



Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

20th CONGRESS

1st Regular Session

HOUSE BILL NO. 6901



Introduced by **REPRESENTATIVE JENNIFER A. LAGBAS**

EXPLANATORY NOTE

There is abundant evidence of the continued use of abusive, deceptive, and unfair debt collection practices by certain creditors, financing and lending companies, and third-party debt collectors. These practices contribute to financial distress, job loss, family instability, mental anguish, and serious invasions of privacy, particularly among low-income and vulnerable borrowers.

While the Securities and Exchange Commission (SEC) issued Memorandum Circular No. 18 (Series of 2019) prohibiting unfair debt collection practices by financing and lending companies, and while Republic Act No. 11765 or the *Financial Products and Services Consumer Protection Act* strengthened consumer protection standards, complaints persist—especially in the context of digital and outsourced collection practices.

This measure seeks to institutionalize, clarify, and strengthen fair debt collection standards by codifying existing regulatory safeguards, aligning them with international best practices, and providing clear rights, obligations, and remedies. It balances the legitimate interests of creditors to collect lawful debts with the fundamental rights of borrowers to dignity, privacy, and due process.

In view of the above, passage of this bill is earnestly sought.

HON. JENNIFER A. LAGBAS
Representative
First District, Misamis Oriental



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AN ACT
REGULATING DEBT COLLECTION PRACTICES TO PROTECT DEBTORS
FROM ABUSES, HARASSMENT, UNFAIR TREATMENT, AND
MISREPRESENTATION

Be it enacted by the Senate and House of Representatives of the Philippines in Congress assembled:

SECTION 1. *Short Title.* - This Act shall be known as the “Fair Debt Collection Practices Act of 2025.”

SEC. 2. *Declaration of Policy.* - It is hereby declared the policy of the State to:

- (a) Prohibit and eliminate abusive, deceptive, and unfair debt collection practices;
- (b) Protect borrowers and financial consumers from harassment, coercion, misrepresentation, and unlawful disclosure of personal information;
- (c) Ensure that creditors and debt collectors who comply with the law are not competitively disadvantaged; and
- (d) Promote transparency, accountability, and ethical conduct in debt collection, consistent with existing financial, civil, criminal, and data privacy laws.

SEC. 3. *Definition of Terms.* -

- (a) Communication - shall refer to the conveying of information regarding a debt, directly or indirectly, through any medium, including oral, written, electronic, or digital means.
- (b) Debt - shall refer to any monetary obligation or alleged obligation of a borrower arising from a consumer or credit transaction, whether due or asserted to be due.

- (c) Debtor or Borrower - shall refer to any natural person who owes or is alleged to owe a debt, including a personal guarantor.
- (d) Creditor - shall refer to any person or entity to whom a debt is owed or who extends credit, including financing and lending companies.
- (e) Debt Collector - shall refer to any person or entity whose principal business is the collection of debts owed to another, including third-party service providers engaged by creditors, and creditors who use a name other than their own to collect debts.
- (f) Express Consent - shall refer to consent given in a verifiable form, including written, electronic, or recorded means.
- (g) Unfair Debt Collection Practice - shall refer to any act or omission prohibited under this Act, SEC Memorandum Circular No. 18 (Series of 2019), or other applicable laws.

SEC. 4. *Borrower's Rights.* - Every borrower shall have the right to:

- (a) Privacy and confidentiality of personal and financial information;
- (b) Full disclosure of the identity of the creditor or debt collector, the nature of the debt, and the amount lawfully due;
- (c) Protection against harassment, abuse, deception, and coercion;
- (d) Fair and reasonable collection practices consistent with good faith and due process;
- (e) Dispute the debt and request proper accounting thereof; and
- (f) Protection against usurious, unconscionable, or excessive interest rates, penalties, fees, and charges, and the right to question, contest, and seek reduction or nullification of any interest, surcharge, penalty, or cost imposed in violation of existing laws, Bangko Sentral ng Pilipinas regulations, Securities and Exchange Commission issuances, or applicable laws.

SEC. 5. *Allowable Debt Collection Practices.* - Creditors and debt collectors may resort to all reasonable and legally permissible means to collect amounts due under a valid obligation, provided that such collection is exercised in good faith, with reasonable conduct, and without engaging in acts prohibited under this Act.

SEC. 6. *Harassment or Abuse.* - No creditor or debt collector shall engage in any conduct the natural consequence of which is to harass, oppress, or abuse any borrower. Prohibited acts include, but are not limited to:

- (a) The use or threat of use of violence or other criminal means to harm the person, reputation, or property of any borrower or any other person;
- (b) The use of obscene, profane, insulting, or abusive language;
- (c) Repeated or continuous contact intended to annoy, abuse, or harass;
- (d) Public disclosure, posting, or publication of the borrower's identity or personal information for purposes of coercion or shaming;
- (e) Contacting persons other than the borrower, guarantor, or authorized representative, except as allowed by law; and
- (f) Contacting the borrower at unreasonable or inconvenient times, defined as before 6:00 A.M. or after 10:00 P.M., unless with express consent.

SEC. 7. *False, Deceptive, or Misleading Representations.* - It shall be unlawful for any creditor or debt collector to use false, deceptive, or misleading representations in connection with the collection of any debt, including but not limited to:

- (a) Misrepresenting the character, amount, or legal status of any debt;
- (b) Falsely implying legal action, arrest, imprisonment, or seizure of property without lawful basis and intent;
- (c) Impersonating attorneys, government officials, or law enforcement;
- (d) Failing to disclose that a communication is for the purpose of collecting a debt; and
- (e) Communicating credit information known, or which should be known, to be false.

SEC. 8. *Unfair or Unconscionable Practices.* - No creditor or debt collector shall use unfair or unconscionable means to collect or attempt to collect any debt, including:

- (a) Collecting any amount not expressly authorized by the agreement or permitted by law;
- (b) Soliciting or misusing post-dated checks to threaten criminal prosecution;
- (c) Taking or threatening non-judicial action without a present legal right; and
- (d) Using deceptive written or electronic communications that simulate official or judicial documents.

SEC. 9. *Confidentiality of Information.* - All information relating to the borrower shall be kept strictly confidential, except:

- (a) With the borrower's express consent;
- (b) As required by law or lawful order of a court or competent authority;
- (c) Disclosure to agents, counsels, or service providers strictly for lawful collection purposes; and
- (d) As otherwise permitted under the Data Privacy Act of 2012 and relevant regulations.

SEC. 10. *Penalties.* - Any creditor, financing company, lending company, debt collector, or any of their directors, officers, employees, agents, or third-party service providers who willfully, knowingly, and intentionally commits any prohibited acts shall suffer the penalty of imprisonment of six (6) months and one (1) day to four (4) years, or a fine of not less than Fifty Thousand Pesos (Php 50,000.00) but not more than Five Hundred Thousand Pesos (Php 500,000.00), or both, at the discretion of the court.

Where the offender is a juridical entity, the penalty shall be imposed upon the responsible directors, officers, or employees who authorized, tolerated, or knowingly failed to prevent the commission of the prohibited acts. The criminal liability of such natural persons shall be without prejudice to the administrative, civil, or regulatory liability of the juridical entity.

SEC. 11. *Implementing Rules and Regulations.* — All implementing rules and regulations necessary to enforce this Act must be issued and shall take effect not later than sixty (60) days from the approval of this Act.

SEC. 12. *Separability Clause.* — Any portion of or provision of this Act that may be declared unconstitutional or invalid shall not have the effect of nullifying the other portions or provisions hereof as long as such remaining portion or provision can still subsist and be given effect in its entirety.

SEC. 13. *Repealing Clause.* — All laws, decrees, orders, rules, and regulations or other issuances or parts thereof inconsistent with the provisions of this Act are hereby repealed or modified accordingly.

SEC. 14. *Effectivity.* — This Act shall take effect fifteen (15) days after its publication in the Official Gazette or any two (2) newspapers of general circulation in the Philippines.

Approved,