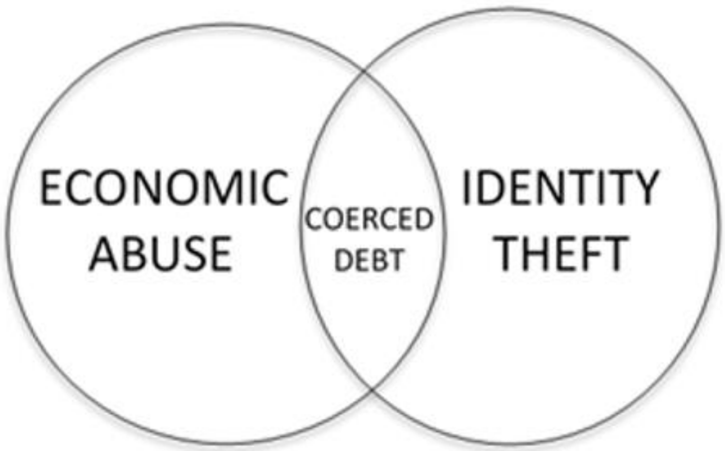
TEXAS COALITION on COERCED DEBT

Support HB 4238: Creating a Simple Process for Victims of Financial Abuse and Coerced Debt to Access Debt Collection Protections

THE PROBLEM OF COERCED DEBT

Coerced Debt is debt incurred by an abuser, in the name of their victim, through threat, force, or fraud.[i] It is a form of economic abuse and identity theft that impacts survivors of domestic violence, victims of human trafficking, foster care youth, and older adults.



Coerced debts negatively impact victims' credit scores, leaving them to face major barriers to rebuilding their financial lives. Because credit reports and scores play a significant role in our ability to access housing, credit, and sometimes even employment opportunities, individuals have to navigate the harmful fallout from coerced debts long after leaving an abusive relationship.

- **1 in 3** adult Texans will experience domestic violence at some point in their life.[ii]
- **51%** of survivors of domestic violence located in Texas and Louisiana have experienced coerced debt.[iii]
- **73%** of callers to the National Domestic Violence Hotline stayed longer in an abusive relationship due to financial reasons.[iv]

Coerced debt also affects Texas seniors. Elder financial abuse is on the rise and is often facilitated through coercion and fraud. As it currently stands, Texas ranks third highest in the nation for financial losses of elder fraud victims. In 2023, Texans over the age of 60 lost more than $278 million due to frauds and scams.[v]

ENSURE VICTIMS OF FINANCIAL EXPLOITATION HAVE TOOLS TO ADDRESS WRONGFUL DEBT COLLECTION

During the 86th and 87th legislative sessions, Texas made important progress to ensure that victims of coerced debt have access to the same protections as other victims of identity theft. Changes to criminal and civil statutes to include coerced debt under the definition of identity theft have opened the possibility of financial relief from debts incurred by an abuser, where previously there was none. While the legislative changes have been impactful, victims continue to face ongoing debt collection actions for coerced debts despite taking the necessary steps to establish the debts as identity theft. Victims of coerced debt often need a lawyer to be successful in obtaining relief, but many do not have that luxury.

POLICY RECOMMENDATIONS

Survivors of domestic violence and human trafficking, older adults, and other individuals with coerced debts would benefit from accessible legal tools to help them gain, maintain, and rebuild financial security. Streamlining the process to obtain legally established debt collection protections for victims of coerced debt will provide important relief for financially vulnerable Texans.

"My husband, who was physically abusive to me, would joke with his friends: 'I keep her around for her good credit.' It was only after our separation that I realized he hadn't been joking – without my knowledge, he had taken out thousands of dollars of credit card debt in my name, and I was left on the hook."

– A Victim of Coerced Debt in Texas

Protections should:

- **Create a simple process to stop the collection of coerced debts that result from identity theft, and**
- **Enable survivors of abuse to access identity theft protections without needing an attorney to enforce their rights.**

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[i] Littwin, A. (2012), Coerced Debt: The Role of Consumer Credit in Domestic Violence, 100 Calif. L. Rev. 1.

[ii] Busch-Armendariz, N. B., Cook Heffron, L., & Bohman, T. (2011). Statewide Prevalence of Intimate Partner Violence in Texas. Domestic Violence Research Reports.

[iii] Adams, A. & Wee, S. (March 2022). Domestic Violence and Economic Well-being Study: Regional Service Provider Report, Southern Region. Michigan State University and Center for Survivor Agency and Justice.

[iv] Adams, A., Littwin, A., and Javorka, M. (September 2020), The Frequency, Nature, and Effects of Coerced Debt Among a National Sample of Women Seeking Help for Intimate Partner Violence, Violence Against Women.

[v] Federal Bureau of Investigation. (2023). IC3 2023 elder fraud report. Federal Bureau of Investigation. https://www.ic3.gov/Media/PDF/AnnualReport/2023_IC3ElderFraudReport.pdf

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