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H.385

Introduced by Representatives Graning of Jericho, Arsenault of Williston,  
Bluemle of Burlington, Bosch of Clarendon, Boutin of Barre  
City, Burke of Brattleboro, Carris-Duncan of Whitingham,  
Chapin of East Montpelier, Cina of Burlington, Cordes of  
Bristol, Dodge of Essex, Duke of Burlington, Holcombe of  
Norwich, Hooper of Burlington, Krasnow of South Burlington,  
Lalley of Shelburne, LaLonde of South Burlington, Logan of  
Burlington, McCann of Montpelier, McGill of Bridport,  
Micklus of Milton, Minier of South Burlington, Nugent of  
South Burlington, Olson of Starksboro, Priestley of Bradford,  
Sibilia of Dover, Sweeney of Shelburne, and White of Bethel

Referred to Committee on

Date:

Subject: Finance; creditors; debtors; coerced debt; remedies

Statement of purpose of bill as introduced: This bill proposes to prohibit  
coerced debt and provide protections and remedies for victims of coerced debt.

An act relating to remedies and protections for victims of coerced debt

1 It is hereby enacted by the General Assembly of the State of Vermont:

2 Sec. 1. 9 V.S.A. chapter 63, subchapter 13 is added to read:

3 Subchapter 13. Coerced Debt

4 § 2495a. DEFINITIONS

5 As used in this subchapter:

6 (1) “Abuse” has the same meaning provided in 15 V.S.A. § 1101(1).

7 (2) “Adequate documentation” means:

8 (A) a police report that identifies the coerced debt, or a portion  
9 thereof, and describes the circumstances under which the coerced debt was  
10 incurred;

11 (B) a Federal Trade Commission identity theft report;

12 (C) an order from a court of competent jurisdiction setting forth  
13 findings of coerced debt;

14 (D) a sworn written certification from a qualified third-party  
15 professional; or

16 (E) any other document that demonstrates a person was subject to  
17 coerced debt and that supports a debtor’s statement of coerced debt.

18 (3) “Coerced debt” means all or a portion of debt in a debtor’s name  
19 that:

20 (A) has been incurred as a result of:

1                   (i) the use of the debtor’s personal information without the  
2                   debtor’s knowledge, authorization, or consent;

3                   (ii) the use or threat of force, intimidation, undue influence, fraud,  
4                   deception, coercion, or other similar means against the debtor; or

5                   (iii) economic abuse perpetrated against the debtor; and

6                   (B) was not subject to a final judgment in an action for dissolution of  
7                   marriage or a collection matter that occurred prior to the debtor requesting the  
8                   creditor to cease all collection efforts against the debtor for such debt.

9                   (4) “Creditor” means a person, or the person’s successor, assignee, or  
10                  agent, claiming to own or have the right to collect a debt owed by the debtor.

11                  (5) “Debtor” means a person who:

12                  (A) is a survivor of domestic abuse, economic abuse, or human  
13                  trafficking; and

14                  (B) owes coerced debt.

15                  (6) “Economic abuse” means behavior in the context of a domestic  
16                  relationship that controls, restrains, restricts, impairs, or interferes with the  
17                  ability of a debtor to acquire, use, or maintain economic resources, including:

18                  (A) withholding or restricting access to, or the acquisition of, money,  
19                  assets, credit, or financial information;

20                  (B) interfering with the debtor’s ability to work and earn wages; or

1           (C) exerting undue influence over the debtor’s financial and  
2           economic behavior or decisions.

3           (7) “Human trafficking” has the same meaning provided in 13 V.S.A.  
4           § 2652 or 2653.

5           (8) “Perpetrator of coerced debt” means an individual who causes or is  
6           alleged to have caused coerced debt to be incurred by another.

7           (9) “Qualified third-party professional” means:

8                   (A) an officer of the court or law enforcement personnel;

9                   (B) a licensed staff member of a program that provides assistance to  
10           persons regarding domestic violence, sexual assault, stalking, human  
11           trafficking or abuse of children, older adults, or dependent adults, and who has  
12           relevant training or expertise; or

13                   (C) a licensed attorney or a health care provider as defined in 18  
14           V.S.A. § 9402(7).

15           (10) “Statement of coerced debt” means a statement made by a debtor to  
16           a creditor orally or in writing that includes:

17                   (A) identification of the debt, or portion of the debt alleged to be  
18           coerced debt;

19                   (B) if available, a description of the circumstances under which the  
20           coerced debt was allegedly incurred;

1           (C) a statement by the debtor disclosing that the debtor did not  
2           willingly authorize the use of the debtor’s name or personal information to  
3           incur such debt;

4           (D) any information known by the debtor, including account  
5           information or credit card information and the name of the individual in whose  
6           name such debt was incurred;

7           (E) the identity of the perpetrator of the coerced debt and, if known,  
8           contact information for the perpetrator, unless the debtor signs a sworn  
9           statement that disclosing such information is likely to result in abuse to the  
10          debtor or any immediate family member of the debtor; and

11          (F) the debtor’s preferred contact method and information such as a  
12          telephone number, email address, physical address, or safe address for either  
13          the debtor or a third party whom the debtor designates to receive information  
14          about the coerced debt., which shall be specified by the debtor in writing.

15          (11) “Sworn written certification” means a statement by a qualified  
16          third-party professional in the following form:

17          CERTIFICATION OF QUALIFIED THIRD-PARTY PROFESSIONAL

18          I, ..... (name of qualified third-party professional), do hereby  
19          certify under penalty of perjury as follows:

1           1. I am a qualified third-party professional as defined in 9 V.S.A.  
2           § 2495a(9) who has had in-person contact or face-to-face contact through an  
3           electronic medium with ..... (name of debtor).

4           2. Based on my professional interactions with the debtor and  
5           information presented to me in my professional capacity, I have a reasonable  
6           basis to believe ..... (name of debtor) is a survivor of domestic abuse,  
7           domestic assault, stalking, or human trafficking and has incurred all or a  
8           portion of debt that is coerced debt.

9           3. Based on my professional interactions with the debtor and on  
10           information presented to me, I have reason to believe that the circumstances  
11           under which the coerced debt was incurred are as follows:

12           4. The following debts or portions of the debts have been identified to  
13           me as coerced:

14           I attest that the foregoing is true and correct.

15           (Printed name of qualified third party)

16           (Signature of qualified third party)

17           (Business address and business telephone)

18           (Date)

19           § 2495b. COERCED DEBT PROHIBITED

20           A person shall not cause another person to incur coerced debt.

1     § 2495c. CREDITOR'S CONDUCT PURSUANT TO A DEBTOR'S

2                     STATEMENT OF COERCED DEBT

3             (a) Within 30 business days following receipt of a debtor's statement of  
4             coerced debt, the creditor shall notify any consumer reporting agency to which  
5             the creditor furnished adverse information about the debtor that the debtor  
6             disputes the adverse information.

7             (b) If the consumer provides both a statement of coerced debt and adequate  
8             documentation to the creditor, the creditor shall take all of the following  
9             actions within 10 business days following receipt:

10                 (1) Cease all attempts to collect the coerced debt from the debtor.

11                 (2) Refrain from filing any lawsuit to collect the coerced debt or, if a  
12                 collection action has already been filed, seek a continuance, abatement, or stay  
13                 of proceedings against the debtor unless the creditor is challenging that the  
14                 debt is not coerced debt in that action pursuant to subsection 2495d(b) of this  
15                 subchapter.

16                 (3) Cease all garnishment of funds from the debtor.

17                 (4) Return to the debtor any payments that were made by the debtor or  
18                 received as part of a garnishment of funds from the debtor on the coerced debt.

19                 (5) Notify the debtor that it is ceasing all attempts to collect the debt  
20                 from the debtor based on the debtor's claim of coerced debt. The notice shall

1 be provided to the debtor using the debtor's preferred contact method. The  
2 creditor shall inform the debtor of the option to receive the notice in writing.

3 (6) Contact any consumer reporting agency to which it furnished  
4 information about the debtor and the coerced debt and request they delete such  
5 information.

6 (7) Refrain from selling the debt or transferring it for consideration. If  
7 the creditor does not own the debt and is collecting the debt for another, then  
8 the creditor must notify the owner of the debt that it has ceased collection  
9 activities against the debtor because the debt is coerced debt.

10 (c) If the debtor provides to a creditor a statement including some but not  
11 all of the information required of a statement of coerced debt or provides an  
12 oral statement of coerced debt without adequate documentation, the creditor  
13 shall notify the debtor within five business days, using the debtor's preferred  
14 contact method, of the additional information needed to complete the statement  
15 of coerced debt and of the adequate documentation requirement. If the creditor  
16 provides this notice orally, the creditor shall inform the debtor of the option to  
17 receive the notice in writing.

18 (d) A creditor who provides the debtor with Model Form A-1 complies  
19 with the requirement in subsection (c) of this section to notify the debtor of the  
20 additional information needed to complete the statement of coerced debt with  
21 adequate documentation.



1       (e) Any written notice under this section must be provided to a debtor in  
2       both English and Spanish. If the creditor provides oral interpretation services  
3       or otherwise communicates with a debtor in any language other than English,  
4       the creditor shall provide the notice, orally or in writing, required under this  
5       subsection to the debtor in the debtor's preferred language.

6       (f) The Commissioner of Financial Regulation shall publish Model Form  
7       A-1 in English and Spanish.

8       (g) The Commissioner may publish Model Form A-1 in any other language  
9       the Commissioner determines is the first language of a significant number of  
10       consumers in Vermont. This determination shall be based, at the discretion of  
11       the Commissioner, either on the numerical percentages of all consumers in  
12       Vermont for whom English or Spanish is not a first language or in a manner  
13       consistent with any rules adopted by the Department of Financial Regulation  
14       for this purpose.

15       (h) Model Form A-1 shall be substantially in the following form:

16               MODEL FORM A-1 FOR CREDITORS TO PROVIDE DEBTORS

17       [Creditor name:

18       Address:

19       Email address:

20       Telephone number:

21       Website URL where this form can be filled out online]

1     [Debtor's name]

2     [Debtor's preferred contact information: debtor may provide a telephone  
3     number, email address, physical address, or the address of a third party]

4         You have given us information about a debt that may have been taken out  
5     because someone used your personal information without your permission or  
6     because someone intimidated, threatened, forced, or manipulated you into  
7     taking out this debt.

8         For example, an abusive partner could have taken out a credit card or loan  
9     in your name without your knowledge or permission or pressured you into  
10    taking out credit to buy a car, television, computer, or other item and  
11    threatened you with harm if you refused.

12         Questions: To stop collection of this debt, you need to answer the questions  
13    below. If you do not know the answer, you can explain why you do not know  
14    the answer.

15         1. Did you sign for or agree to the debt?

16         2. If you did sign or agree to the debt, was it because someone threatened  
17    you or used intimidation, force, manipulation, theft, or other forms of control  
18    to take out the debt in your name? If yes, please describe how it happened.

19         3. If you did not sign or agree to the debt, do you know who used your  
20    information to take out the debt? If yes, please describe.

1        4. What is your preferred contact method and contact information? You  
2        can provide a telephone number, email address, physical address, safe address,  
3        or the contact information of another trusted person you want to receive  
4        information for you because you are concerned about your safety.

5        Supporting Documentation: Please include any one of the documents  
6        below that show that the debt was taken out by someone who you were in an  
7        abusive relationship with and threatened you or used intimidation, force,  
8        manipulation, theft, or other forms of control to take out the debt in your name.  
9        You only need to send one, but you may provide more than one.

10       1. A police report that includes information about the debt and how it was  
11       taken out.

12       2. A Federal Trade Commission identity theft report that you can complete  
13       yourself online at [idtheft.gov](http://idtheft.gov).

14       3. A court order that includes information about the debt and how it was  
15       taken out.

16       4. A sworn written certification from a qualified third-party professional  
17       you talked with about this debt. The statement should include who they are,  
18       where they work, their contact information, and information you shared with  
19       them about the debt and how it was taken out. The third party may be:

20       (a) an officer of the court or law enforcement personnel;

1           (b) a licensed staff member of a program that provides assistance to  
2           persons regarding domestic violence, sexual assault, stalking, human  
3           trafficking or abuse of children, older adults, or dependent adults; or

4           (c) a licensed attorney or a health care provider as defined in 18 V.S.A.  
5           § 9402(7).

6           5. Any other document such as [a divorce decree, restraining order,  
7           protection from abuse order] or other document that includes information  
8           about the debt and how it was taken out.

9           We need to receive your answers to the above questions and at least one  
10           document supporting your claim before we stop collecting on the debt.  
11           Within 30 days after we receive this information, we will do all of the  
12           following:

13           1. Stop all attempts to collect the coerced debt from you.

14           2. Notify you in writing that we are stopping all attempts to collect the debt  
15           from you.

16           3. Contact the consumer reporting agencies to which we gave information  
17           about you and the coerced debt and request that they remove the information  
18           from your credit report. Alternatively, we also have the right to challenge your  
19           claim of coerced debt in court.

20           If you have questions, please contact us at: [Creditor's name, mailing  
21           address, telephone number, and email address].

1        For more information, see 9 V.S.A. chapter 63, subchapter 13.

2        (i) In connection with any communication related to a debtor's statement of  
3        coerced debt, the creditor:

4                (1) shall only use the contact information the debtor provides in the  
5        statement of coerced debt to contact the debtor and shall not use any other  
6        contact information;

7                (2) shall not disclose the contact information the debtor provides in the  
8        statement of coerced debt to any other person, including the perpetrator of the  
9        coerced debt or joint account holders, without the debtor's express written  
10       authorization; and

11               (3) may request that the debtor provide the identity of the perpetrator of  
12       coerced debt, if known, and contact information for that person if known.

13       § 2495d. CIVIL LEGAL REMEDIES

14               (a) A debtor is not liable for coerced debt. A debtor may raise as a defense  
15       in any forum and by any allowable procedure that a particular debt, or portion  
16       thereof, is coerced debt.

17               (b) The debtor establishes a prima facie case that a debt is coerced debt by  
18       providing a statement of coerced debt and adequate documentation. If the  
19       creditor has a good faith basis to believe that the debt is not coerced debt, the  
20       creditor may seek a court order in a court of competent jurisdiction declaring

1 the debt is not a coerced debt. In such a suit, the creditor has the burden to  
2 disprove the debt is coerced debt.

3 (c) A person who is found to be a perpetrator of coerced debt by a court of  
4 competent jurisdiction shall be civilly liable to the creditor. The perpetrator of  
5 coerced debt may also be civilly liable to the debtor to the extent that the  
6 debtor made payments or incurred costs related to the coerced debt.

7 (d) A creditor may use all legal rights and remedies to collect the coerced  
8 debt from the perpetrator of coerced debt.

9 (e) In any court action, the presiding court shall take appropriate steps  
10 necessary to protect the debtor or an immediate family member of the debtor  
11 from an alleged perpetrator of coerced debt by, among other things, sealing  
12 court records, redacting personally identifiable information about the debtor  
13 and any immediate family member of the debtor, and directing that any  
14 deposition or evidentiary hearing be conducted remotely.

15 (f) Any creditor who fails to comply with any provision of section 2495c of  
16 this subchapter is liable to the debtor in an amount equal to the sum of:

17 (1) any actual damages sustained by the debtor as a result of such  
18 noncompliance;

19 (2)(A) in the case of any action by an individual, such additional  
20 damages as the court may allow, but not exceeding \$5,000.00 per violation  
21 indexed annually for inflation; or

1           (B) in the case of a class action:

2                   (i) such amount for each named plaintiff as could be recovered  
3 under subdivision (A) of this subdivision (f)(2); and

4                   (ii) such amount as the court may allow for all other class  
5 members, without regard to a minimum individual recovery, not to exceed the  
6 lesser of \$500,000.00 indexed annually for inflation or one per centum of the  
7 net worth of the debt collector;

8                   (iii) court costs and reasonable attorney's fees as determined by  
9 the court; and

10                  (iv) punitive damages if the court finds the creditor's  
11 noncompliance was willful.

12           (g) The provisions of this subchapter apply to lawsuits filed in this State,  
13 regardless of whether a related contract provides that the law of another state is  
14 chosen.

15   § 2495e. CREDITOR REMEDIES

16           Nothing in this subchapter diminishes the rights of a creditor to seek  
17 payment recovery for a coerced debt from the person who caused the debtor to  
18 incur the coerced debt.

1       Sec. 2. DEBT COLLECTION RULES

2           On or before January 1, 2027, the Attorney General shall amend Vermont's  
3           Consumer Protection Rule 104 on Debt Collection to ensure debt collection  
4           practices conform with the requirements of 9 V.S.A. chapter 63, subchapter 13.

5       Sec. 3. 9 V.S.A. § 2480d is amended to read:

6       § 2480d. PROCEDURE IN CASE OF DISPUTED ACCURACY

7           (a) If the completeness or accuracy of any item of information contained in  
8           the consumer's file is disputed by the consumer and the consumer notifies the  
9           credit reporting agency directly of such dispute, the agency shall reinvestigate  
10          free of charge and record the current status of the disputed information on or  
11          before 30 business days after the date the agency receives notice from the  
12          consumer.

13          (b) On or before five business days after the date a credit reporting agency  
14          receives notice of a dispute from a consumer in accordance with subsection (a)  
15          of this section, the agency shall provide notice of the dispute to all persons who  
16          provided any item of information in dispute.

17          (c) Notwithstanding subsection (a) of this section, a credit reporting agency  
18          may terminate a reinvestigation of information disputed by a consumer under  
19          such subsection if the agency reasonably determines that such dispute by the  
20          consumer is frivolous or irrelevant. Upon making such a determination, a  
21          credit reporting agency shall promptly notify the consumer of such



1 determination and the reasons therefor, by mail, or if authorized by the  
2 consumer for that purpose, by telephone. The presence of contradictory  
3 information in the consumer's file does not in and of itself constitute  
4 reasonable grounds for determining the dispute is frivolous or irrelevant.

5 (d) In conducting a reinvestigation under subsection (a) of this section, the  
6 credit reporting agency shall review and consider all relevant information  
7 submitted by the consumer with respect to such disputed information.

8 (e) If, after a reinvestigation under subsection (a) of this section of any  
9 information disputed by a consumer, the information is found to be inaccurate  
10 or cannot be verified, the credit reporting agency shall promptly delete such  
11 information from the consumer's file. For purposes of this section,  
12 "information" shall not include other information in the same item that is not  
13 disputed by the consumer.

14 (f) If any information is deleted after a reinvestigation under subsection (a)  
15 of this section, the information may not be reinserted in the consumer's file  
16 after deletion unless the person who furnishes the information reinvestigates  
17 and states in writing or by electronic record to the agency that the information  
18 is complete and accurate. Such furnisher shall not provide such statement  
19 unless the furnisher reasonably believes that the information is complete and  
20 accurate. Upon such reinvestigation and statement by the furnisher, the credit  
21 reporting agency shall promptly notify the consumer of any reinsertion.

1 (g) A credit reporting agency shall provide written notice of the results of  
2 any reinvestigation under this subsection within five business days of  
3 following the completion of the reinvestigation, by mail or, if authorized by the  
4 consumer for that purpose, by telephone. This notice shall include:

5 (1) a statement that the reinvestigation is complete;

6 (2) a statement of the determination of the agency on the completeness  
7 or accuracy of the disputed information;

8 (3) a credit report that is based upon the consumer's file as that file is  
9 revised as a result of the reinvestigation;

10 (4) a description of the manner in which the information disputed by the  
11 consumer has been altered, changed, deleted, or modified in the consumer's  
12 credit report;

13 (5) a description of the procedure used to determine the accuracy and  
14 completeness of the information, including the name, business address, and, if  
15 available, the telephone number of any person contacted in connection with  
16 such information; and

17 (6) a notification that the consumer has the right, pursuant to 15 U.S.C.  
18 § 1681i, to add a statement to the consumer's file disputing the accuracy or  
19 completeness of the information.

20 (h) If a consumer asserts that a debt or any portion of a debt is the result of  
21 coerced debt as defined in subdivision 2495a(3) of this title and provides to the

1 consumer reporting agency either a court order of relief pursuant to subsection  
2 2495d(b) of this title or a statement of coerced debt as defined in subdivision  
3 2495a(10) of this title and adequate documentation as defined in subdivision  
4 2495a(2) of this title, the consumer reporting agency shall reinvestigate the  
5 debt pursuant to this section. If after the reinvestigation it is determined that  
6 the debt is the result of coerced debt, the consumer reporting agency shall  
7 remove any reference to the debt or any portion of the debt determined to be  
8 the result of coerced debt from the consumer's credit report. As used in this  
9 section, "statement of coerced debt" means a signed statement that includes:

10 (1) an assertion that the debtor is a survivor of domestic abuse,  
11 economic abuse, or human trafficking;

12 (2) a recitation of the facts supporting the claim that the debt is coerced;  
13 and

14 (3) if only a portion of the debt is claimed to be coerced debt, an  
15 itemization of the portion of the debt that is claimed to be coerced debt.

16 Sec. 4. 9 V.S.A. § 2480k is amended to read:

17 § 2480k. COMPLAINTS TO LAW ENFORCEMENT AGENCIES

18 A person who has learned or reasonably suspects that ~~his or her~~ the person's  
19 personal identifying information has been unlawfully used by another, as  
20 described in 13 V.S.A. § ~~2030(a)~~ 2030, may make a complaint about the  
21 unlawful use of personal identifying information to the State Police or to the

1 person's local law enforcement agency. The law enforcement agency shall  
2 take the complaint and provide the complainant with a copy of the complaint,  
3 the name of the law enforcement officer taking the complaint, and an incident  
4 number or case number assigned to the complaint by the law enforcement  
5 agency. If the suspected crime was committed in a different jurisdiction, the  
6 law enforcement agency shall take the complaint and provide the complainant  
7 with a copy of the complaint, the name of the law enforcement officer taking  
8 the complaint, and an incident number or case number assigned to the  
9 complaint by the law enforcement agency and refer the complaint to a law  
10 enforcement agency in that different jurisdiction.

11 Sec. 5. EFFECTIVE DATE

12 This act shall take effect on July 1, 2026.