



**Vermont Legal Aid**  
**Letter in Support of H.385**  
**House Committee on Judiciary**

February 19, 2026

Dear Chair LaLonde and Members of the Committee,

On behalf of Vermont Legal Aid, we write in strong support of H.385. This legislation has the potential to provide meaningful and life-changing relief to survivors of abuse and financial exploitation across Vermont.

For more than 60 years, Vermont Legal Aid has provided free civil legal services to low-income Vermonters, including older adults, people with disabilities, and other vulnerable consumers. Through our Consumer & Homeowner Rights Project, we have represented survivors facing foreclosure, tax sales, debt collection, auto repossession, and other consumer protection matters. We see firsthand the devastating impact that coerced debt can have on an individual's financial stability, housing security, and overall well-being.

We recently represented an older, developmentally disabled Vermonter who was coerced by a trusted individual into co-signing for a vehicle she could not drive and would never possess. When the primary borrower defaulted, our client faced more than \$10,000 in debt and the threat of repossession. Because Vermont currently has no clear statutory pathway for relief in cases of coerced debt, we were forced to file affirmative litigation. It took over a year of legal proceedings and more than one hundred hours of attorney time to resolve the matter and restore her credit. A law like H.385 could have provided a streamlined process for relief, sparing our client months of stress and avoiding unnecessary legal expense for all parties.

Under the current legal landscape, relief for coerced debt is largely inaccessible. Our 2024 Statewide Legal Needs Assessment found that over 94% of Vermonters sued in consumer debt collection cases lack legal representation. At the same time, Vermont Legal Aid no longer has sufficient funding to assist most consumers even in defending collection actions, let alone to pursue complex affirmative lawsuits to remedy coerced debt. Without a clear and accessible statutory process, most



survivors will simply remain liable for debts they did not knowingly or voluntarily incur.

We appreciate the thoughtful amendments to the bill's definition of coerced debt, including the inclusion of debts incurred through identity theft by an abuser and debts reduced to judgment where coerced debt was not previously adjudicated. These changes are critical to ensuring that survivors are not arbitrarily excluded from relief.

We also urge the Committee to carefully consider the procedural framework governing a creditor's response to a debtor's statement of coerced debt. The bill as introduced strikes a fair and balanced approach by requiring survivors to submit a written statement and adequate corroborating documentation, such as a police report or sworn statement from a third-party professional. This requirement significantly reduces the risk of fraud while ensuring that survivors with legitimate claims can access relief.

By contrast, allowing a creditor to unilaterally resume collection after a 30-day review period, even where a prima facie showing has been made, would effectively undermine the bill's purpose. In practice, this would force survivors back into litigation to enforce their rights, recreating the very barriers the bill seeks to eliminate. Creditors and debt collectors routinely file collection lawsuits and have the institutional capacity and resources to litigate disputes when appropriate.

Survivors of abuse and financial exploitation generally do not.

H.385 provides a measured and workable solution. It ensures that survivors who can demonstrate coerced debt through adequate documentation have access to a streamlined path to financial and credit relief, while preserving creditors' ability to seek judicial review in the rare case where a legitimate dispute exists. This approach protects vulnerable Vermonters without imposing undue burdens on creditors or the court system.

For these reasons, Vermont Legal Aid respectfully urges the House Judiciary Committee to advance H.385 with strong, accessible protections intact. Survivors of abuse and financial exploitation deserve a clear, realistic path to reclaim their financial independence and security.



Thank you for your consideration and for your commitment to protecting vulnerable Vermonters.

Sincerely,  
Vermont Legal Aid

For more information or questions, please contact:

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