

## Office of the Illinois Attorney General

### Guidance from the Consumer Protection Division Regarding Loans and Debt During the COVID-19 Pandemic

This document is intended to provide guidance from the Office of the Illinois Attorney General's ("OAG") Consumer Protection Division to consumers throughout Illinois regarding loans and debt during the COVID-19 pandemic. The OAG cannot provide legal advice and consumers should consult with an attorney to receive legal advice tailored to their specific circumstances. Please see the OAG's document titled: "Guidance Related to Housing" for information about financial relief available to homeowners and renters.

Please note that while the Illinois Department of Financial and Professional Regulation ("IDFPR") has issued guidance and recommendations on best practices to lenders and financial institutions, you may encounter companies that refuse to provide accommodations during the COVID-19 pandemic. If a lender or financial institution refuses you a reasonable request for accommodation, you should file a complaint with the OAG [here](#) or with IDFPR [here](#).

#### *Illinois Banks and Credit Unions*

The Illinois Department of Financial and Professional Regulation ("IDFPR") has issued guidance urging banks and credit unions to meet the financial needs of consumers and businesses affected by the COVID-19 pandemic. More specifically, banks and credit unions are urged to provide borrowers directly and indirectly affected by the COVID-19 pandemic with payment accommodations to address short-term setbacks associated with the pandemic. Examples of such accommodations include:

- allowing borrowers to defer or delay payments at no cost or extending payment due dates; and
- providing new loans on favorable terms to businesses and consumers.

Consumers and small business owners who are having difficulty making their monthly payments may do the following:

- contact their lender, explain their hardship, and ask the lender to allow them to defer or delay payments, and/or work out a reasonable payment plan with them; and
- ask the lender to refrain from negative credit reporting by using the specially-created disaster code when reporting to the consumer reporting agencies (TransUnion, Experian, and Equifax).

If a lender refuses a reasonable request for accommodation, you should file a complaint with the OAG [here](#) or with IDFPR [here](#).

### ***Debt Collectors (Collection Agencies and Debt Buyers)***

IDFPR has encouraged debt collectors to work with consumers with COVID-19-related hardships to modify payment schedules or suspend all collection activity for a period of at least 60 days. Further, on April 14, 2020, Governor Pritzker announced that he is suspending laws that permit creditors to serve a garnishment summons, wage deduction summons, or a citation to discover assets. This announcement is intended to help Illinois residents protect their stimulus money so that it can be used for food, shelter, and transportation as originally intended. If a creditor previously served a garnishment summons, wage deduction summons, or a citation to discover assets that is still pending, consumers should contact the creditor to try to reach an agreement. If you believe you have a defense to the pending garnishment or citation, and the creditor will not agree to dismiss the garnishment and/or citation, you should contact an attorney or legal aid organization.

Consumers should know that debt collectors remain obligated to comply with applicable law, including the Illinois Collection Agency Act and the Fair Debt Collection Practices Act.

If you are contacted by a debt collector and are not able to pay your debt, you may do the following:

- try to work out a deferment of payment or reasonable payment plan (for those debtors with non-exempt assets or income) over a period of time;
- request written confirmation of deferment or payment plans; and
- if the debt collector reports to consumer reporting agencies (TransUnion, Experian, and Equifax), ask them to refrain from negative credit reporting by using the specially-created disaster code.

If a debt collector refuses a reasonable request for accommodation, you should file a complaints with the OAG [here](#) or with IDFPR [here](#).

In addition, IDFPR has advised that Illinois residents may take temporary measures to protect their household income by considering stopping automatic loan payments and rescinding wage assignments. Borrowers who are considering these measures should be aware that they will still owe their debt and should immediately reach out to their creditors to discuss hardships that they are experiencing as a result of the COVID-19 pandemic. More information is available on the IDFPR website [here](#).

### ***Payday Loans/Installment Loans/Title Loans/Sales Finance Loans***

IDFPR has encouraged all these lenders of short-term loans to work with borrowers to offer forbearance on payments without interest and late fees. If you owe money on a payday loan, installment loan, car title loan, or a sales finance loan (such as a car loan or a purchase financed through a retailer) and you are having trouble making your payments, you may do the following:

- contact your lender, explain your hardship, and ask the lender to defer or delay payments without interest or late fees, and/or work out a reasonable payment plan with them; and
- if the lender reports to consumer reporting agencies (TransUnion, Experian, and Equifax), refrain from negative credit reporting by using the specially-created disaster code.

If a lender refuses a reasonable request accommodation, you should file a complaint with the OAG [here](#) or with IDFPR [here](#).

If you are considering taking out a loan from one of these types of lenders to address a financial need during the pandemic, please look for the most affordable loan option by considering the advertised APR and other loan costs. Also, please refer to information on the OAG's website concerning various loans and grants available to those affected by the pandemic, as those terms may be more favorable than traditional loans available generally.

*To minimize risk from the COVID-19 pandemic, the OAG is currently operating with reduced staff. This may mean that responses to complaints, email, and telephone calls may be delayed. The OAG appreciates your patience during this time.*