



# Maine Equal Justice

## People Policy Solutions

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### **Testimony of Frank D'Alessandro, Maine Equal Justice, *in support of* LD 748 "An Act To Provide Relief to Survivors of Economic Abuse"**

Good afternoon Senator Carpenter, Representative Bailey, and members of the Committee on Judiciary. My name is Frank D'Alessandro and I am the Litigation and Policy Director of Maine Equal Justice. We are a civil legal services organization and we work with and for people with low income seeking solutions to poverty through policy, education and legal representation. Thank for the opportunity to offer testimony to you in support of LD 748.

Maine Equal Justice supports LD 748 because it would help protect victims of domestic violence the harm resulting from economic abuse.

#### **What LD 748 Would Do**

LD 748 does four things. First, LD 748 would define economic abuse. Second, it would give Maine courts the power to order a perpetrator of domestic abuse to pay a survivor for losses resulting from economic abuse. Third, it would protect survivors from debt collectors seeking to enforce debt resulting from economic abuse. Fourth, it would repair credit scores damaged by economic abuse.

#### **Why We Support LD 748**

##### **The Impact of Economic Abuse**

We strongly support the passage of this bill because it would help restore the financial health of survivors of economic abuse by providing a mechanism whereby a court can order an abuser to be financially responsible for debts

resulting from economic abuse. This bill will also prevent debt collectors from collecting debts from survivors resulting from economic abuse and by preventing debts resulting from economic abuse from harming a survivor's credit report.

The Maine Coalition to End Domestic Violence's report on the Impact of Economic Abuse on Survivors of Domestic Violence in Maine tells a clear story:

- many survivors of domestic violence experience economic abuse as a result of the actions of abusers;
- economic abuse can have a long-lasting impact upon survivors and
- economic abuse leads to, and exacerbates, poverty.

The report concludes that survivors of economic abuse struggle to secure stable housing, struggle to meet their and their children's basic needs, and struggle to repay their debts and repair their credit scores.

Take just one of these struggles: the scarcity of stable, affordable housing. We have seen that for client after client how a lack of stable, affordable housing pushes people into homelessness, unemployment, hunger, poor health, and many missed educational opportunities for children.

It is inherently unfair for survivors to have to pay for debts incurred in their name by an abusive spouse or family member. Even in the best of circumstances repairing one's credit can take years. For many survivors struggling with the impact of domestic violence this process can be even more difficult, if not impossible.

Economic abuse often creates unmanageable debts for many survivors. These debts can push survivors deeper into poverty. These debts can deepen the poverty already experienced by many survivors. In any case, these debts exacerbate the hardships faced by survivors of domestic violence.

### **Changes to the protection from abuse process**

The current protection from abuse statute does not provide relief for survivors who have experienced economic abuse.

This bill amends the statute so that courts can order an abuser to pay for the debts resulting from economic abuse. This additional relief will help survivors recover from the effect of domestic violence by requiring abusers to pay for these debts.

## **Changes to the debt collection process**

In addition to having to struggle to pay off debts arising from economic abuse, survivors also must deal with debt collectors seeking to enforce these debts against survivors.

Debt collectors have powerful debt collection instruments at their disposal. These debt collection tools can include garnishment of wages, seizure of liquid assets and liens and the possible sale of someone's home.

Under current law in order to contest the validity of a debt, a survivor is required to contact the debt collector and assert that the survivor was the victim of identity theft. Many types of economic abuse do not meet the definition of identity theft. In addition, the process of asserting that an individual can be extremely challenging for a survivor struggling to deal with the consequences of domestic violence.

This bill makes it clear that debt collectors may not collect debts from survivors that are the result of economic abuse. It also creates a straight forward process by which survivors may assert their rights against debt collectors. Finally, once a debt collector is made aware that a debt is the result of economic abuse, this bill would make it a violation of the fair debt collections practices act for a debt collector to continue to attempt to collect a debt that is the result of economic abuse.

## **Repairing a Credit Report**

The current process to correct credit report to dispute a credit report error. This process can be extremely difficult. It requires that the survivor know their credit was damaged. It requires some level of financial savvy, and knowledge of who to communicate with and how. Once a survivor overcomes these obstacles, they must wait for the Credit Reporting Agency's investigation to follow up on that investigation and answer any subsequent questions.

These requirements, together with the stresses faced by survivors of domestic violence living on low-income, puts this process beyond the reach of most poor Mainers.

This bill would make it clear that a debt resulting from economic abuse must be removed from a survivor's credit report. It also makes it a violation of the fair credit reporting act for a credit reporting agency to fail to remove such a debt from a survivor's credit report once the credit reporting agency has been notified that the debt is the result of economic abuse.

## **Conclusion**

The bill would provide a simple solution to the numerous difficulties faced by survivors who are the victim of economic abuse. It would let the judge who presides over a protection from abuse proceeding to order an abuser to be responsible to pay for debts arising from economic abuse. In addition, this bill amends the Maine fair debt collection practices act and fair credit reporting act to provide protections to survivors so as to ensure that their credit is not damaged as a result of economic abuse and that debt collectors may not obtain court judgments against survivors who are the victims of economic abuse.

For the reasons set forth above we strongly urge you to vote ought to pass on LD 748.