



PRESS RELEASE

**AG Frosh: Chase Bank to End Unlawful Credit Card Debt
Collection Practices with \$136 Million Settlement**
*Agreement with 47 states, DC and CFPB prevents future debt resales and halts
collections on 528,000 consumers, including 8,000 in Maryland*

Baltimore, MD (July 8, 2015) - Following an investigation into debt collection practices, Attorney General Brian E. Frosh today announced a settlement with Chase Bank USA N.A., and Chase Bankcard Services Inc., that will reform unlawful credit card collection efforts, halt questionable collections and ensure restitution for customers.

Under the settlement reached with 47 states, the District of Columbia and the Consumer Financial Protection Bureau (CFPB), Chase has agreed to safeguard the accuracy of its debt data and to prohibit those who buy its uncollected debt from reselling it. The investigation showed that Chase subjected hundreds of thousands of consumers to collection activity for debt that wasn't theirs or was listed in the wrong amount, and filed lawsuits and other documents using "robo-signings."

"Chase's credit card collection practices were harmful to Marylanders and to consumers across the country," Attorney General Frosh. "The deck was often stacked against consumers when Chase pursued these cases based on information that was just plain wrong. This settlement puts an end to this hassle for thousands of customers."

Through the settlement, Chase has agreed to cease collection efforts on more than 528,000 consumers, including an estimated 8,039 in Maryland. These are customers who were sued by Chase, and who had judgments issued against them between January 1, 2009 and June 30, 2014. Chase will notify affected borrowers of the change and will request all three major credit reporting agencies not to report the judgments.

The \$136 million settlement includes \$106 million to be paid to the 47 participating states and the District of Columbia and \$30 million to the CFPB.

The state and federal investigators who probed Chase activities found that the bank:

- Subjected consumers to collections activity for accounts that were not theirs, in amounts that were incorrect or uncollectable.

- Subjected consumers to inaccurate credit reporting and unlawful judgments that may affect consumers' ability to obtain credit, employment, housing and insurance in the future.
- Sold accounts to debt buyers that were inaccurate, settled, discharged in bankruptcy, not owed by the consumer, or otherwise uncollectable, resulting in efforts to collect so-called "zombie debt" that harmed consumers.
- Filed lawsuits and obtained judgments against consumers using false and deceptive affidavits and other documents that were prepared without following required procedures, a practice commonly referred to as "robo-signing." These practices misled consumers and courts and caused consumers to pay false or incorrect debt and incur legal expenses and court fees to defend against invalid or excessive claims.

The agreement requires Chase to reform its credit card debt collection practices. Among other reforms, the agreement establishes new safeguards to help ensure debt information is accurate and to correct inaccuracies, provides additional information to consumers who owe debts, and bars Chase's debt buyers - individuals and companies who purchase the debt and hope to collect on it -- from reselling the debt.

The resale prohibition is significant. If initial information about the debt was incorrect or was transmitted with errors to a subsequent debt buyer, and was flipped several times, consumers were left with the difficult or impossible burden of successfully challenging or correcting errors.

Chase suspended its consumer credit card debt sales in 2013 and its collections litigation in 2011. In 2012, Chase maintained approximately 64.5 million open accounts with \$124 billion in outstanding credit card debt. From 2009 to 2013, Chase recovered approximately \$4.5 billion of debt from defaulted accounts through collection lawsuits, selling defaulted accounts to third-party debt buyers, or both.

"While Chase is certainly entitled to collect lawfully on unpaid debts, our laws forbid anyone from using false or incorrect amounts or robo-signing documents," Frosh said. "Though the unlawful debt collection practices we allege have stopped, this enforcement action holds Chase accountable for its past practices and provides restitution to harmed consumers."

The agreement also ensures that Chase will fulfill \$50 million in consumer restitution through a separate [2013 consent order reached with the Office of the Comptroller of the Currency](#). If Chase's consumer restitution through the OCC action falls short of \$50 million by July 1, 2016, Chase must pay the remaining balance to state attorneys general and the CFPB.

Consumers with Debt Collection Questions or Complaints can contact:

Complaints:

- [FTC](#)
- [CFPB](#)
- [State of Maryland](#)

Consumer information about debt collection issues:

- [FTC](#)
- [CFPB](#)
- [State of Maryland](#)