

AN ACT

relating to certain practices of debt collectors and credit bureaus.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Section 392.202, Finance Code, is amended to read as follows:

Sec. 392.202. CORRECTION OF THIRD-PARTY DEBT COLLECTOR'S OR CREDIT BUREAU'S FILES. (a) An individual who disputes the accuracy of an item that is in a third-party debt collector's or credit bureau's file on the individual and that relates to a debt being collected by the third-party debt collector may notify in writing the third-party debt collector [~~or credit bureau~~] of the inaccuracy. The third-party debt collector [~~or credit bureau~~] shall make a written record of the dispute. If the third-party debt collector does not report information related to the dispute to a credit bureau, the third-party debt collector shall cease collection efforts until an investigation of the dispute described by Subsections (b)-(e) determines the accurate amount of the debt, if any. If the third-party debt collector reports information related to the dispute to a credit bureau, the reporting third-party debt collector shall initiate an investigation of the dispute described by Subsections (b)-(e) and shall cease collection efforts until the investigation determines the accurate amount of the debt, if any. This section does not affect the application of

1 Chapter 20, Business & Commerce Code, to a third-party debt
2 collector subject to that chapter [~~provide forms for the notice~~
3 ~~and, when requested, assist an individual in preparing the notice~~].

4 (b) Not later than the 30th day after the date a notice of
5 inaccuracy is received, a [~~the~~] third-party debt collector who
6 initiates an investigation [~~or credit bureau~~] shall send a written
7 statement to the individual:

8 (1) denying the inaccuracy;

9 (2) admitting the inaccuracy; or

10 (3) stating that the third-party debt collector [~~or~~
11 ~~credit bureau~~] has not had sufficient time to complete an
12 investigation of the inaccuracy.

13 (c) If the third-party debt collector [~~or credit bureau~~]
14 admits that the item is inaccurate under Subsection (b), the
15 third-party debt collector [~~or credit bureau~~] shall:

16 (1) not later than the fifth business day after the
17 date of the admission, correct the item in the relevant file; and

18 (2) immediately cease collection efforts related to
19 the portion of the debt that was found to be inaccurate and on
20 correction of the item send, to each person who has previously
21 received a report from the third-party debt collector [~~or credit~~
22 ~~bureau~~] containing the inaccurate information, notice of the
23 inaccuracy and a copy of an accurate report.

24 (d) If the third-party debt collector [~~or credit bureau~~]
25 states that there has not been sufficient time to complete an
26 investigation, the third-party debt collector [~~or credit bureau~~]
27 shall immediately:

1 (1) change the item in the relevant file as requested
2 by the individual;

3 (2) send to each person who previously received the
4 report containing the information a notice that is equivalent to a
5 notice under Subsection (c) and a copy of the changed report; and

6 (3) cease collection efforts [~~if the item involves a~~
7 ~~debt~~].

8 (e) On completion by the third-party debt collector [~~or~~
9 ~~credit bureau~~] of the investigation, the third-party debt collector
10 [~~or credit bureau~~] shall inform the individual of the determination
11 of whether the item is accurate or inaccurate. If the third-party
12 debt collector [~~or credit bureau~~] determines that the information
13 was accurate, the third-party debt collector [~~or credit bureau~~] may
14 again report that information and resume collection efforts.

15 SECTION 2. Subsection (a), Section 392.304, Finance Code,
16 is amended to read as follows:

17 (a) Except as otherwise provided by this section, in debt
18 collection or obtaining information concerning a consumer, a debt
19 collector may not use a fraudulent, deceptive, or misleading
20 representation that employs the following practices:

21 (1) using a name other than the:

22 (A) true business or professional name or the
23 true personal or legal name of the debt collector while engaged in
24 debt collection; or

25 (B) name appearing on the face of the credit card
26 while engaged in the collection of a credit card debt;

27 (2) failing to maintain a list of all business or

1 professional names known to be used or formerly used by persons
2 collecting consumer debts or attempting to collect consumer debts
3 for the debt collector;

4 (3) representing falsely that the debt collector has
5 information or something of value for the consumer in order to
6 solicit or discover information about the consumer;

7 (4) failing to disclose clearly in any communication
8 with the debtor the name of the person to whom the debt has been
9 assigned or is owed when making a demand for money;

10 (5) failing to disclose, except in a formal pleading
11 made in connection with a legal action:

12 (A) [~~clearly in any communication with the~~
13 ~~debtor~~] that the debt collector is attempting to collect a
14 [~~consumer~~] debt and that any information obtained will be used for
15 that purpose, if the communication is the initial written or oral
16 communication with [~~unless the communication is for the purpose of~~
17 ~~discovering the location of~~] the debtor; or

18 (B) that the communication is from a debt
19 collector, if the communication is a subsequent written or oral
20 communication with the debtor;

21 (6) using a written communication that fails to
22 indicate clearly the name of the debt collector and the debt
23 collector's street address or post office box and telephone number
24 if the written notice refers to a delinquent consumer debt;

25 (7) using a written communication that demands a
26 response to a place other than the debt collector's or creditor's
27 street address or post office box;

1 (8) misrepresenting the character, extent, or amount
2 of a consumer debt, or misrepresenting the consumer debt's status
3 in a judicial or governmental proceeding;

4 (9) representing falsely that a debt collector is
5 vouched for, bonded by, or affiliated with, or is an
6 instrumentality, agent, or official of, this state or an agency of
7 federal, state, or local government;

8 (10) using, distributing, or selling a written
9 communication that simulates or is represented falsely to be a
10 document authorized, issued, or approved by a court, an official, a
11 governmental agency, or any other governmental authority or that
12 creates a false impression about the communication's source,
13 authorization, or approval;

14 (11) using a seal, insignia, or design that simulates
15 that of a governmental agency;

16 (12) representing that a consumer debt may be
17 increased by the addition of attorney's fees, investigation fees,
18 service fees, or other charges if a written contract or statute does
19 not authorize the additional fees or charges;

20 (13) representing that a consumer debt will definitely
21 be increased by the addition of attorney's fees, investigation
22 fees, service fees, or other charges if the award of the fees or
23 charges is subject to judicial discretion;

24 (14) representing falsely the status or nature of the
25 services rendered by the debt collector or the debt collector's
26 business;

27 (15) using a written communication that violates the

1 United States postal laws and regulations;

2 (16) using a communication that purports to be from an
3 attorney or law firm if it is not;

4 (17) representing that a consumer debt is being
5 collected by an attorney if it is not; or

6 (18) representing that a consumer debt is being
7 collected by an independent, bona fide organization engaged in the
8 business of collecting past due accounts when the debt is being
9 collected by a subterfuge organization under the control and
10 direction of the person who is owed the debt.

11 SECTION 3. Subsection (d), Section 20.06, Business &
12 Commerce Code, is amended to read as follows:

13 (d) If disputed information is found to be inaccurate or
14 cannot be verified after a reinvestigation under Subsection (a),
15 the consumer reporting agency, unless otherwise directed by the
16 consumer, shall promptly delete the information from the consumer's
17 file, revise the consumer file, and provide the revised consumer
18 report to the consumer and~~[, on the request of the consumer,]~~ to
19 each person who requested the consumer report within the preceding
20 six months. The consumer reporting agency may not report the
21 inaccurate or unverified information in subsequent reports.

22 SECTION 4. This Act takes effect September 1, 2003.

S.B. No. 533

President of the Senate

Speaker of the House

I hereby certify that S.B. No. 533 passed the Senate on April 7, 2003, by a viva-voce vote; and that the Senate concurred in House amendment on May 27, 2003, by a viva-voce vote.

Secretary of the Senate

I hereby certify that S.B. No. 533 passed the House, with amendment, on May 23, 2003, by a non-record vote.

Chief Clerk of the House

Approved:

Date

Governor