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MADIGAN: MORTGAGE COMPLAINTS INCREASE 65 PERCENT***Attorney General's Top 10 List Dominated By Mortgages, Consumer Debt
in 2009***

Chicago—The intensifying home foreclosure crisis dominated Attorney General Lisa Madigan's Top 10 Consumer Complaints for 2009. Madigan today reported that 31,264 consumers filed complaints with her Consumer Protection Division last year. The consumer debt category topped the complaints filed by Illinois consumers, including a 65 percent increase in residential mortgage-related complaints. In addition, an estimated 21,000 consumers have called the Attorney General's Homeowner Helpline for assistance since 2008, while the Attorney General's Consumer Fraud Bureau helped secure an estimated \$23 million in mortgage-related savings, including loan modifications for at-risk borrowers, last year.

"These numbers demonstrate how this economic crisis is hitting home for tens of thousands of Illinois families," Madigan said. "Hardworking people are struggling to make their mortgage payments on time. They're fighting to cope with mounting debts, and they're being targeted by con artists looking to make a quick buck. This is a challenging time, and I urge anyone who is struggling to make ends meet to contact my office to make sure that they do not become victims of fraud."

Consumer Debt Complaints Rank First

Since 2008, complaints to Madigan's office about consumer debt grew nearly 16.5 percent, a reflection of the increasingly dire financial constraints people in Illinois are experiencing during the economic downturn. Complaints in this top category cover a wide range of consumer debt issues, such as residential mortgages, credit card debt, and installment loan debt. Specifically, the highest reported debt-related complaints involved:

Mortgage Foreclosure

In 2009, nearly 4,000 homeowners filed residential mortgage complaints with Madigan's office, a 65 percent increase over the previous year. In addition to the significant increase, the types of complaints reported are also transforming. In the first wave of the foreclosure, a majority of complaints reported to the Attorney General's office came from homeowners who were placed in risky home loans that they could never afford. As the foreclosure crisis continues, Madigan said that around 2008 her office began receiving more calls from homeowners who have lost their jobs and can no longer make their mortgage payments.

Madigan has made helping homeowners stay in their homes a top priority. In October 2008, the Attorney General brokered a ground-breaking \$8.7 billion settlement in her predatory lending lawsuit against Countrywide, the nation's largest mortgage lender, that established the country's first mandatory loan modification program. As a result of this settlement and President Obama's subsequent HAMP program, thousands of Countrywide borrowers in Illinois, and hundreds of thousands nationwide, have been able to modify their loans and remain in their homes. During 2009, Madigan also filed suit against Wells Fargo, alleging the lender engaged in consumer fraud and illegally discriminated against African American and Latino homeowners by selling them high-cost subprime mortgage loans while white borrowers with similar incomes received lower cost loans.

The Attorney General's office also reported an increase in complaints against mortgage rescue companies that prey on homeowners who are desperate to save their homes. In the most common form of the scam, these so-called foreclosure "rescue" businesses charge homeowners a large up-front "consulting" fee to negotiate a loan modification with the lender. But after taking the homeowners' money, these companies actually do little or nothing to save the home, leaving homeowners in an even more difficult situation. Madigan has filed 31 lawsuits targeting mortgage rescue scams.

Madigan established the **Homeowner Helpline (1-866-544-7151)** in 2008 to provide direct assistance for borrowers who risk losing their homes to foreclosure. Since its inception, the helpline has received more than 21,000 calls from homeowners seeking

assistance. The Attorney General's office also has helped secured more than \$21 million in loan modification savings for borrowers who were at risk of losing their homes to foreclosure over the past year. Madigan encouraged consumers who are at risk of falling behind on their mortgage payments to call her office to learn more about homeowners' rights and the options available to them to try to save their home.

Collection Agencies

In 2009, the consumer debt complaints received by Madigan's office included more than 1,300 reports about collection agencies, including complaints that agencies started collection efforts without verifying that the consumer actually owed the debt, attempted to collect a debt from the wrong person and used abusive tactics such as making calls to a consumer's workplace or using threatening language.

Credit Card Companies

More than 1,000 consumers sought help from Madigan's office for problems with their credit cards. Increasing numbers of consumers called to complain that their credit card companies added unexpected fees and charges to their monthly statements and suddenly increased the interest rate on their cards. Other consumers complained that the credit card companies suddenly reduced their credit limits. Madigan said that consumers can dispute the changes to their credit agreements directly with the credit card company or call her Consumer Fraud Bureau for assistance in disputing charges.

Identity Theft Complaints Rank Second

After calls to Madigan's office about consumer debt, identity theft remained high on the annual list of consumer complaints, coming in at the second most-reported issue. Madigan's office received 4,376 identity theft-related complaints in 2009. A significant number of the complaints involve:

1. **Credit card complaints (1,279)**, including reports of the takeover of an existing credit card account by a thief and also instances of a thief opening a new credit card account in the name of an ID theft victim;
2. **Utility company complaints (464)**, concerning fraudulent wireless or landline phone, Internet, gas, electric and water accounts opened in the ID theft victim's name; and
3. **Bank fraud complaints (437)**, including complaints regarding stolen checks, new bank accounts opened in an ID theft victim's name, and fraudulent withdrawals of money from victims' bank accounts.

Consumers brought most of these complaints to Madigan's office by contacting her Identity Theft Hotline (1-866-999-5630). Trained advocates and attorneys staff the hotline, working with consumers one-on-one to help them take the steps necessary to report the crime to local law enforcement and financial institutions, repair their credit and prevent future problems.

The Top 10 consumer complaints for 2009 are as follows:

CATEGORY	# OF COMPLAINTS
1. Consumer Debt (mortgage lending, collections, credit cards)	7,843
2. Identity Theft (fraudulent credit cards and utility accounts, bank fraud)	4,376
3. Construction Home Improvement (remodeling, roofs/gutters)	2,601
4. Telecommunications (wireless service, local phone service, cable/satellite)	2,240
5 Promotions and Schemes (sweepstakes, pyramid, work-at-home schemes)	1,689
6. Motor Vehicles/Used Auto Sales (as-is sales, financing, warranties)	1,372
7. Mail Order (Internet purchases, catalog ordering, television/radio)	1,364
8. Fraud Against Business (consulting, directories/publications)	1,135

9. Utilities (natural gas, electric, water/sewer)	843
10. Motor Vehicle/Non-Warranty Repair (collision/body, engines, tune ups)	728

For information on all consumer issues, consumers can visit Madigan’s Web site at www.illinoisattorneygeneral.gov/consumers/ or call one of the Consumer Fraud Hotlines or the Identity Theft Hotline at the numbers listed below.

- Chicago Consumer Fraud Hotline:** 1-800-386-5438
- Springfield Consumer Fraud Hotline:** 1-800-243-0618
- Carbondale Consumer Fraud Hotline:** 1-800-243-0607
- Spanish Language Hotline:** 1-866-310-8398
- Identity Theft Hotline:** 1-866-999-5630
- Homeowner Helpline:** 1-866-544-7151

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