

Press Coverage | July 11, 2022

# Judge Refuses to Allow Incentive Award for Named Plaintiff in FDCPA Class Action

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[Virginia Bell Flynn](#)

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Virginia Bell Flynn, a partner in Troutman Pepper's Consumer Financial Services Practice Group, was quoted in the July 11, 2022 *AccountsRecovery.net Compliance Digest* article, "[Judge Refuses to Allow Incentive Award for Named Plaintiff in FDCPA Class Action.](#)"

The Federal District Court for the District of Utah has squashed an attempt to obtain a larger payout for class representatives in a settlement than they are entitled to by law. In *Rodriguez v. Cascade Collections*, a class action brought under the Fair Debt Collection Practices Act (FDCPA), the judge refused to approve an award of \$1,500 for the named plaintiff, explaining that the FDCPA only authorized statutory damage awards of up to \$1,000. Since the plaintiff did not have any actual damages by which he could increase his recovery, he was limited to \$1,000. The parties amended the settlement agreement on the record to reduce the class plaintiff's incentive award to the permissible amount, at which point the court approved the settlement award.

The ruling serves as a reminder that for settlements subject to court approval, courts will not permit plaintiffs to obtain a windfall. This also means that when negotiating settlements on a class basis, defendants cannot offer named plaintiffs incentive awards greater than what they could obtain at trial to induce settlement, though such offers would be permissible on an individual basis.

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