



BILL NO: House Bill 1198
TITLE: Civil Actions - Coerced Debt - Debtor Protections
COMMITTEE: Judiciary
HEARING DATE: March 11, 2026
POSITION: FAVORABLE

The Maryland Network Against Domestic Violence (MNADV) is the state domestic violence coalition that works to lead diverse community partners toward the common purpose of reducing the occurrence and impact of intimate partner violence. **MNADV urges a favorable report on HB 1198.**

House Bill 1198 is a significant piece of legislation designed to protect survivors of domestic violence from "coerced debt" - a form of economic abuse where an abuser uses fraud or coercion to incur debt in a survivor's name.

Financial abuse is a pervasive tactic used by abusers to gain power and control in a relationship, often leaving victims trapped by economic necessity. It typically involves an abuser restricting a survivor's access to money, monitoring their spending, or preventing them from working or attending school. By sabotaging a partner's ability to be self-sufficient, an abuser creates a state of forced dependency where the survivor may feel unable to leave or provide for themselves and their children without the abuser's financial "support."

Coerced debt is a specific, damaging subset of this abuse that occurs when an abuser uses fraud, threats, or physical force to incur debt in the survivor's name. This can include forcing a partner to sign for a car loan they can't afford, opening credit cards without their knowledge, or threatening them into taking out high-interest personal loans. Because the debt is legally tied to the survivor, it often results in ruined credit scores and aggressive collection lawsuits, creating a "financial shackle" that often persists long after the physical relationship has ended.

HB 1198 defines "coerced debt" as "all or part of a debt in the debtor's name incurred as a result of fraud, duress, intimidation, threat, force, coercion, manipulation, undue influence, misinformation, or the nonconsensual use of the debtor's personal identifying information" within certain contexts, such as abuse as defined in Maryland's protection order statute Md. FL Code §4-501 et seq. (more on that below). This definition specifically addresses scenarios where an abuser uses a survivor's personal information or physical threats to create financial obligations, **effectively tying the survivor to a debt they did not truly authorize.**

For further information contact Laure Ruth ■ Public Policy Director ■ 301-852-3930 ■ lruth@mnadv.org

1997 Annapolis Exchange Parkway, Suite 300 ■ Annapolis, MD 21401
Tel: 301-429-3601 ■ E-mail: info@mnadv.org ■ Website: www.mnadv.org



The bill establishes that a debt is considered coerced if it resulted from specific abusive behaviors, such as:

- Coercion or Duress: Threatening the survivor or their family members to force them to sign loan documents or provide access to credit.
- Fraud or Identity Theft: Using the survivor's personal identifying information to open accounts, such as credit cards or utility services, without their knowledge.
- Undue Influence: Exploiting a power imbalance to manipulate the survivor into entering a financial contract that primarily benefits the abuser.

House Bill 1198 would assist survivors by establishing a clear legal framework to challenge and discharge debts that resulted from abuse. Currently, survivors often face long-term financial instability because they are held legally responsible for loans, credit card balances, or utility bills opened by an abuser without their true consent. HB 1198 provides a mechanism for survivors to notify creditors of the coercion, effectively halting aggressive debt collection activities and providing a path to clear their credit records.

Specific ways this bill would help survivors include:

- Cease and Desist Requirements: It allows a debtor to provide formal notice to a creditor regarding the coerced nature of the debt. Once notified, the creditor is required to cease collection activities while the claim is investigated.
- Civil Cause of Action: The bill authorizes survivors to bring an action against a creditor to seek a court order declaring the debt as coerced. This provides survivors with a proactive legal tool rather than forcing them to remain defensive against collection lawsuits.
- Economic Independence: **By removing the burden of fraudulent debt, the bill helps survivors regain financial autonomy, which is often a prerequisite for safely leaving an abusive relationship and securing housing or employment.**

Other advocates will be offering information about what other states have passed a version of this bill. Nationally, there has been an increase in recognition that financial safety and freedom is one of the main drivers of survivors being able to move forward in their lives. House Bil 1198 would be a step towards assisting survivors here in Maryland who are struggling with debt they did not incur willingly or knowingly.

For all of the above reasons, **MNADV strongly urges a favorable report for HB 1198.**

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