



# NEWS RELEASE

1750 H St., NW • Washington, DC 20006 • (202) 572-5500 • [www.nteu.org](http://www.nteu.org)

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**Contact: Dina Long**  
**(202) 572-5500**

## **Debt Collectors Lead the Way—Again— In FTC Report on Consumer Complaints**

**Washington**—The private sector debt collection industry—which the Internal Revenue Service (IRS) is using to collect tax debt—once again leads the pack in consumer complaints, as reported to Congress by the Federal Trade Commission (FTC) in its 2007 annual report on the Fair Debt Collection Practices Act.

In all, the FTC reported that 69,204 consumer complaints—19.9 percent of all complaints to the agency last year—involved third party debt collectors. That was up from the 66,672 complaints, or 19.1 percent of the total, involving the debt collection industry the year before. The Act is designed to prohibit deceptive, unfair and abusive practices by third-party debt collectors.

The latest FTC numbers—debt collectors annually top its list of the most-complained about industry in America—come in the wake of an impending investigation by the House Ways and Means Committee of the IRS’s use of private debt collectors to pursue tax debts.

“Eventually, the mountain of evidence that is accumulating about its ill-conceived and misguided program of privatizing tax debt collections will force even the IRS to acknowledge that the program should be ended,” said President Colleen M. Kelley of the National Treasury Employees Union (NTEU).

NTEU has been leading the fight against IRS use of private debt collectors. The agency began the program with three private companies last fall, and even though it has said it won’t renew the contract of one of these companies, it plans to move ahead on hiring others later this year.

**(MORE)**

## **IRS Turns to Industry Known for Abuses—Add One**

In a letter to the IRS, Committee Chairman Rep. Charles Rangel (D-N.Y.) called on the agency not to proceed with awarding any new contracts for the program, adding in a public statement that the committee had been made aware of “too many complaints and concerns about the tactics used by private debt collectors” to allow the IRS to issue new contracts.

These violations, the congressman said, need to be investigated “to ensure that we are protecting the privacy and dignity of taxpayers, not enabling harassment by these private companies.”

The risk of abusive treatment of taxpayers is one of the key problems NTEU has been highlighting with the IRS program for some time. Another is the serious risk to the privacy and security of taxpayers’ personal and sensitive information.

There is growing bipartisan concern in Congress about the tax debt privatization program, and there are legislative attempts underway to revoke the agency’s authority to hire private debt collectors. In addition, the IRS’s own National Taxpayer Advocate publicly has called for Congress to repeal legislative authority for it.

The IRS program pays private debt collectors up to 25 percent of the money they collect, despite the agency itself acknowledging that using private companies for this purpose is more costly than using its own employees.

NTEU is the largest independent federal union, representing some 150,000 employees in 30 agencies and departments, including about 94,000 in the IRS.

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