

# TIPS for Servicemembers

## Know Your Rights About Debt Collection



Unethical debt collectors often try to illegally trick and scare servicemembers into making payments on debts. Here are tips about your rights under the law.

### The Truth Behind Common Debt Collection Threats

- **Debt collectors cannot revoke your security clearance.** Debt collectors can report debts to credit reporting agencies. Reported debts will show up on your credit history report and may lower your credit score. During a background investigation to review your security clearance, credit history is just one of many factors in determining your clearance level.

You have the right to get free copies of your credit report and to dispute incorrect items. And if your clearance is suspended or revoked because of unpaid debts, you can file an appeal. Contact your installation legal assistance office for help.

- **Debt collectors cannot report your debt to your command.** Debt collectors cannot contact your command in order to collect a debt, unless they have your consent to do so. Consent is not valid unless you give it **after** the debt becomes due. You are not required to give consent.
- **Debt collectors cannot discipline or demote you.** Only your military command can discipline or demote you. Get help from the JAG legal assistance office if you are accused of a dishonorable failure to pay a debt.

- **Debt collectors cannot garnish (automatically take payment from) your pay.** Debt collectors may not garnish pay unless a court entered a judgment against you. In most cases, debt collectors cannot garnish veterans' benefits. To learn more about military pay garnishments and involuntary allotments, visit <https://www.dfas.mil/>.
- **If a debt collector is trying to collect a debt that you do not owe or already paid, dispute the debt in writing.** Tell the debt collector, in writing, why you do not owe the debt and include copies of any evidence you have. Mail this dispute to the debt collector using registered mail so that you have proof that the collector received it, and keep copies of everything for yourself. If you dispute the debt within 30 days of the first time the collector contacted you, the collector must stop collection until it shows you written proof of the debt.
- **You cannot be court martialed for refusing to pay a disputed debt.** The Uniform Code of Military Justice only prohibits the dishonorable failure to pay a debt.

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## Your Rights Under the Law

Under California and federal laws, debt collectors are **not allowed** to:

- Contact your command.
- Harass, annoy, or abuse you or others. They cannot contact you at inconvenient places or times, use abusive language, or threaten to harm you, your loved ones, or your property.
- Call other people without your permission to tell them that you owe a debt.
- Continue to call or contact you if you asked them in writing to stop doing so.

## Additional Tips

- Don't ignore debt collectors—they will keep contacting you and may sue you. If a collector contacts you about a debt that you do not owe or that is for the wrong amount, dispute the debt in writing as soon as possible. For sample dispute letters, visit <https://www.consumerfinance.gov/ask-cfpb/what-should-i-do-when-a-debt-collector-contacts-me-en-1695/>
- If you get sued, or if a court enters a judgment against you, get help immediately from your JAG legal assistance office or a lawyer. If you are on active duty, you may be able to postpone the case.
- While you are on active duty, you may be able to lower the interest rate on your debts and postpone your mortgage payments, car lease payments, and other payments. Ask your base legal office for help on how to do so.

- The military lending act limits the interest you can be charged on many types of loans that you take out while you are on active duty to 36%. For more information go to <http://consumerfinance.gov/servicemembers>.

## Additional Resources

Ask your base legal office for help. For the legal office's contact information, ask your command or visit the Armed Forces Legal Assistance Program website at <https://legalassistance.law.af.mil/>.

California National Guard personnel can also get help from the State Staff Judge Advocate's Office - go to <http://www.calguard.ca.gov/> for contact information.

For information on civilian legal aid resources, go to <http://www.lawhelpca.org>.

The Attorney General's Office cannot give legal advice, but filing a consumer complaint is helpful because it alerts the Office to consumer issues and may help with the Office's investigations. File a complaint with the Attorney General's Office at <https://oag.ca.gov/consumers> or (800) 952-5225.

For more information about military consumer protection, visit <https://oag.ca.gov/consumers/general/military>.

For questions regarding the Department of Justice, contact the Public Inquiry Unit at (916) 210-6276 (voice), or (800) 952-5225 (toll-free in California).