



Debt Collection Fact Sheet

From the Office of Minnesota Attorney General Lori Swanson

How can a debt collector contact you?

- Collectors may contact you by mail, telephone, telegram or fax between the hours of 8 a.m. and 9 p.m.
- Collectors may not contact you at work if they have reason to know your employer prohibits such communications.
- Collectors may contact other people to find out your home address and phone number or your work location, but they cannot say that you owe money or that they work for a collection agency. Collectors may not tell others that you owe a debt.
- If you have a lawyer, collectors may not contact anyone but your lawyer.

What rights do you have regarding debt collection?

- You can stop collectors from calling or writing to you by sending them a letter asking them to stop. Once they get your letter, they can only contact you to tell you that they are stopping their collection efforts or tell you what legal remedies they intend to pursue. Remember that this does not give you the right to ignore court papers.
- You can dispute that you owe all or part of a debt or ask for the name and address of the creditor (the person you allegedly owe). To do so, you must write to the collector within 30 days after you receive an initial letter or call about the debt. If you do this, collectors must stop trying to collect until they send you proof that you owe the debt.

What debt collection practices are prohibited?

Harassment and Abuse. Collectors cannot harass, oppress, or abuse you or any other person they contact. Specifically, they cannot swear at you,

threaten harm to you, call you repeatedly in an attempt to annoy you, call you without disclosing their identity, or publicize your name as someone who refuses to pay debts.

Misleading Statements. Collectors cannot use any false, deceptive or misleading statements when trying to collect a debt. Specifically, they cannot misrepresent the amount you owe, make a letter look as though it is from the government or a court, imply that they are government representatives, imply that nonpayment will lead to your arrest or garnishment, or threaten to disclose false information about you to a credit bureau.

Unfair Practices. Collectors may not use unfair or unconscionable means to collect a debt. Specifically, they cannot collect any amount greater than your debt, deposit a post-dated check prematurely, deceive you into paying for collect calls, threaten to take your property unless they can legally do so, contact you by postcard or apply your payment to a debt other than the one you have indicated.

How can a creditor garnish your wages or bank account?

Starting the Garnishment Process. If you don't pay a bill, creditors can garnish your wages by suing you, then garnishing your wages or bank accounts based either on the judgment they get in court or on the default judgment they could get if you do not respond to the lawsuit. Thus, if you get a "complaint" (the document that begins a lawsuit), you should contact a lawyer to help you respond to the allegations. If you negotiate a payment plan with the creditor, be sure to put it in writing.

Protections from Garnishment. Generally, creditors cannot garnish more than 25% of your net wages. Creditors also cannot take any of your wages for six (6) months after you have received public assistance based on need. This includes the Minnesota Family

Investment Program (MFIP), Emergency Assistance (EA), Work First Program, Medical Assistance (MA), General Assistance (GA), General Assistance Medical Care (GAMC), Emergency General Assistance (EGA), Supplemental Security Income (SSI), and Energy Assistance (EA). (If you deposit your public assistance in a bank account, creditors cannot garnish your account for 60 days.) Finally, creditors cannot take your home, or a car, furniture, employee benefits or insurance proceeds up to certain values.

Claiming an “Exemption.” If you received public assistance, you may claim that your wages are “exempt” from garnishment by promptly returning to the creditor the “Garnishment Exemption Notice and Notice of Intent to Garnish,” which is a form the creditor must send to you at least 10 days before garnishment begins. To claim that funds in your bank account are “exempt,” you should sign and return within 14 days to the bank (and the creditor’s attorney) the “Exemption Notice,” which is a form the bank sends to you when they receive a Garnishment Summons from the creditor to tap your account.

Length and Amount of Garnishment. If you don’t claim any exemptions, creditors can take part of your paycheck for the next 70 days. Excluding child support, you get to keep either 75% of your net wages or 40 times the minimum wage, whichever is greater.

How can I report a violation of law?

Write or call the Minnesota Attorney General’s Office or the Minnesota Department of Commerce at:

Office of Minnesota Attorney General

Lori Swanson

1400 Bremer Tower, 445 Minnesota Street
St. Paul, MN 55101

651-296-3353 or 800-657-3787

TTY: 651-297-7206 or TTY: 800-366-4812

www.ag.state.mn.us

Minnesota Department of Commerce

85 7th Place East, Suite 500

St. Paul, MN 55101

651-539-1500

www.commerce.state.mn.us