



FEDERAL TRADE COMMISSION PROTECTING AMERICA'S CONSUMERS

Student Loan Debt Collector Will Pay \$700,000 for Unlawful Collection Calls in Settlement with FTC

FOR RELEASE

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GC Services, a large debt collector charged with using unlawful tactics to collect on federal student loans and other debts, will pay a \$700,000 civil penalty under a settlement with the Federal Trade Commission.

Student loan debt is a large and growing segment of the U.S. debt collection industry, according to the FTC. More than 40 million consumers have outstanding loan debt, carrying an average balance of \$29,000. GC Services is a third-party debt collector of defaulted federal student loans and other types of debt.

The FTC's complaint against GC Services Limited Partnership, filed on the FTC's behalf by the Department of Justice, alleged that the company's collectors left phone messages that illegally disclosed purported debts to others without their permission.

GC Services employees also called consumers multiple times after being told that the person who answered did not owe the debt, that they had called the wrong person, or that the person they wanted could not be reached there. According to the FTC, GC Services also falsely claimed that it would take steps to prevent its employees from making unlawful calls to third parties to find a debtor.

Under the stipulated order announced today, GC Services is prohibited from violating the Fair Debt Collection Practices Act and from making the alleged claims at issue in the complaint.

The Commission vote to authorize the staff to refer the civil penalty complaint to the DOJ and to approve the proposed stipulated final order was 3-0. The DOJ filed the complaint and proposed order on behalf of the Commission in the U.S. District Court for the Southern District of Texas.

NOTE: The Commission authorizes the filing of a complaint when it has "reason to believe" that the law has been or is being violated, and it appears to the Commission that a proceeding is in the public interest. Stipulated orders have the force of law when approved and signed by the District Court judge.

To learn more, read Facing Debt Collection? Know Your Rights.

The Federal Trade Commission works to promote competition, and protect and educate consumers. You can learn more about consumer topics and file a consumer complaint online or by calling 1-877-FTC-HELP (382-4357). Like the FTC on Facebook, follow us on Twitter, read our blogs and subscribe to press releases for the latest FTC news and resources.

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