



**House Bill 1198 – Civil Actions – Coerced Debt – Debtor Protections  
Hearing on March 11, 2026 – Judiciary Committee  
Position: FAVORABLE**

*Maryland Legal Aid (MLA) submits its written and oral testimony on HB 1198 in response to a request from Delegate Lesley Lopez.*

Maryland Legal Aid appreciates the opportunity to testify in support of HB 1198, which creates a legal framework to address and remedy a pervasive yet often ignored form of financial abuse: coerced debt. As the state’s largest provider of free representation to low-income Marylanders in a variety of civil legal matters, Maryland Legal Aid helps countless survivors of abuse seek safety and justice, including victims of domestic violence in family law matters and protective order cases, as well as abused or neglected children in Child in Need of Assistance (CINA) and Guardianship cases. Our advocates have seen how unintended and unforeseen debt can thwart a survivor’s attempt to achieve financial stability, safety, and independence from their abuser or derail a foster youth’s path to independence. Because HB 1198 protects foster youth and attempts to relieve survivors of domestic abuse of some the consequences of their abusers’ financial coercion, Maryland Legal Aid testifies in strong support of HB 1198.

Coerced debt is a common and devastating form of economic abuse, which is a frequent component of domestic violence relationships. Many of the survivors we assist have shared stories about their abusers fraudulently opening credit cards in their names, racking up mountains of debt without their knowledge, or forcing them to sign up for loans under threat of violence. But even after a person gathers the strength and courage to leave their abuser, the damaging effects of that relationship frequently persist, particularly if there has been this type of financial abuse. Survivors of abuse too often continue to endure the financial harms caused by their abuser, fighting off persistent calls from collections agencies, defending against debt collection lawsuits in court, and even making deals to pay off the balance of debt they incurred through no fault of their own. The consequences are severe: damaged credit histories, repeated court involvement, wage garnishments, unbearable amounts of debt, and barriers to safe housing and employment. Contrary to popular belief, obtaining a divorce is not a remedy for coerced debt because, unlike some other states, Maryland does not authorize courts to allocate and assign responsibility to payment of marital debt in divorce matters.

Against this backdrop of a problem with no current solutions, HB 1198 attempts to forge a path for our consumer legal system to acknowledge and address the burdens created by coerced debt. HB 1198 establishes a clear and workable framework for survivors and other coerced-debt victims to seek relief:

- **Flexible documentation options.** The bill appropriately recognizes that survivors often cannot safely obtain police reports. It allows multiple forms of “adequate documentation,”

including an FTC identity theft report and a sworn certification from qualified third parties such as licensed health providers, social workers, and domestic violence program staff.

- **Required creditor response and dispute reporting.** Upon receiving notice, creditors must confirm receipt, identify missing documentation if any, and notify consumer reporting agencies that the debt is disputed.
- **Meaningful relief when a creditor ceases collection.** If a creditor decides to cease collection activity, the creditor must stop collection (including wage garnishment), report deletion to credit reporting agencies, and move to dismiss any collection action in court.
- **Access to court relief.** HB 1198 authorizes a debtor to seek equitable relief, including declaratory judgments, injunctions, dismissal with prejudice of collection actions, and orders requiring deletion of the coerced debt from credit reporting agencies.
- **Safety protections in court.** The bill includes important safeguards allowing survivors to avoid disclosing identifying information about the person who caused the coerced debt when disclosure is likely to result in harm, and it directs courts to take appropriate protective steps.

HB 1198 creates a procedure by which creditors could be notified that debts are a result of abusive behavior and creates a procedure to make sure that the victims of abuse are not held responsible for the financial consequences of the abuse. By creating a structured notice process and clear court remedies, HB 1198 reduces the burden on courts, prevents unnecessary default judgments and garnishments, and promotes faster resolution of disputes.

In addition to supporting survivors of domestic violence, HB 1198 provides critical protections for foster youth, who are uniquely vulnerable to coerced or fraudulent debt. Youth in foster care experience pervasive exposure of personally identifiable information and higher risks of identity theft and coerced credit uses, which can surface only when they apply for housing, employment, student aid, or utilities after aging out. HB 1198's flexible documentation options and its requirements for creditor responses, cessation of collection, credit-report deletion, and access to court-ordered relief directly address the financial harms that can derail a foster youth's path to independence.

HB 1198 strengthens efforts to protect Maryland consumers from the consequences of coerced debt resulting from abusive relationships. MLA strongly supports HB 1198. If you need additional information in regard to this bill, please contact William Steinwedel at [wsteinwedel@mdlaboratory.org](mailto:wsteinwedel@mdlaboratory.org) and (410) 951-7643 or Ameer Vora at [avora@mdlaboratory.org](mailto:avora@mdlaboratory.org) and (410) 951-7737.