Press Coverage | November 28, 2023

Collectors Fume Over CFPB Plan to Ban Medical Debt From Credit Reports

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Kim Phan

Kim Phan, a partner with Troutman Pepper, was quoted in the November 28, 2023 *American Banker* article, "Collectors Fume Over CFPB Plan to Ban Medical Debt From Credit Reports."

"Conceptually, the CFPB is getting into a dangerous place, because they're saying medical debt doesn't have predictive value — and that's not their job," said Kim Phan, a partner at the law firm Troutman Pepper, who focused on privacy and data security. "The industry has the right to decide what has value and what doesn't."

…

Phan said that unless the CFPB scales back the proposal or makes changes, she expects the bureau will be sued by a trade group or credit bureau once a final rule has been issued. Taking medical debt off credit reports impacts a consumer's credit capacity, which is one of the seven factors of credit used in underwriting decisions, Phan said.

"If a consumer earns $30,000 a year and just took on $100,000 of medical debt, their capacity to take on new credit is much more restricted," Phan said.

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