. Participants said some of their confusion arose from the fact the disclosure initially says they cannot be sued, but later says that they can be sued on the debt. Comments from participants suggest that confusion arose from the seemingly conflicting messages, not from uncertainty about complex wording or jargon. Because of the seemingly contradictory messages, some participants thought they were about to be sued on the debt, regardless of the actions they took. In addition to the confusion about the contradicting messages that participants mentioned above, they said they found it counterintuitive that making a payment on a debt could open them up to an otherwise time-barred lawsuit. As one participant said, “Why would they sue if I made a partial payment? Why would they punish me for trying to make a payment? They are threatening me a little bit there.” Despite the confusion, all participants—except one with debt collection experience—thought it was important to know about time-barred and obsolete debts.

Many participants said this knowledge would change their behavior in a variety of ways. Many participants, knowing this information, would reduce the likelihood that they would make a payment toward the debt. One participant said she would be hesitant to dispute the debt for fear that she might accidentally be acknowledging the debt as her own.

When prototype model forms were developed, versions were created that included variations of both time-barred and obsolete debt language. During the user experience testing, participants in each round were shown notices that included a number of variants of time-barred and obsolete debt language.

Time-Barred and Obsolete Debt Language in User Experience Testing		
Round 1	Time-barred, no revival, not obsolete	Because of the age of this debt, we cannot sue you for it. But we can report the debt to credit reporting agencies.
	Time-barred, revival, not obsolete	Because of the age of this debt, we cannot sue you for it unless you make a payment or acknowledge it in writing. We can report the debt to credit reporting agencies.
Round 2	Time-barred, no revival, obsolete	Because of the age of this debt, we cannot sue you for it and the debt cannot appear on your credit report.
	Time-barred, revival, obsolete	Because of the age of this debt, we can sue you for it only if you make a payment or acknowledge it in writing. And the debt cannot appear on your credit report.
Round 3	Time-barred, revival, obsolete	Because of the age of this debt, we can sue you for it only if you make a payment or acknowledge it in writing. In most cases, the debt cannot appear on your credit report.
	Time-barred, revival, not obsolete	Because of the age of this debt, we can sue you for it only if you make a payment or acknowledge it in writing. We can report the debt to credit reporting agencies.

For each version, respondents were asked questions after they reviewed the time-barred language to test the clarity of the information.

First, they were asked, “Based on the information in this notice, can you be sued on this debt?” Nearly all participants were able to correctly answer the question when viewing language that did not include revival: they said they could not be sued. When viewing language that included the possibility of revival, most participants also said they could be sued. When participants viewing revival language were asked the follow-up question, “Under what circumstances can you be sued?”, they were also able to correctly respond that they could be sued if they made a partial payment or acknowledged the debt in writing. Some participants’ comments did suggest that it was unclear what constituted *acknowledging in writing*. For example, one participant was unsure if speaking to the debt collector constituted acknowledgement, saying, “If I did want to actually contact them and talk to them about it, I would assume by this right here that they couldn’t pursue it any further than just the conversation I had with them. Although I really wouldn’t know that for sure, so I may not even pursue a call, having read this.” Other participants were unclear on whether using various parts of the tear-off portion of the form would constitute acknowledging the debt in writing. For example, one participant said: “Well, it all depends. . . if checking a box is considered writing. To me it’s not, but you never know. That’s why I’d have to inquire with Consumer Finance.”

Participants were also asked, “If you made a partial payment on the debt, what could happen? Could the collector sue you?” When viewing language that did not include revival,

participants offered mixed responses, some indicating that they could not be sued and some saying that they were not sure. When viewing language that included revival, nearly all participants correctly responded that they could be sued if they made a partial payment. Despite responding correctly, some participants expressed doubt as to how the revival language could actually be accurate and discussed how it caused confusion. For example, one participant said, “Why would you sue me if I was making my payments and acknowledging my debt? I think, to me in my mind, it would be the other way around. If you’re not acknowledging your debt, you’re not making payments, we’re going to take the legal course of action to secure our money. But if you’re going to sue me for making my payments, no. That’s going to make me very, very, very nervous before I make a payment.”

The moderator also asked participants, “If you wrote the collector and said you owed the debt, what could happen? Could the collector sue you?” When viewing language that did not include revival, most participants said that they could not be sued. When viewing language that did include revival, nearly all participants responded that they could be sued if they acknowledged the debt in writing. Again, although most participants were able to correctly interpret the revival language, participants often hesitated or seemed uncertain when answering, which may have been due to their disbelief that acknowledging in writing could open them to being sued. And again, some participants were unclear whether disputing a debt could be viewed as an acknowledgment.

Participants were then asked, “Can the debt appear on your credit report?” Across rounds, when shown language indicating that the debt was not obsolete, participants correctly indicated that the debt could appear on their credit report. And when the language indicated that the debt was obsolete, participants correctly indicated that the debt could not appear on their credit report. Only a few participants were unclear on this; those were largely participants who conflated this issue with revival language, such as the participant who said, “I guess I’m a little unclear if I write or acknowledge it, then can it appear on my credit report?” Some participants also expressed doubt about the obsolete language that included the phrase, “in most cases,” such as the participant who said, “In most cases, but who knows if this is most cases.”

Finally, after seeing each time-barred notice, participants were asked whether knowing this additional information would change how they responded to the notice. In Rounds 1 and 2, when participants viewed notices that did not have revival language, their responses were split: roughly half of participants indicated that their responses would not change and half said that their responses would change. When viewing notices with revival language, participants were more likely to indicate that their behavior would change. In Round 3, in which both versions of the notice tested had revival language, nearly all participants said that having this information would change their behavior. Qualitative comments indicate that the possibility of revival made some participants less likely to respond to a notice. The responses below provide examples of this:

“Does knowing this additional information change how you might respond to the notice?”
(Without the possibility of revival)

- “No. The debt will follow me, I have to pay it.”
- “I guess it would be a more urgent matter to me knowing that even if they can’t sue, I wouldn’t want it to affect my credit score. I don’t want it to affect getting a house, loan, etc.”

“Does knowing this additional information change how you might respond to the notice?”
(With revival)

- “I won’t pay it or acknowledge it. Then they won’t sue me. I’d be less likely to pay them or contact them.”
- “Yes, because they’re talking about you can sue if you’re acknowledging it or making payments. And I feel like if I’m acknowledging it, I’m calling you to try and work something out, that that’s kind of intimidating and it makes you not want to contact them at all.”