



1 AN ACT concerning regulation.

2 **Be it enacted by the People of the State of Illinois,**  
3 **represented in the General Assembly:**

4 Section 5. The Collection Agency Act is amended by  
5 changing Section 2 and by adding Section 9.6 as follows:

6 (205 ILCS 740/2) (was 225 ILCS 425/2)

7 (Section scheduled to be repealed on January 1, 2026)

8 Sec. 2. Definitions. In this Act:

9 "Address of record" means the designated address recorded  
10 by the Department in the applicant's or licensee's application  
11 file or license file as maintained by the Department's  
12 licensure maintenance unit.

13 "Board" means the Collection Agency Licensing and  
14 Disciplinary Board.

15 "Charge-off balance" means an account principal and other  
16 legally collectible costs, expenses, and interest accrued  
17 prior to the charge-off date, less any payments or settlement.

18 "Charge-off date" means the date on which a receivable is  
19 treated as a loss or expense.

20 "Coerced debt" means any debt as defined by this Act or a  
21 portion of the debt, except for debt secured by real property,  
22 that was incurred by the debtor because of identity theft,  
23 fraud, duress, intimidation, threat, force, coercion, undue

1 influence, or the non-consensual use of the debtor's personal  
2 identifying information between family or household members as  
3 defined in Section 103 of the Illinois Domestic Violence Act,  
4 as a result of abuse or exploitation as defined in Section 103  
5 of the Illinois Domestic Violence Act, or due to human  
6 trafficking as defined in subsections (b), (c), and (d) of  
7 Section 10-9 of the Criminal Code of 2012.

8 "Collection agency" means any person who, in the ordinary  
9 course of business, regularly, on behalf of himself or herself  
10 or others, engages in the collection of a debt.

11 "Consumer debt" or "consumer credit" means money or  
12 property, or their equivalent, due or owing or alleged to be  
13 due or owing from a natural person by reason of a consumer  
14 credit transaction.

15 "Credit transaction" means a transaction between a natural  
16 person and another person in which property, service, or money  
17 is acquired on credit by that natural person from such other  
18 person primarily for personal, family, or household purposes.

19 "Creditor" means a person who extends consumer credit to a  
20 debtor.

21 "Current balance" means the charge-off balance plus any  
22 legally collectible costs, expenses, and interest, less any  
23 credits or payments.

24 "Debt" means money, property, or their equivalent which is  
25 due or owing or alleged to be due or owing from a person to  
26 another person.

1 "Debt buyer" means a person or entity that is engaged in  
2 the business of purchasing delinquent or charged-off consumer  
3 loans or consumer credit accounts or other delinquent consumer  
4 debt for collection purposes, whether it collects the debt  
5 itself or hires a third-party for collection or an  
6 attorney-at-law for litigation in order to collect such debt.

7 "Debtor" means a person from whom a collection agency  
8 seeks to collect a consumer or commercial debt that is due and  
9 owing or alleged to be due and owing from such person.

10 "Department" means the Department of Financial and  
11 Professional Regulation.

12 "Email address of record" means the designated email  
13 address recorded by the Department in the applicant's  
14 application file or the licensee's license file, as maintained  
15 by the Department's licensure maintenance unit.

16 "Perpetrator of coerced debt" or "perpetrator" means an  
17 individual who caused coerced debt to be incurred by another.

18 "Person" means a natural person, partnership, corporation,  
19 limited liability company, trust, estate, cooperative,  
20 association, or other similar entity.

21 "Licensed collection agency" means a person who is  
22 licensed under this Act to engage in the practice of debt  
23 collection in Illinois.

24 "Multi-state licensing system" means a web-based platform  
25 that allows licensure applicants to submit their applications  
26 and renewals to the Department online.

1 "Secretary" means the Secretary of Financial and  
2 Professional Regulation or his or her designee.

3 (Source: P.A. 102-975, eff. 1-1-23.)

4 (205 ILCS 740/9.6 new)

5 Sec. 9.6. Coerced debt.

6 (a) A debtor is not liable for any coerced debt, as defined  
7 in this Act, and may assert that they have incurred a coerced  
8 debt by providing to a collection agency an oral or written  
9 statement of coerced debt. The statement of coerced debt  
10 shall:

11 (1) contain enough information about the debt or  
12 portion of the debt to allow a collection agency to  
13 identify any account associated with the debt;

14 (2) inform the collection agency that the debtor did  
15 not willingly authorize the use of the debtor's name,  
16 account, or personal information for incurring the debt or  
17 portion of the debt or to claim that a debt or portion of  
18 the debt is a coerced debt;

19 (3) if the debtor knows how the debt was incurred,  
20 provide facts describing how the debt was incurred;

21 (4) include the debtor's preferred contact method and  
22 information such as a phone number, email address,  
23 physical address, or safe address for either the debtor or  
24 a third party whom the debtor designates to receive  
25 information about the coerced debt; and

1 (5) be supported by at least one of the following:

2 (A) an Attorney General ID Theft Affidavit as  
3 described in Section 9.4 of this Act;

4 (B) a police report that identifies the coerced  
5 debt, or a portion of the debt, and describes the  
6 circumstances under which the coerced debt was  
7 incurred;

8 (C) a Federal Trade Commission identity theft  
9 report;

10 (D) an order from a court of competent  
11 jurisdiction setting forth findings of coerced debt;

12 (E) written verification on letterhead or on a  
13 form published by the Department from a qualified  
14 third party to whom the debtor reported the coerced  
15 debt that identifies the name, organization, address,  
16 and telephone number of the third party, identifies  
17 the coerced debt or a portion of the debt, and attests  
18 that the debtor sought the qualified third party's  
19 assistance related to the coerced debt, abuse or  
20 exploitation under the Illinois Domestic Violence Act,  
21 or because they are a victim of human trafficking  
22 under Section 10-9 of the Criminal Code; or

23 (F) any other document that individually or in  
24 combination with other documents, including an order  
25 of protection under Article 2 of the Illinois Domestic  
26 Violence Act or a protective order under Section 112A

1 of the Code of Criminal Procedure of 1963, that  
2 demonstrates a person was subject to coerced debt.

3 As used in this Section, "qualified third party" means any  
4 law enforcement officer; attorney; physician, physician  
5 assistant, psychiatrist, psychologist, social worker, nurse,  
6 therapist, clinical professional counselor, or other medical  
7 professional; any person who advises or provides services to  
8 persons regarding domestic violence, family violence, sexual  
9 assault, human trafficking, or abuse of children, the elderly,  
10 or dependent adults; or a member of the clergy of a church,  
11 religious society, or denomination.

12 (b) If a debtor notifies a collection agency orally that  
13 the debt it is pursuing is coerced debt or is partially coerced  
14 debt, the collection agency shall notify the debtor orally or  
15 in writing that the debtor's claim must be in writing and, if a  
16 model statement of coerced debt is published by the  
17 Department, refer the debtor to the model statement. A  
18 collection agency receiving an oral notice of coerced debt  
19 must notify any consumer reporting agency to which the  
20 collection agency furnished adverse information about the  
21 debtor that the debtor disputes the adverse information.

22 (c) If the statement of coerced debt is incomplete in any  
23 respect, the collection agency shall notify the debtor using  
24 the debtor's preferred contact method within 15 business days  
25 of receipt that the statement is incomplete and the type of  
26 additional information needed to complete the coerced debt. If

1 the collection agency provides this notice orally, the  
2 collection agency shall also provide notice to the debtor in  
3 writing via email or first-class mail.

4 (d) Upon receiving the debtor's complete statement of  
5 coerced debt and supporting information described in  
6 subsection (a), the collection agency shall review and  
7 consider all the information received from the debtor as well  
8 as any other information available in the collection agency's  
9 file or from the creditor related to the alleged coerced debt  
10 within 90 days after receipt.

11 (1) Within 5 days after receipt of the complete  
12 statement of coerced debt and supporting information, the  
13 collection agency shall (i) cease any pre-judgment  
14 attempts to collect the coerced debt from the debtor,  
15 including refraining from filing any lawsuit or  
16 arbitration to collect the coerced debt; and (ii) notify  
17 any consumer reporting agency to which the collection  
18 agency or creditor furnished adverse information about the  
19 debtor that the debtor disputes the adverse information.

20 (2) If, after review, the collection agency makes a  
21 good faith determination that the debt or any portion of  
22 the debt does not qualify as coerced debt, the collection  
23 agency shall provide the debtor with a written statement  
24 setting forth the determination, along with any evidence  
25 relied upon in forming this determination. A collection  
26 agency may only resume collection activities after

1 providing debtor with a copy of this written statement and  
2 supporting evidence at the debtor's preferred email or  
3 mailing address from the statement of coerced debt or, if  
4 not provided as part of the statement, at their last known  
5 mailing address.

6 (3) If, after its review, the collection agency does  
7 not make a good faith determination that the debt does not  
8 qualify as coerced debt under paragraph (2), it shall: (i)  
9 refrain from any further collection activities, including  
10 the filing of any lawsuit or arbitration, to collect the  
11 coerced debt from the debtor who submitted the statement  
12 of coerced debt; (ii) notify that debtor through their  
13 preferred contact method that it is ceasing all attempts  
14 to collect the debt from the debtor based on the debtor's  
15 claim of coerced debt; and (iii) contact any consumer  
16 reporting agency to which it furnished information about  
17 the coerced debt and request they delete such information.

18 (4) The collection agency may request that the debtor  
19 provide the identity of the alleged perpetrator and the  
20 individual's contact information, if known.

21 (5) A collection agency shall not provide the contact  
22 information of debtor or a copy of the statement of  
23 coerced debt or supporting information to an alleged  
24 perpetrator of coerced debt or another person but may  
25 summarize the allegations about how the coerced debt was  
26 incurred in order to collect the debt from the

1 perpetrator.

2 (e) In any lawsuit or arbitration to collect a debt, it  
3 shall be an affirmative defense that the debt is or is  
4 partially coerced debt. A debtor establishes a prima facie  
5 affirmative defense to any action by a collection agency to  
6 collect a debt by submitting a complete statement of coerced  
7 debt as set forth in subsection (a) to the collection agency  
8 and the court or arbitrator. A collection agency has the  
9 burden to disprove the debtor's defense by a preponderance of  
10 the evidence.

11 (f) A person found by a court or arbitrator of competent  
12 jurisdiction to be a perpetrator of coerced debt shall be  
13 civilly liable to (1) the collection agency for the full  
14 amount of the debt, less any portion that has been satisfied by  
15 the debtor or otherwise, and (2) the debtor for any actual  
16 damages incurred for payments, garnishments, or any other  
17 costs related to the coerced debt.

18 (g) During any court action or arbitration under  
19 subsections (e) and (f), the presiding official shall take  
20 appropriate steps necessary to protect the debtor or any  
21 immediate family member or household member of the debtor from  
22 an alleged perpetrator of coerced debt, including but not  
23 limited to sealing court records, redacting personally  
24 identifiable information about the debtor and any immediate  
25 family member or household member of the debtor, and directing  
26 that any deposition or evidentiary hearing be conducted

1 remotely.

2 (h) No agreement between a debtor and any other person may  
3 contain any provision that constitutes a waiver of any right  
4 conferred or cause of action created by this Act, and any such  
5 waiver is void.

6 (i) Any collection agency who fails to comply with any  
7 provision of this Section is liable to the debtor for actual  
8 damages; additional damages as the court may allow but not  
9 exceeding \$2,500 per violation, court costs, reasonable  
10 attorney's fees; and punitive damages if the court finds that  
11 the noncompliance was willful and wanton.

12 (j) Within 180 days after the effective date of this  
13 amendatory Act of the 104th General Assembly, the Department  
14 may design and publish a model coerced debt and third party  
15 written verification form in English and any other language it  
16 determines, within its discretion, is the first language of a  
17 significant number of consumers in the State.

18 (k) Nothing in this Section shall reduce or eliminate any  
19 other rights or defenses available at law.

20 (l) The provisions of this Section are severable under  
21 Section 1.31 of the Statute on Statutes.