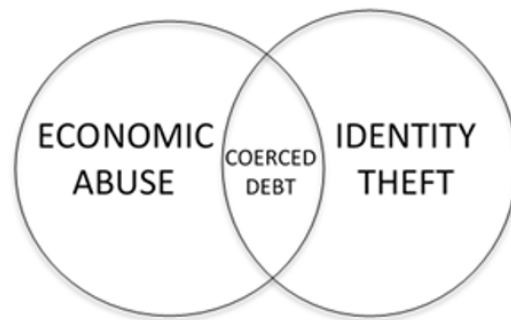


Support Enhanced Coerced Debt Remedies to Enable Victims to Rebuild Their Financial Lives

THE PROBLEM OF COERCED DEBT

Coerced Debt is debt incurred by an abuser, in the name of their victim, through threat, force, or fraud.¹ It is a form of economic abuse and identity theft that impacts survivors of family violence, human trafficking and vulnerable adults.

Coerced Debt is a Form of Economic Abuse & Identity Theft



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 role in so much of our lives, from the ability to rent an apartment and get a job, to the cost of insurance and credit products, individuals have to navigate the harmful fallout from coerced debts long after leaving an abusive relationship or situation.

- 1 in 3** Texans will experience domestic violence at some point in their life.²
- 40%** The percent of Texans who are victims of domestic violence and report that abusers incurred debt under their name, like credit card debt.³
- 51%** The percent of survivors of domestic violence located in the Southern Region that experienced coerced debt.⁴

[A] Grand Prairie, Texas native is who I am. I have decided to share my story in hopes for a chance to shine light on what it means to be a victim of Coerced Debt. I have lost almost everything up to this point. I'm left with nothing but my narrative and hope. It has been precisely three years since my escape. What is still true, though, is that his real identity destroyed mine. Not only that, realistically his credit worthiness has become mine. [B]ecause I left doesn't mean I survived.

—An excerpt from J.J.'s story, a Texas victim of coerced debt

Coerced debt also affects Texas seniors. Elder financial abuse, which is on the rise, according to national data, is often facilitated through coercion and fraud. The FBI 2021 Elder Fraud Report found that there was a 74% increase in financial losses for seniors from 2020 to 2021. In Texas, there were 6,798 reported victims of elder fraud, making it the state with the third highest number of elder fraud complaints.⁵

ENSURE VICTIMS OF COERCED DEBT HAVE TOOLS TO ADDRESS WRONGFUL DEBT COLLECTION

Over the past two legislative sessions, Texas has made important progress to ensure that victims of coerced debt have 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. At the federal level, the passage of the Debt Bondage Repair Act has created a pathway for debt protections at the federal level for survivors of human trafficking.⁶

While the legislative changes have been impactful, victims continue to face ongoing debt collection actions for coerced debts despite filing police reports and taking the necessary steps to establish the debts as identity theft. Often, victims of coerced debt need a lawyer to be successful in obtaining relief, but so many do not have that luxury.

POLICY RECOMMENDATIONS

Streamlining access to coerced debt protections for victims of identity theft, including victims of family violence, victims of human trafficking, and vulnerable older adults, will ensure that the protections already established in state law are accessible to those most in need.

- ✓ **Establish a hard stop for collection of consumer debts that are shown to be the result of identity theft, including coerced debts.**
- ✓ **Allow for a trauma-informed option for victims of family violence, victims of human trafficking, and vulnerable adults to demonstrate they are victims of coerced debt and identity theft.**

¹ Angela K. Littwin, *Coerced Debt: The Role of Consumer Credit in Domestic Violence*, 100 Calif. L. Rev. 1(2012).

² Busch-Armendariz, N. B., Cook Heffron, L., & Bohman, T. (2011). *Statewide Prevalence of Intimate Partner Violence in Texas*. Domestic Violence Research Reports.

³ Wood, L., Backes, B.L., McGiffert, M., Wang, A., Thompson, J. & Wasim, A. (2019). *Texas state plan 2018: Availability of services at Texas family violence programs and assessment of unmet needs of survivors of family violence*. Austin, Texas: The University of Texas at Austin Steve Hicks School of Social Work and Texas Council on Family Violence.

⁴ 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.

⁵ Federal Bureau of Investigation, "2021 Elder Fraud Report" (2022).

⁶ The two Texas laws that passed are: [HB 3529](#) (87th Regular Session) and [HB 2697](#) (86th Regular Session). The Debt Bondage Repair Act was passed into law at the federal level in 2021. For more details, see: <https://www.cornyn.senate.gov/newsroom/cornyn-bill-to-protect-human-trafficking-victims-from-long-term-financial-harm-signed-into-law/>.

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