



THE MARYLAND HOUSE OF DELEGATES
ANNAPOLIS, MARYLAND 21401

Testimony in SUPPORT of HB 1198: Civil Actions - Coerced Debt - Debtor Protections

Summary: HB 1198 establishes clear legal protections for Marylanders who are forced or manipulated into taking on debt against their will. The bill allows individuals to notify creditors that a debt was coerced, seek court relief to stop collection activity, and require the deletion of that debt from consumer credit reports when appropriate. By recognizing coerced debt as a legal harm and ensuring credit reporting corrections, HB 1198 provides survivors of abuse and exploitation with a pathway to restore financial stability. The protections of this bill will aid individuals saddled with coerced debt to rebuild credit, access housing, employment, and other essential opportunities.

Background: Coerced debt is increasingly recognized as a form of economic abuse. Common scenarios occur in which one person forces, manipulates, or deceives another into incurring debt for the abuser's benefit. This can occur through threats, intimidation, fraud, misuse of personal identifying information, or pressure to sign financial agreements without meaningful consent. Research and survivor testimony consistently demonstrate that this form of abuse is widespread and deeply damaging. According to [research compiled by the Center for Survivor Agency and Justice](#), coerced debt occurs when an abusive partner exploits or damages a survivor's credit in order to control them financially and limit their independence, and nearly half of survivors report experiencing coerced debt during abusive relationships.

The consequences of coerced debt extend far beyond the original financial transaction. Survivors often discover the existence of these debts only after collections begin or after their credit has been severely damaged. Studies show that [46 percent of survivors report their credit report or score was harmed by actions taken by an abusive partner](#), and many survivors carry debt burdens reaching tens of thousands of dollars as a result of coerced transactions.

Because credit reports influence access to housing, employment, utilities, insurance, and transportation, this financial harm can block survivors from rebuilding their lives. Researchers have also found that [financial abuse, including coerced debt, can contribute to prolonged dependence on abusers](#), preventing victims from leaving dangerous situations or achieving long-term stability.



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These harms are not limited to intimate partner violence. Coerced debt and identity-based financial exploitation appear in several contexts involving vulnerable populations, including youth in foster care and older adults experiencing financial exploitation. The systems that allow such debt to be created regularly treat these debts as legitimate, leaving victims with few legal remedies. As a result, coerced debt becomes a long-term structural barrier to economic security.

The Long-Term Impact of Coerced Debt in Vulnerable Communities

Domestic Violence and Economic Abuse

For survivors of domestic violence, coerced debt is one of the most common forms of economic abuse used to maintain power and control. Abusers may pressure survivors to open credit accounts, take out loans, sign leases, or incur debts that primarily benefit the abuser, this includes posting bond for instances of their own violence. In many cases, abusers also misuse personal identifying information to open accounts without the survivor's knowledge.

Importantly, survivors often struggle to remove these debts through traditional credit reporting dispute processes. Existing federal consumer protection laws were not designed to address the unique circumstances of coercion or abuse, meaning that survivors frequently encounter barriers when attempting to dispute debts or correct their credit histories. As experts have noted, too few victims are able to successfully remove coerced debt from their credit reports under current systems, leaving many with lasting financial harm even after the abuse has ended. For survivors trying to rebuild their lives after abuse, these debts represent more than financial obligations, they represent a continuation of the control exerted by the abuser.

Research indicates that [nearly all survivors experience some form of economic abuse](#), and about half report coerced debt, highlighting how widespread this problem is within abusive relationships. HB1198 provides relief to Marylanders who may need to overcome financial hardship through no fault of their own.

Foster Youth and Identity-Based Debt

Young people who grow up in foster care face another form of coerced or fraudulent debt: identity theft using their personal information. Because foster youth frequently move between placements and multiple adults may have access to their personal records, they face heightened risks of identity theft and financial exploitation.



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[Federal oversight authorities have warned](#) that the hundreds of thousands of children served by foster care each year are particularly vulnerable to identity theft because their personally identifiable information may be accessible to many individuals involved in their care. [Federal law therefore requires annual credit checks](#) for youth in foster care starting at age fourteen, specifically because identity theft in these circumstances can remain hidden until the young person reaches adulthood and attempts to access credit for housing, employment, or education. However, oversight reviews have found that many foster youth do not actually receive these required credit checks, leaving fraudulent accounts undetected until much later.

When these young people age out of care and attempt to establish independent lives, they may discover that their credit histories already contain debts created without their knowledge or consent. Without a clear legal mechanism to invalidate these debts and correct credit reporting records, these young adults begin adulthood burdened with financial harm they never chose.

Financial Exploitation of Older Adults

Financial exploitation of older adults represents another context in which coerced debt arises. Seniors are frequently targeted by individuals who misuse trust, authority, or caregiving relationships to manipulate financial decisions. This exploitation can include pressure to take out loans, co-sign financial agreements, or allow credit accounts to be opened in their name for someone else's benefit. In other cases, perpetrators may misuse personal identifying information to incur debts without the older adult's knowledge or consent.

Federal authorities have recognized financial exploitation of seniors as one of the fastest-growing forms of elder abuse. [The Consumer Financial Protection Bureau reports](#) that older adults lose billions of dollars each year to financial exploitation, often involving trusted individuals such as family members or caregivers, as described in the agency's analysis of elder financial abuse.

Research also shows that older adults are particularly vulnerable to financial abuse because they may rely on others for assistance with finances or healthcare decisions. [The National Council on Aging estimates that financial abuse affects roughly one in ten older Americans](#), and that many cases go unreported because victims fear retaliation or loss of independence.

In many cases, this exploitation involves the creation of debts that the older adult never intended to incur. These debts may remain attached to the victim's credit record even after the exploitation is discovered. [The Consumer Financial Protection Bureau has documented](#) how abusers can open



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credit accounts, misuse financial authority, or pressure victims into financial agreements, leaving lasting damage to credit histories and financial stability.

For seniors living on fixed incomes, such debts can destabilize housing security, limit access to necessary financial services, and create long-term financial hardship. Without legal mechanisms to invalidate these debts and correct credit reporting records, victims may spend years attempting to repair damage caused by someone else's exploitation.

Bill Explanation: House Bill 1198 directly addresses these systemic gaps by creating a legal process to recognize and remedy coerced debt. Under the bill, a debtor may notify a creditor that a debt was incurred through coercion and request that collection activity cease. The bill defines coerced debt as debt incurred through fraud, intimidation, manipulation, threats, or misuse of personal identifying information within contexts including domestic abuse, exploitation of children in out-of-home placements, financial exploitation of vulnerable adults, harassment, and human trafficking.

If a creditor continues collection activity after receiving notice, the debtor may bring a civil action seeking relief. The legislation also establishes coerced debt as an affirmative defense in debt collection cases, ensuring that victims have a meaningful opportunity to present evidence of abuse or exploitation in court.

Courts would be authorized to provide equitable relief once coerced debt is established. Such relief can include halting collection efforts, dismissing related legal actions, and ordering corrective measures to address the financial harm caused by the debt. Importantly, the bill also ensures that rights created under this law cannot be waived through private agreements, reflecting the Legislature's recognition that victims of coercion should not be forced to sign away their protections.

By creating a clear statutory framework, HB 1198 allows courts to recognize coercion in financial transactions and ensures that victims have practical tools to stop ongoing financial harm.

Conclusion: House Bill 1198 addresses a significant and often hidden form of financial abuse that affects survivors of domestic violence, youth transitioning out of foster care, and older adults facing financial exploitation. Coerced debt traps victims in long-term financial harm, often



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preventing them from accessing housing, employment, and other basic necessities needed to rebuild their lives.

By establishing a clear legal framework to identify coerced debt, stop collection activity, and correct credit reporting records, this bill provides meaningful relief to individuals who were never truly responsible for the debts attributed to them. It recognizes that financial abuse is real, that its consequences can last for years, and that victims deserve practical tools to restore their economic security.

HB 1198 ensures that Maryland law reflects a simple principle: no one should be forced to carry the financial burden of abuse or exploitation.

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