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February 24, 2026

Vermont House Commerce and Economic Development Committee.

Re: **Written Testimony of the National Consumer Law Center to the Vermont House Commerce and Economic Development Committee. in Support of H.385 —An act relating to remedies and protections for victims of coerced debt**

Dear Chair Marcotte and Vice Chair Graning, and members of the House Commerce and Economic Development Committee:

Thank you for the opportunity to submit this testimony in strong support of **H.385 —An act relating to remedies and protections for victims of coerced debt** together with proposed amendments. This bill offers a targeted, balanced, and urgently needed response to a form of economic abuse that traps survivors of domestic violence in long-term financial harm—often long after the physical abuse has ended. We support the bill, with the amendments discussed below, to provide a fair, reasonable process for both survivors and creditors to address coerced debt.

Since 1969, the National Consumer Law Center (NCLC) has worked to advance consumer justice and economic security for low-income and vulnerable households nationwide. NCLC brings decades of expertise in consumer law, policy analysis, litigation, and advocacy, and regularly partners with legal services organizations, private attorneys, courts, and policymakers at every level of government. A core part of that work has been addressing gaps in consumer protection laws that fail to account for economic abuse, including coerced debt.

### **What Is Coerced Debt—and Why It Demands Legislative Action**

Coerced debt arises when an abuser uses threats, fraud, or manipulation to force a victim to incur debt—often without the victim’s knowledge or meaningful consent.<sup>1</sup> This commonly occurs within the context of abusive relationships such as domestic violence, human trafficking, child abuse, or elder abuse and typically includes credit cards, loans, car leases, or utilities taken out in the survivor’s name but used for the abuser’s benefit.

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<sup>1</sup> See Adrienne E. Adams, Angela Littwin, Angie C. Kennedy & Marisa L. Beeble, Describing Coerced Debt Created in Abusive Marriages, *J. Interpers. Violence* (2025), <https://doi.org/10.1177/08862605251398461>; Adams, A. E., Beeble, M. L., Biswas, A., Flynn, R. L., & Vollinger, L. (2023). *An Exploratory Study of Financial Health as an Antecedent of Economic Abuse Among Women Seeking Help for Intimate Partner Violence*. *Violence Against Women*, 30(15-16), 3825-3853. <https://doi.org/10.1177/10778012231170867> (Original work published 2024).

The consequences are devastating and long-lasting. Survivors face damage to their credit, aggressive collection activity, lawsuits, wage garnishment, and increased risk of bankruptcy.<sup>2</sup> The poor credit and legal problems caused by coerced debt, in turn, block access to housing, jobs, and support services, perpetuating cycles of abuse.<sup>3</sup> These financial harms compound the trauma of abuse and directly interfere with survivors' ability to secure safe housing, employment, transportation, and essential services. In practice, coerced debt functions as a powerful tool of control—one that keeps survivors financially trapped and dependent, even after they attempt to leave an abusive relationship.

Existing consumer protection laws were not designed to address this reality. Without a clear statutory pathway, survivors are often forced into complex, expensive legal processes with no guaranteed relief—assuming they can obtain legal representation at all.

### **H.385 Is Proven, Balanced, and Survivor-Centered**

H.385 was initially introduced utilizing NCLC's **model coerced debt law** as inspiration. When developing its model law, NCLC considered survivor experiences and creditor concerns, and drew from successful statutes enacted in other states. The model law was carefully designed to provide real relief to survivors while preserving fairness and due process for creditors.

NCLC staff bring deep, practical experience to this work. Carla Sanchez-Adams spent over a decade leading legal services teams addressing the economic harms faced by crime victims and played a key role in the passage of coerced debt protections in Texas in 2021, 2023, and 2025. Andrea Bopp Stark has worked extensively with immigrant and domestic violence survivors and helped advance coerced debt legislation in Maine and Massachusetts. Their experience—and that of advocates nationwide—demonstrates that these laws work.

States including **California, Connecticut, Illinois, Minnesota, Nevada, New York, Maine, and Texas** have already enacted coerced debt protections. Illinois published a model form for victims of coerced debt to utilize to submit a claim of coerced debt.<sup>4</sup>

Additional states, including Maryland, Massachusetts, and North Carolina are now considering similar legislation.

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<sup>2</sup> See Andrea Bopp Stark & Carla Sanchez-Adams, *Disregarded and In Debt: Understanding Barriers to Relief for Victims of Coerced Debt* (Nat'l Consumer Law Ctr. & Ctr. for Survivor Agency & Justice Oct. 28, 2025), available at [https://www.nclc.org/wp-content/uploads/2025/10/202510\\_Report\\_Coerced-Debt.pdf](https://www.nclc.org/wp-content/uploads/2025/10/202510_Report_Coerced-Debt.pdf) (documenting systemic creditor, legal, and administrative obstacles to relief for coerced-debt survivors); Adrienne E. Adams, Angela K. Littwin & McKenzie Javorka, *The Frequency, Nature, and Effects of Coerced Debt Among a National Sample of Women Seeking Help for Intimate Partner Violence*, 26 *Violence Against Women* 1324 (2020) (This national survey of 1,823 hotline callers found coerced debt is both “common” and strongly linked with financial dependence and credit harm).

<sup>3</sup> See Diane Johnston & Divya Subrahmanyam, *Denied! How Economic Abuse Perpetuates Homelessness for Domestic Violence Survivors*, (Sept. 2018), Fordham Law Sch. Feerick Ctr. for Soc. Justice, CAMBA Legal Servs., & The Legal Aid Soc'y, <https://www.fordham.edu/media/home/schools/school-of-law/pdfs/denied-accessible.pdf>.

<sup>4</sup> Illinois Department of Financial and Professional Regulation, *Statement of Coerced Debt*, available at <https://idfpr.illinois.gov/content/dam/soi/en/web/idfpr/forms/dfi/f2597.pdf>.

In states with longer standing coerced debt laws, survivors have had the ability to stop collection of coerced debts, including the ability to dismiss debt collection lawsuits. For example, in Maine, when provided with credible evidence of abuse, debt collectors routinely dismiss claims—allowing survivors to rebuild financial stability without litigation.

In states without coerced debt laws, victims of coerced debt have to navigate difficult and often costly processes to attempt to obtain legal relief, which may not be guaranteed—assuming they can obtain legal representation.

## How H.385 Helps Victims of Coerced Debt

H.385 fills a critical legal gap by creating a **clear, efficient statutory process** for addressing coerced debt:

1. Survivors may submit a sworn **Statement of Coerced Debt**, supported by an **official, valid report filed with a federal, state, or local law enforcement agency** regarding the debtor’s claim of coerced debt that identifies the coerced debt and the circumstances under which the coerced debt was incurred.
2. Upon notice, **collection activity must pause**, providing immediate relief and preventing further harm.
3. Creditors must notify credit reporting agencies that the debt is disputed
4. Creditors retain the right to pursue the debt from the perpetrator, the party who actually incurred it. The debt is not completely extinguished and the creditor still has an option for collection.
5. Courts are authorized to implement **confidentiality and safety measures** to reduce the risk of retaliation by abusers.

These checks and balances, carefully crafted to avoid retraumatizing survivors of domestic abuse during the legal process, allow for a trauma-informed, survivor-centered approach to stop the negative impacts of coerced debt. These provisions, **along with the proposed amendments discussed below**, also ensure financial institutions do not become tools of coercion and are required to provide a survivor with a fair review of a coerced debt claim.

## State Leadership is Essential

In 2024, NCLC and the Center for Survivor Agency and Justice successfully petitioned the Consumer Financial Protection Bureau (CFPB) to undertake rulemaking to expand credit reporting protections to victims of coerced debt.<sup>5</sup> As part of that effort, we surveyed advocates nationwide (“2025 nationwide survey”). Their responses documented consistent, systemic barriers survivors face when attempting to correct credit reports and halt collection on coerced debt—barriers that directly affect access to housing, employment, and safety.<sup>6</sup>

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<sup>5</sup> Fair Credit Reporting Act (Regulation V); Identity Theft and Coerced Debt, 89 Fed. Reg. 87698 (Dec. 13, 2024); See National Consumer Law Center et al., Comments to CFPB on Rulemaking to Combat Coerced Debt (Mar. 7, 2025), [https://www.nclc.org/wp-content/uploads/2025/03/CDWG-ANPRM-comment-3.7.2025\\_updated.pdf](https://www.nclc.org/wp-content/uploads/2025/03/CDWG-ANPRM-comment-3.7.2025_updated.pdf).

<sup>6</sup> Andrea Bopp Stark & Carla Sanchez-Adams, National Consumer Law Center, Disregarded and In Debt: Understanding Barriers to Relief for Victims of Coerced Debt (October 2025), [https://www.nclc.org/wp-content/uploads/2025/10/202510\\_Report\\_Coerced-Debt.pdf](https://www.nclc.org/wp-content/uploads/2025/10/202510_Report_Coerced-Debt.pdf).

Unfortunately, federal rulemaking and enforcement efforts have stalled. In the absence of meaningful federal action, states must step in to ensure survivors are not punished for abuse inflicted upon them.

### **Safety, Service, and Systemic Barriers Prevent Survivors from Accessing Relief**

Victims of coerced debt—especially survivors of domestic violence or other forms of abuse—face numerous systemic barriers when seeking relief from coerced debt. These barriers go beyond the technical process of disputing the debt with consumer reporting agencies and cut across other legal, financial, and social systems. Some of these barriers include emotional, psychological, physical, and practical challenges associated with surviving trauma; language access barriers; and safety risks.

As part of the 2025 nationwide survey, we asked advocates which barriers play the greatest role in preventing survivors from accessing relief from coerced debt. The most common barriers identified in the survey related to problems with the legal system: **86% of respondents said that survivors do not know about or understand what legal protection or relief is available and cannot access or afford legal or other assistance.**<sup>7</sup>

Additionally, **79% of respondents said that the complexity of the dispute process while navigating multiple other safety needs and service systems (like housing) made it difficult to even dispute a debt.**<sup>8</sup>

These numbers are important when determining the process survivors must go through to access relief under H.385.

### **Proposed Amendments to Ensure Victims of Coerced Debt Can Access Relief**

There is one area of the bill, however, that leaves a survivor with limited relief. The Act requires a survivor to provide a sworn statement of coerced debt and significant adequate documentation, which triggers a creditor to stop collecting on the debt while conducting a review of the documentation. It is then solely up to the creditor to determine if the documentation is sufficient to prove the debt was coerced.

In order to avoid an arbitrary review by the creditor, there must be guidelines in place for the investigation and decision to allow for a fair, thorough review. A proposed amendment includes having the creditor provide similar documentation as is described in the adequate documentation definition if they claim the debt was not coerced. This is the very least that a creditor should do to prove that their investigation is reasonable.

If there are no checks on the investigation of the creditor, they can arbitrarily deny a claim and the survivor would somehow have to challenge that decision. **The burden of ensuring a fair review should not fall on the survivor.** As the 2025 nationwide survey highlights, coerced debtors who are also survivors of abuse face a multitude of challenges just to be safe and

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<sup>7</sup> See FN 2 at p. 21

<sup>8</sup> See FN 2 at p. 30

establish a stable life. If there is no brightline language to ensure a fair and thorough review of a coerced debt claim, if the creditor decides to deny a claim, the survivor would be forced to bring an affirmative claim in court against the creditor or suffer continued collection attempts. As the 2025 nationwide survey shows, this would create an insurmountable hurdle for most survivors, given the barriers survivors already face.

The burden cannot be on survivors to seek out legal counsel and bring an affirmative lawsuit to provide, once again, extensive evidence of the coercion and abuse. Given the burdens already borne by victims of coerced debt, the creditor should bear the burden of proving why they believe the debt is not coerced. **If a creditor denies a claim of coerced debt, the creditor must cease collection until they obtain a court order in a court of competent jurisdiction declaring that the debt was not incurred through coercion.** Creditors are in court continuously for collection matters, have ample resources and access to legal assistance, and are very familiar with the legal process. It would not be an undue burden for them to challenge a claim of coerced debt in court.

### **Final Recommendation with Amendments**

H.385 is a measured, evidence-based response to a well-documented problem. The proposed amendments regarding a creditor's obligation after investigation of a coerced debt claim provide reasonable protections to require a fair review of survivors' claims and enable access to the relief they need. This will ensure that survivors of abuse are no longer held financially responsible for harm inflicted upon them.

We respectfully urge the committee to advance H.385 with the proposed amendments. Passing this legislation will provide meaningful, life-changing relief to survivors, strengthen economic stability, and ensure that responsibility for coerced debt rests where it belongs—with the perpetrator, not the victim.

Thank you for the opportunity to provide this written testimony. With any questions, please contact Carla Sanchez-Adams, [csanchezadams@nclc.org](mailto:csanchezadams@nclc.org) or Andrea Bopp Stark, [astark@nclc.org](mailto:astark@nclc.org), Senior Attorneys at the National Consumer Law Center.

Yours very truly,

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