



HB 1198 – Civil Actions – Coerced Debt – Debtor Protections

Committee: House Judiciary Committee

Date: March 11, 2026

Position: Favorable with Amendments

The Maryland Bankers Association (MBA) **SUPPORTS HB 1198 WITH AMENDMENTS**. This legislation provides certain protections to Marylanders who have debts taken out in their name through coercion, abuse, fraud, intimidation, trafficking, or similar circumstances. MBA supports providing this debtor relief, but believes amendments are needed to ease the burden on financial institutions and harmonize compliance with existing federal law.

MBA has the following concerns with HB 1198 as introduced:

1. The definition of “adequate documentation” is unclear. This term should only refer to the documents listed on Page 2, Lines 4-11.
2. 3-2701(C)(IV) should be stricken. Harassment is not defined in § 3–803 of the Criminal Law Article, and if left undefined, is an extremely vague term that can be hard to prove.
3. The exemption of “coerced debt” on Page 3, Lines 1-2 should include all secured debt and not just debt secured by real property. Expanding the exemption to cover all secured debt reduces legal and financial risk. Most states that have adopted coerced debt statutes have either provided an exemption for all secured debt or include secured auto debt.
4. The definition of “qualified third party” should be revisited to ensure all listed health care categories have adequate training to detect signs of coerced debt and require that such health care persons have a patient/provider relationship with personal familiarity of the patient’s medical history.
5. 3-2702(A)(3) should either be stricken or clarified. It is unclear what “on request via any publicly available method of communication” means. MBA would support an amendment that requires a creditor to provide instructions on how to properly submit a coerced debt claim upon customer request.
6. 3-2702(B)(1) should be stricken. This is an additional compliance burden and is unnecessary in light of the collection action response that will be provided under 3-2702(B)(2), and goes well beyond the typical response requirements required under other similar coerced debt protections enacted by other states.

7. 3-2702(B)(2) should be stricken or adjusted. This provides an inadequate timeline for creditors to respond, which in turn increases legal risks and jeopardizes compliance. Financial institutions need at least 60 days from receipt of proper notice to provide a response including the information required by this section.
8. 3-2703(A)(4) should be stricken as credit reporting obligations are already sufficiently covered under existing federal law.

If the following issues are addressed, MBA believes that creditors will be able to assist victims with clearing coerced debt. Accordingly, MBA urges issuance of a **FAVORABLE** report **WITH AMENDMENTS** on HB 1198.

The Maryland Bankers Association (MBA) represents FDIC-insured community, regional, and national banks, employing thousands of Marylanders and holding \$194.8 billion in deposits in over 1,100 branches across our State. The Maryland banking industry serves customers across the State and provides an array of financial services including residential mortgage lending, business banking, estates and trust services, consumer banking, and more.