

## Frequently Asked Questions: New Rules for Debt Collectors

On Monday, August 12, 2024, the Department of Consumer and Worker Protection (DCWP) published final Rules relating to debt collectors in [The City Record](#).<sup>1</sup> Rules take effect December 1, 2024.

These FAQs provide general information and guidance. All information in this initial publication represents the informal views of DCWP.<sup>2</sup> FAQs and responses are not legal advice. For debt collectors with specific questions, please email DCWP's Business Compliance Counsel at [bcc@dcwp.nyc.gov](mailto:bcc@dcwp.nyc.gov).

### I. VALIDATION LETTERS

#### 1. Do debt collectors need to use a model validation letter?

No. The Rules do not require a debt collector to use a model validation letter. Under Rule 5-77(f), debt collectors must share required content and disclosures with NYC consumers within five days of reaching them.

*Note:*

- The Rules *do not* require an itemization or breakdown of the debt in a specific format. However, debt collectors must comply with formats required by state or federal law.

#### 2. Do debt collectors need to include the medical debt disclosure in all validation letters regardless of the debt being collected?

Yes. Under the Rules, debt collectors must let NYC consumers know that medical debt information cannot be reported to a consumer reporting agency. The medical debt disclosure must be in all validation letters in addition to other required information and disclosures.

#### 3. Do debt collectors need to include the time-barred disclosure in all validation letters?

No. Under Rule 5-77(i), debt collectors must include the time-barred disclosure only when they are collecting from NYC consumers with expired debt. The time-barred disclosure lets consumers know they may no longer be sued beyond the time allowed by the Statute of Limitations.

*Note:*

- Debt collectors may combine the content of the City's time-barred disclosure with the disclosure required by the State.
- Rule 5-77(i) replaces the disclosure requirements in Rule 2-191, which is repealed in its entirety.

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<sup>1</sup> Adopted Rules amend Title 6 of The Rules of the City of New York (6 RCNY). See 6 RCNY, Chapter 2, Subchapter S, and 6 RCNY, Chapter 5, Subchapter A, Part 6.

<sup>2</sup> DCWP will update FAQs as appropriate. Please note the date at the bottom of FAQs and check [nyc.gov/dcwp](http://nyc.gov/dcwp) to make sure you have the most current FAQs.

**4. Do debt collectors need to include the language access services disclosure in all validation notices sent to NYC consumers?**

Yes. Debt collectors must include language access disclosures<sup>3</sup>, even if they do *not* provide any language access services.

Language access services are also known as Limited English Proficiency or “LEP” services.

## **II. LIABILITY**

**1. Are debt collectors liable when their employees violate NYC Laws and Rules?**

Yes. Debt collectors who collect debt from NYC consumers are liable when their employees violate NYC Laws and Rules. Employers must take measures to ensure employees comply with all applicable debt collection licensing and consumer protection laws.

**2. Are debt collectors responsible for violations of NYC Laws and Rules by third parties to whom they outsource collection activities, such as call centers and mail distribution centers?**

Yes. Debt collectors are liable when their contractors or agents violate NYC Laws and Rules. A debt collector is accountable for all debt collection activities on its debt accounts or accounts that the debt collector has a right to collect.

## **III. DISPUTED DEBT**

**1. Can debt collectors continue collection activities on an account after a consumer disputes the debt?**

No. After they receive the first dispute or request for verification from a consumer, debt collectors must pause collection activities for 45 days or until they provide verification (also known as “substantiation”) within the 45-day period to the consumer to show that the debt is owed and is accurate.

*Note:*

- NYC consumers may contest, dispute, or request verification for all or part of the debt verbally and/or in writing.

**2. What if a consumer disputes a debt before the new Rules take effect?**

The Rules apply only to disputes *received* by the debt collector *on or after* December 1, 2024.

**3. What if a debt collector does not provide verification within 45 days of receiving a dispute?**

Debt collectors are prohibited from collecting on a debt unless and until verification is provided to the consumer within 45 days of receiving the consumer’s dispute. If the debt collector is unable to provide timely verification, it must give the consumer a Notice of Unverified Debt that complies with Rule 5-77(f)(8).

**4. After verifying a debt, if a consumer questions the itemization, does the debt collector need to give an expanded itemization of the debt?**

Yes. Under Rule 5-77(f)(12), debt collectors must provide an additional breakdown if the consumer challenges or questions the accuracy of any of the line items included in the initial itemization.

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<sup>3</sup> See Rules 2-193, 5-76, and 5-77.

## IV. MINI-MIRANDA WARNING

### 1. Do debt collectors have to give the mini-Miranda warning when consumers call them?

Yes. Under Rule 5-77(d)(20), debt collectors must clearly alert NYC consumers at the outset of all oral communications that oral communications may be recorded and the collector may use any information from the call to collect on the debt.

This requirement applies regardless of whether the consumer or the debt collector initiated the call.

## V. COMPLIANCE RECORDS

### 1. Are certain oral communications with consumers excluded from the record retention requirements?

No. Under Rule 2-193, debt collection agencies must maintain incoming and outgoing oral communications with NYC consumers, including those by a third party on behalf of the collector. This includes any oral communications initiated by a consumer to the debt collector.

### 2. Do debt collectors have to submit records to DCWP on a certain date?

No. Under the Rules, debt collectors must:

- maintain records of collection activities on their debt accounts for NYC consumers;
- retain records for certain periods; and
- produce records to DCWP upon request within the period given by DCWP at the time of the request.

## VI. COLLECTION OF MEDICAL DEBT

### 1. What are debt collectors' new obligations when collecting on medical debt?

Debt collectors must include the medical debt disclosure in all validation notices.

Additionally, debt collectors must:

- treat multiple debts from a single hospitalization or discrete course of treatment as related. As a result, if a consumer disputes one of those debts, the debt collector must treat all related debt as disputed.
- make sure they are following federal, state, and local law regarding hospital financial assistance plan availability as well as a hospital's financial assistance policy, if applicable, *before* proceeding with any collection activity on a disputed medical debt.

*Note:* If a debt should have been eligible for financial assistance, debt collectors must alert consumers by mailing them written notification that is clear and conspicuous and disclosing any relevant information in their possession.

## VII. GENERAL INFORMATION

### 1. When do the new Rules take effect?

The Rules take effect on December 1, 2024. The Rules apply to:

- collection activities on or after December 1, 2024;
- all debt accounts regardless of when the account was charged off or when debt collection began.

*Note:* Verification requirements in Rule 5-77 (f)(7) do not apply to debt accounts purchased before December 1, 2024.

Debt collectors may comply with the new Rules before they take effect.

#### ***Examples:***

*On January 1, 2025, a third-party debt collector receives the first dispute from an NYC consumer on an account where debt collection procedures began in 2023.*

In this example, the debt collector received the dispute after December 1, 2024 and must comply with the new Rules regarding verification.

*On January 1, 2025, a debt buyer receives the first dispute from an NYC consumer on debt purchased by the debt buyer in 2022.*

In this example, the debt buyer or owner of the debt has the option to verify it according to the requirements that were in existence in 2022. However, the new Rules apply to all collection activities on or after December 1, 2024, even on accounts purchased before December 1, 2024.

*On November 29, 2024, a debt collector contacts an NYC consumer by phone to discuss an alleged debt. The collector is unsure which Rule to follow regarding the required validation letter.*

In this example, if the debt collector sends the validation letter before December 1, 2024, it may follow either the old or the new Rule and would not need to send an updated validation letter after December 1.

### 2. Where can I get more information?

Visit [nyc.gov/dcwp](https://nyc.gov/dcwp) to access the Rules and other resources for debt collectors. Click About > Laws.

You can also access the Final Rule at [nyc.gov/nycrules](https://nyc.gov/nycrules).

### 3. How can someone submit a complaint about violations of the new Rules once they take effect?

You can submit a complaint to DCWP in one of the following ways:

- Contact 311
- Visit [nyc.gov/dcwp](https://nyc.gov/dcwp)