



Your Debt Collection Rights

Are there laws about debt collection?

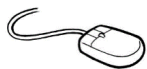
Federal and state laws protect you from abuse or harassment by debt collectors. All debt collectors and all of the people who work for them at a collection agency have to follow the same laws. If a lawyer regularly collects debts, they must also follow these laws.

Protect Yourself!

For legal advice about your debts, call a lawyer or your legal aid office. For help with your budget or making a payment plan, call a non-profit debt counseling service, like the National Foundation for Credit Counseling (NFCC) at 1 (800) 388-2227. They connect you with a local office. They charge a small fee. They can also help you set up payment plans with your creditors and may get them to take lower payments as part of the plan.

Watch Out for companies that charge money to “repair” your credit. Many of these are rip-offs!

When you are in debt you can become a target for people who want to take advantage of you or scam you. The Consumer Finance Protection Bureau has [good information](#) on how to tell if a debt collector is legitimate. Go to www.consumerfinance.gov.



- Click on “Consumer Education Tools” then “Debt Collection”
- Click on “Explore Basics” at the bottom of the “Get Started” section
- Look for the “Narrow your results” box and type in “How can I verify whether or not a debt collector is legitimate?”

If someone contacts you and you are not sure who it is, OR if someone is asking you for financial information over the phone, you should check that they are who they say they are.

How does debt collection work?

Most debt collectors must have a state license to collect debts. They are regulated by the Minnesota Department of Commerce. Also, the federal Fair Debt Collection Practices Act gives consumers many rights.



- **Disputing a Debt**

Within 5 days of the first call or letter to you, the debt collector has to send you a written notice. The notice has to say the amount of the debt and the name of the creditor you owe. The collector assumes you owe the debt unless you send a written letter within 30 days to the creditor about why you disagree.

Make sure your letter explains why you think the debt is wrong. Does the collector have the wrong person? Is the amount wrong? Give them enough information to investigate the dispute. Sign and date the letter and keep a copy for yourself.

When you send this letter, the debt collector must stop trying to collect the debt until they investigate if you owe the debt or not.

You can still send a dispute letter after 30 days – the difference is that the collector doesn't have to respond. They don't have to investigate or stop collection.

- **Payment Plans**

Before you make any payments or set up any payment plans, find out if your income is protected from collection. See our fact sheet [Garnishment and Your Rights](#). If all your money is protected, the creditor can't make you pay anything.

If your income is not protected, you may be able to set up a payment plan to pay off the debt. Some creditors may settle for less than the total amount of the debt. Many creditors take small payments, as long as the payments are made regularly. Some creditors freeze or reduce interest charges if you start making payments.

If you make any kind of deal, try to get it in writing. If they won't sign an agreement, write the terms down in a letter and send it to the agency or creditor. Sign and date the letter and keep a copy for yourself.

If you want a payment plan, you need to ask for it. Creditors and debt collectors try to get payment in full. You have to speak up to get a plan. Get help from National Foundation for Credit Counseling (NFCC) 1(800) 388-2227.



- **Authorizing Withdrawals from Your Bank Account**

If you make a payment agreement, the creditor may ask you to let them take automatic payments from your bank account. Be very careful anytime you give permission to anyone over the phone. Also, remember that the creditor can keep taking payments until you tell your bank to stop letting them.

- **Paying on Multiple Debts**

Sometimes a debt collector is collecting on more than one debt from you. When you make a payment, you can choose which debt to pay it on. However, you can't choose a debt you are disputing. On your check or money order, write which debt the payment is for. Keep a copy.

- **Post-Dated Checks**

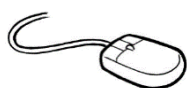
Never give anyone a post-dated check. This is a check that you write on a certain day but put a later date on it. If it's cashed before the date on it, you may end up bouncing the check and paying more fees.

NOTE: if you do this with a debt collector they can't deposit or threaten to deposit the postdated check before the date you put on it. If the collector cashes the check early and doesn't notify you, it is probably a violation of the Fair Debt Collections Practices Act. Talk to a lawyer.

- **Stopping the Calls and Letters**

You can stop the debt collector from calling or writing to you. You must send them a letter that says, "Stop contacting me about this debt." Put the name of the debt and the account number in your letter, date and sign it. Keep a copy.

[Create a Stop Contact letter online](#). Go to www.lawhelpmn.org/forms

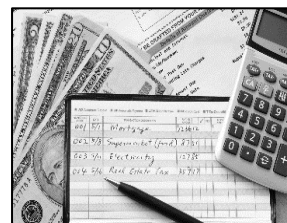


- Look under *Debts, Fees & Deposits*
- Click on *Stop Contacting Me About This Debt - Letter to Creditors*

After they get your no-contact letter, the collector can only call or write to you to tell you what legal action they plan to take. **Remember, sending a no-contact letter doesn't give you the right to ignore court papers.** For example, if you get an Order for Disclosure telling you to state what money and assets you have, you must send the disclosure to the collector. If you don't you could face fines or jail time for contempt of court. See our fact sheet, [Can I Go to Jail if I Don't Pay my Debts?](#).

NOTE:

If you don't pay a bill, a creditor or debt collector can sue you in court and get a judgment. See our fact sheet [What to do if You are Sued](#).



If you don't answer the lawsuit or if the creditor has a judgment against you, they can try to garnish you. This means they take money from your wages or bank account or force the sale of your property.

- **Garnishment**

See our fact sheet [Garnishment and Your Rights](#).

The law does protect some of your money and property:

- You have protection for Social Security, pensions, or veteran's benefits.

- All of your earnings are protected if you get SSI, MFIP, GA, MA (Medical Assistance), Earned Income Tax Credit (EITC), energy assistance, or any other government assistance program based on need.

All of your earnings are protected if you were on any of these programs in the last 6 months. BUT your earnings may only be protected for 60 days if they are in your bank account.

- Some of your earnings are protected if you work. That work can be from an employer or from self-employment or work as an independent contractor.
- If you work, your net earnings are protected up to about \$1,520 a month. That's about \$380 a week. Net earnings is your take home pay after taxes are taken out. But if the judgment is for child support the rules are different.
- Usually, you can only be garnished up to 25% of your net earnings. Starting April 1, 2025, garnishment will take 10%, 15%, or 25% of your net earnings. The percentage used depends on how much you earn.

If all your money is protected, like if your only income is SSI, tell the creditor or debt collector and they may stop trying to collect.

Can my house or vehicles be taken to pay a debt?

Houses

- Your house can be taken to pay a mortgage (foreclosure) but it is protected from most other debts. This is because your house has a Homestead Exemption. This means it is protected if you have less than \$490,000 in equity. Equity is the value of your house minus any mortgage you owe.
- The Homestead Exemption does not stop a foreclosure on certain liens that are put on your home, like mortgages, tax liens, townhouse or condo association liens, and mechanics liens.
- If someone has a judgment lien against you, your house is protected unless you sell it, or it passes through your estate after you die.
- You can only claim a homestead exemption for the main house you live in.
- You can keep furniture and appliances worth up to \$11,250.



Vehicles

- You can keep your car that has up to \$10,000 in equity. Equity is the value of your car minus the amount you owe on the loan.
- But your vehicle can be repossessed if you do not make payments on the car loan that you used to buy the vehicle. See our fact sheet [Your Rights in Repossession](#).
- You can keep your vehicle that is modified for your disability, if it is worth less than \$100,000 in equity.

What is abuse and harassment?

Debt collectors can't contact other people to tell them about your debt, like your employer, co-workers, neighbors, relatives, or friends.

They can call people to get your home or work address, or phone number, but they can't say that you owe money.

They can't tell other people that they are a debt collector unless they are asked. If you have a lawyer, they can't contact you or **anyone** except your lawyer.



It Is Illegal for Debt Collectors To:

- Use obscene or abusive language
- Call before 8:00 a.m. or after 9:00 p.m.
- Call you at work if they know your employer doesn't allow personal or creditor calls
- Take cash without giving you a receipt
- Threaten you with arrest or criminal charges
- Contact you directly if they know you have a lawyer
- Contact you directly if you told them **in writing** that they can't contact you again about the debt
- Bill you for the debt of a deceased person (unless you are that person's personal representative)
- Send you a letter that pretends to be from the government, the court, or a lawyer
- Fail to give you the name of their agency
- Threaten to take any legal action that they do not really plan to take
- Give you legal advice, like: "You have no legal defense to this debt."

Enforcing Your Rights

If a debt collector does any of the things above, keep a careful record of it. When they call, write down the date and time, the name of the caller, and what was said.

If you have questions, call your lawyer, your legal aid office at 1(877) 696-6529, or the Minnesota Department of Commerce at (651) 539-1500 or 1(800) 657-3602.

You can look for help from other programs at www.lawhelpmn.org/providers-and-clinics.

If a debt collector breaks these rules, you can sue. You need to start the lawsuit within 1 year.

To make complaints about debt collectors

Contact:

Minnesota Dept. of Commerce

85 7th Place East, Suite 280
St. Paul, MN 55101-2198

The Federal Trade Commission

Bureau of Consumer Protection
600 Pennsylvania Avenue, NW
Washington, D.C. 20580

Office of Minnesota Attorney General

445 Minnesota St, Suite 1400
St. Paul, MN 55101

(651) 296-3353 (Twin Cities area)
(800) 657-3787 (Outside the Twin Cities)
(800) 627-3529 (Minnesota Relay)

Give details about the things that you think violated your rights. Sign and date the letter and keep a copy for yourself.



You can also [file complaints online](#).

Go to <https://mn.gov/commerce/>. Click on “Consumers” then on “File a Complaint.” Print out a copy of the complaint to keep for yourself.

Fact Sheets are legal information NOT legal advice. See a lawyer for advice.

Don't use this fact sheet if it is more than 1 year old. Ask us for updates, a fact sheet list, or alternate formats.

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