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The Fair Debt Collection Practices Act (FDCPA) prohibits a debt collector from using a “false, deceptive, or misleading representation or means in connection with the collection of any debt” and prohibits a debt collector from using “unfair or unconscionable means to collect or attempt to collect any debt.” 15 U.S.C. §§ 1692e, 1692f. Today, the Supreme Court issued a 5-3 ruling that a debt collector does not violate the FDCPA by knowingly attempting to collect a debt in bankruptcy proceedings after the statute of limitations for collecting that debt has expired.

In the opinion for the Court, Justice Breyer looked to state law to determine whether the creditor had a right to payment. Under Alabama law, which applied to the case before the Court, a creditor has the right to payment of a debt even after the limitations period has expired. Accordingly, a creditor may legitimately claim the existence of a debt even if the debt is no longer enforceable in a collection action. Likewise, the streamlined rules of bankruptcy proceedings mean that it is not obviously “unfair” for a creditor to inject an additional claim into the proceedings, even if it would be unfair for a creditor to file a standalone civil action to collect a time-barred debt.

Justice Sotomayor dissented, in an opinion joined by Justices Ginsburg and Kagan. In her view, when debt collectors file stale claims in bankruptcy proceedings, they are seeking to profit on the inadvertent inattention of others, who need only to raise the limitations period to effect the disallowance of the claims. Such conduct, in her opinion, is not good-faith conduct, and qualifies as “unfair” and “unconscionable” under the FDCPA.