



Maryland Consumer Rights Coalition

Testimony to the Senate Finance Committee
Sb 873: Commercial Law – Maryland Credit Repair Business Act
Position: Oppose

March 20, 2019

Senator Delores Kelley, Chair
Senate Finance Committee
3 East Miller Senate Office Building
Annapolis, MD 21401
Cc: Members, Senate Finance

Honorable Chairwoman Kelley and Members of the Committee:

MCRC is a statewide coalition of individuals and organizations that advances economic inclusion and financial justice through research, consumer education, direct service, and advocacy. Our 8,500 supporters include consumer advocates, practitioners, and low-income and working families throughout Maryland.

We are here in opposition to SB 873 and urge an unfavorable report.

SB 873 would create a new title for licensure and regulation of credit repair services while seriously weakening Maryland's Credit Services Businesses Act (MCSBA). Current law prohibits a credit repair services business from charging or collecting any funds before the service they've performed is fully completed. However, if passed, SB 873 would gut this fundamental protection and instead allow credit repair services to be paid before they've completed the work.

Current law in Maryland is consistent for credit repair services and debt settlement services – you must do the job (improve the credit, or settle the debt) – before a consumer pays a dime.

In fact, the Consumer Financial Protection Bureau's advisory on how to avoid credit scams says, "*a warning sign for credit repair scams include companies that ask you to pay before providing services.*"¹

¹<https://www.consumerfinance.gov/ask-cfpb/how-can-i-tell-a-credit-repair-scam-from-a-reputable-credit-counselor-en-1343/>



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Credit scores are important for consumers to obtain better interest rates, car insurance rates, and loans. For that reason, consumers who are trying to improve their credit are particularly vulnerable to promises that sound too good to be true. We've seen consumers, desperate to improve their credit, lose thousands of dollars to these kinds of companies, without any improvement in their credit.

We know that some consumer credit companies assist consumers and we support their work – we simply want these companies to be paid *after* they repair a person's credit, not before they've completed their job.

For all these reasons, we oppose SB 873 and ask for an unfavorable report.

Best,
Marceline White
Executive Director