



Published 2009-03-06 04:11

Top gripe: Debt collectors

Home improvement contractors lose their 40-year title in sour economy

Home improvement contractors have led the city in customer complaints to the Department of Consumer Affairs' throughout the city agency's 40 year history ... until now. Debt collectors have grabbed the title.

More than 1,200 complaints were made against debt collectors in 2008, DCA officials said Thursday — a 70 percent jump from 2007. The department helped recover some \$2 million for complaining consumers.

"It's been a huge problem," said Harvey Epstein, of the Urban Justice Center, and it's not just limited to the use of threatening letters and harassing phone calls. There's been an explosion in the number of consumer debt lawsuits — roughly 320,000 in 2006 — and the suits often have little merit, according to a study by the center. Some suits result in creditors freezing bank accounts of people who never owed the debt, but were victims of mistaken identity, identity theft, or clerical errors.

Much of the rise in complaints is due to a boom in third-party debt buyers, who take over credit card and other debts at a discount and sue the debtors.

Nick Campese, director of client services at NCS-PLUS, a 25-year-old New York collection agency, thought his industry got a bad rap because of fly-by-night companies that "for some reason, think the goal is to yell and scream. ... You just hang up." But here's the thing, he added, "There's a heck of a lot of people not paying their bills."

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