

March 6, 2025

Via Regulations.gov

RE: Fair Credit Reporting Act (Regulation V); Identity Theft and Coerced Debt [Docket No. CFPB-2024-0057]

Freedom Network USA (FNUSA) and 26 anti-trafficking organizations and individuals submit these comments on the Consumer Financial Protection Bureau (CFPB) advance notice of proposed rulemaking for a proposed rule to address concerns related to information furnished to credit bureaus and other consumer reporting agencies concerning coerced debt. Our comments are focused on the impacts of coerced debt on human trafficking survivors. We support an amendment to the definition of “identity theft” to include coerced debt.

Freedom Network USA (FNUSA), established in 2001, is a coalition of 98 non-governmental organizations and individuals that provide services to and advocate for the rights of trafficking survivors in the United States. Our members serve survivors across the country with coerced debt and identity theft issues from their traffickers. Our Survivor Reentry Project provides criminal record relief representation to survivors who are left with criminal records as a result of their victimization.

Types of coerced debt and identity theft experienced by human trafficking survivors

Human trafficking survivors face complex forms of force, fraud, and coercion as part of their trafficking experience. Trafficking is also inherently a financial crime, where victims’ wages are partially or fully withheld, they are coerced into forced labor due to immense debt, or are promised financial security that never comes.

Survivors may face coerced debt in a few different ways:

- They are forced to open credit cards or take out debt in their own names based on threats from traffickers
- Traffickers steal their identity information to open credit cards or take out debt in the victim’s name
- Traffickers open joint accounts with victims but have sole control of the accounts and debt incurred

Survivors have reported many types of coerced debt, including, medical debt, car loans, housing loans, credit cards (including general and store credit cards), and business debt. Most are unable to seek identity theft relief due to the lack of recognition of coerced debt.

Impacts of coerced debt on trafficking victims and survivors

Coerced debt can follow survivors for decades after escaping trafficking. The financial burdens of coerced debt can prevent survivors from achieving the economic stability that is critical to

preventing re-exploitation. Survivors must navigate the complicated and unforgiving debt collection system, often without resources to help them.

Substantial or defaulted debt prevents survivors from accessing safe housing and good jobs, both of which are essential to economic stability. Survivors face less financial security because they are forced to rely on cash and keep money outside of safer avenues due to barriers to accessing credit. They may be hounded by debt collectors and have their wages garnished for debt they did not consent to take on. These impacts make it very difficult for survivors to get rebanked or access banking systems. Low credit scores and low incomes result in low debt limits with credit cards, and survivors may have to utilize “starter” credit cards or non-traditional credit leaders with exploitative terms to access credit. Banks are wary of trusting survivors to pay back future loans because even coerced debt is treated as debt taken on willingly by the survivor, even though it does not indicate a survivors’ ability to pay back debt accepted with effective consent.

Survivors may also be charged with financial crimes related to the coerced debt. These charges result in criminal histories that show up on background checks and further prevent survivors from accessing better jobs and safe, long-term housing.

Limits of existing remedies

Some survivors have been able to prove their debt was coerced with certain banks to have the debt canceled, but these successes are rare. Even when survivors are able to find relief this way, debt collectors often still harass them for payment. Without stronger protections and legal relief for survivors with coerced debt, most survivors are unable to access any form of debt relief.

Under the Debt Bondage Repair Act of 2022, trafficking survivors are able to petition to remove negative credit histories related to their trafficking experience from their credit reports. This relief is difficult to access for most survivors due to immense hurdles to obtaining proper documentation and non-compliance from credit reporting agencies. For the survivors who are able to clear their credit reports, without debt cancellation or forgiveness, they are still on the hook to pay off the debt. While the relief is a huge step forward in recognition of the financial impacts of trafficking, it presents an incomplete form of relief that still leaves survivors in financially precarious situations.

Documentation of coerced debt

Under the Debt Bondage Repair Act Rule,¹ survivors can apply for credit repair with a law enforcement document, or a letter or signed self-attestation from a government agency or a service provider authorized by a government agency. The complicated authorization process has presented a huge and often insurmountable barrier to survivors accessing credit repair under the law. Few service providers are authorized and few government agencies are aware of their authority or willing to provide authorization to service providers due to a lack of understanding of the law. This proposed rule should not replicate this complicated process and instead should make the documentation requirements as simple as possible, as many applicants will not have access to legal

¹ Prohibition on Inclusion of Adverse Information in Consumer Reporting in Cases of Human Trafficking (Regulation V), 12 CFR Part 1022, <https://www.federalregister.gov/d/2022-13671>

counsel. Most survivors will also not have access to a law enforcement or criminal justice system-provided document as most reports to law enforcement do not result in prosecutions under trafficking statutes, and survivors are often unable to report trafficking to law enforcement due to fears of criminalization. We support including the FTC identity theft report as a valid, official report under the Fair Credit Reporting Act that is sufficient to prove a consumer if a victim of identity theft.

The rule should also include a required complaint and resolution process with lenders and credit reporting agencies. Survivors seeking credit repair under the Debt Bondage Repair Act have faced an obtuse system with no opportunities to appeal denials that do not comply with the law. Without a required appeals process, survivors who have the appropriate documentation are still unable to access relief, and credit reporting agencies have little incentive to comply with the law.²

Support for proposed rulemaking

We support the proposed rulemaking to amend the definition of “identity theft” to include “without effective consent.” As outlined above, survivors are unable to provide effective consent to debt taken out by their traffickers and face devastating financial consequences due to the lack of options for relief. Traffickers use coerced debt to exploit the financial system and survivors should not have to pay back their traffickers’ debt.

We thank you for considering this critical rulemaking and appreciate your consideration of this comment. Please reach out to Emma Ecker at emma@freedomnetworkusa.org if you have any questions.

Sincerely,

Organizational Signatories:

Freedom Network USA

Coalition to Abolish Slavery and Trafficking

Human Trafficking Prevention Project

Justice At Last

Loyola Law School Sunita Jain Anti-Trafficking Initiative

Maryland Network Against Domestic Violence

Maryland Volunteer Lawyers Service

National Survivor Network

Polaris

Preble Street

The Human Trafficking Legal Center

University of Maryland SAFE Center for Human Trafficking Survivors

Volunteer Lawyers for Justice

Womankind

² CFPB, Supervisory Highlights, Issue 32 (Spring 2024),

<https://www.consumerfinance.gov/data-research/researchreports/supervisory-highlights-issue-32-spring-2024/>

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