

# KEWANEE CREDIT BUREAU

206 1/2 W. 2nd St. / PO Box 93 / Kewanee IL 61443

11-B N. Sixth St. / PO Box 305 / Pekin IL 61555

Web page: [www.kewaneecreditbureau.com](http://www.kewaneecreditbureau.com)

309-852-2574 fax: 309-852-0995

309-856-6630 fax: 309-347-1351

e-mail: [lnelson@ocslink.com](mailto:lnelson@ocslink.com)

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## CONSUMER CREDIT TROUBLES CONTINUE

Recent statistics signal that consumers continue to have trouble meeting their credit obligations. Consider the following:

The American Bankers Association (ABA) recently reported that a record high, 3.75% of bank credit cards, were 30 days or more overdue for year-end 1996.

Commercial banks wrote off 4.37% of credit card loans in 1996, up from 3.4% the previous year, according to recent data from the FDIC.

Direct auto loans 30 days or more overdue rose to 2.03% in the last quarter of 1996, compared to 1.87% in the same period a year earlier, according to the ABA. For indirect auto loans—those made through the dealerships—the delinquency rate rose to 2.36% in the 4th quarter of 1996 from 2.17% a year earlier. (ACA Collector, 5-97)

Credit card charge-offs reached \$754 million or 6% in February 1997 according to the Fitch Credit Card Performance Index released in early March. (ACB Communicator 4-97)

## HAPPY BIRTHDAY TO US

On May 16, 1997 the Kewanee Credit Bureau was 69 years old. We were formed on May 16, 1928 by a group of 84 businesses in Kewanee.

## WHO DO YOU BELIEVE?

### BOUNCED CHECK DOESN'T QUALIFY AS A DEBT

The US District Court for the Eastern District of Pennsylvania ruled in late 1996 that a "bounced" check does not qualify as a debt under the FDCPA. The Judge in the case ruled that a check is akin to a cash payment, not a payment on credit.

In the case, Zimmerman v. HBO Affiliate Group, 834 F. 2d 1163 (ca3 1987), a consumer filed suit claiming that the collection agency's attempts to collect money were in violation of the FDCPA and Pennsylvania's Unfair Trade Practices & Consumer Protection Law. In the end the court ruled that since a check (even a bad one) is not credit, it does not fall under the jurisdiction of the FDCPA.

(ACB Communicator, 4-97)

## CIRCUIT RULES FDCPA COVERS RETURNED CHECKS

In an April 18th split decision, the Court affirms a U.S. District Court decision that held the FDCPA does apply to efforts to collect returned checks. The decision was handed down in the case of Bass v. Stolper, koritzinsky, Brewster & Neider, SC, (No. 96-2113, April 16, 1997 (7th cir.)).

The Court of Appeals upheld the District Court's determination, rejecting the argument that a "debt" under the FDCPA arises out of a transaction in which credit was extended. "We see no language in the Act's definition of "debt" (or any other section of the Act) that mentions, let alone requires that the debt arise from an extension of credit," Judge Eschback wrote in the majority opinion.

In dissent, Judge Bauer took issue with the majority's reading that the FDCPA definition of "debt" applies to returned checks. "When accepting a check, that payee is peculiarly at the mercy of the maker; only the maker and the bank know whether the money is available to pay the amount of the note,....if anyone needs protection, it is the provider of goods and services who accepts a check in exchange," Judge Bauer wrote. (ACA Credi-Alert, vol 26, #7)

## KEWANEE CREDIT BUREAU HOURS

Monday - Friday 9:00am to 4:30pm  
Kewanee office: 206 1/2 W Second  
Pekin office: 11-B N 6th Street