

Debt Validation: Lawful Tool vs. Predatory Practice

The Consumer Debt Relief Initiative (CDRI) is committed to consumer protection and education. This document is intended to create awareness about debt validation and to help consumers evaluate services.

► What Is Debt Validation?

Under the Fair Debt Collection Practices Act (FDCPA), consumers have the right to require that a debt collector provide evidence that they owe a specific debt and that it is still lawfully subject to collection attempts.

01 Validation Notice

Debt collectors are required to send a debt validation notice containing the current balance and the creditor name to a consumer when a past-due debt goes into collection.

02 Right to Dispute

A statement advising that the consumer has 30 days to request information about the original creditor and to dispute the debt is also required.

03 Dispute

If no dispute, the debt is treated as valid. If disputed and a verification of debt is not provided, the debt collector is not lawfully permitted to attempt to collect the debt.

04 Debt Removal

The consumer can request that the debt be removed from their credit report.

Analyzing Service Providers

The last thing a person going through a financial hardship needs is a company preying on their vulnerable situation. Beware of the key characteristics of a predatory debt validation company and know how to spot a reputable debt resolution company who can help you get legitimate debt relief, including through debt validation.

Predatory Debt Validation Company

Collects Up-Front Fees (Illegal)

Claims Lawful Debt Can Be Eliminated

Consumer Still Owes Lawful Debts

No Disclosure of Penalties and Interest Still Accruing

Negative Impact to Credit Report

No Education on Probability of Lawsuits, Judgments or Garnishments

Not Eligible for Membership with Reputable Trade Organizations

Lawful Debt Relief Company

Never Collects Fees Up Front

Eliminates Unlawful and Incorrect Debt

Resolves Lawful Debt through Negotiation

Provides Full Disclosure

Teaches Strategies to Rebuild Credit

Educates How to Navigate Debt Resolution and Debt Validation Processes

Accredited Member of Consumer Debt Relief Initiative