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Ark. AG settles with Kansas payday loan collector

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By BRYAN COHEN

LITTLE ROCK, Ark. (Legal Newsline) – Arkansas Attorney General Dustin McDaniel announced a settlement Thursday with a Kansas-based debt collection agency to resolve allegations that it tried to collect on illegal payday loan debt.

The Hutchinson-based National Credit Adjusters LLC allegedly violated the Arkansas Deceptive Trade Practices Act when it tried to collect on payday and high-interest loan debt considered to be unconscionable, usurious and void under Arkansas law.

NCA buys the right to collect on delinquent debt from lenders. The company purchased a large number of debts in Arkansas from high-interest installment loans and payday loans. The loans carried high interest rates exceeding the amount allowed by state law.



McDaniel

“This out-of-state company misrepresented to thousands of Arkansas consumers that the debt it attempted to collect on was enforceable and collectable, even though it clearly is not under Arkansas law,” McDaniel said. “This action was part of our ongoing effort to enforce the state constitution’s usury limits and protect consumers against illegal actions by entities associated with the payday lending industry.”

Under the terms of a consent judgment filed in Pulaski County Circuit Court, NCA will end its attempts to collect more than \$2.7 million on 5,810 loans that will be cancelled, pay the state \$200,000 to be distributed to institutions of higher education and pay the state an additional \$400,000 if it violates the terms of the agreement within the next five years.

NCA will face additional monetary penalties if it fails to notify affected consumers that their debts have been cancelled in writing.

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