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PRESS RELEASE

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NEBRASKA DEPARTMENT OF BANKING AND FINANCE WARNS CONSUMERS TO BEWARE OF SCAM INVOLVING OLD AND NON-EXISTING DEBTS

LINCOLN – The Nebraska Department of Banking and Finance is warning residents to beware of a currently popular debt collection scam in which individuals call people to demand payment of an old “payday loan” and then threaten them with possible arrest or court action if they do not immediately send payment.

Calls to the Nebraska Department of Banking and Finance reveal many Nebraskans are receiving threatening phone calls from a fraudulent debt collection scam. Before making a call, scammers gain access to personally identifiable information, including Social Security Numbers and old addresses, and use this information to attempt collection on an alleged old payday loan debt.

The scammers use differing company names as the source of the old payday loan debt and for the collection company they represent. The scammers avoid using the same company name in separate calls to avoid identification. The scammers often require some type of electronic payment by credit card, debit card, prepaid money card, or ACH, in order to complete the transaction quickly. The callers are often able to display a local area code but are actually located in a different state or country.

The following signs will help consumers spot this debt collection scam:

- Aggressive language requiring immediate action.
- Refuses to send proof of the debt and simply saying that they have the debt “in front of them”.
- Caller states they are in the legal department (or some other specific department) and can’t transfer the call to another department, manager, or other company personnel.
- Stating the debt is from more than 5 years ago.

Consumers are encouraged to follow these tips when dealing with this type of phone call:

- Ask the collector for their name, company, address, and phone number.
- Refuse to discuss any debt until written proof of the debt, and right to collect the debt, is received.
- Do not make any payment, even a partial payment, until you receive the written information.
- Do not give out any personal information, including your email address.
- Keep records of your interactions with any debt collector.
- Verify court orders independently and directly with the court.
- Consult an attorney as needed.

Under the Nebraska Fair Debt Collection Practices Act, and the Federal Fair Debt Collection Practices Act, Nebraskans have rights that protect them from harassment or abuse in connection with the collection of the debt, nor can debt collectors make false or misleading statements.

To report fraud visit: <http://www.ndbf.ne.gov/consumers/complaint.shtml>

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