

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City, Metro Manila

TWENTIETH CONGRESS
Second Regular Session



HOUSE BILL NO. 10269

Introduced by
HON. ATTY. GERVILLE "JINKY BITRICS" R. LUISTRO

EXPLANATORY NOTE

The rapid advancement of digital technology has transformed the financial services landscape in the Philippines. Through smartphones, mobile applications, digital wallets, and online platforms, millions of Filipinos now enjoy unprecedented access to financial products and services, including loans, credit facilities, and cash advances. These technological developments have significantly expanded financial inclusion, particularly among individuals who have traditionally been underserved by conventional banking institutions.

In recent years, however, the country has witnessed the proliferation of online lending applications and digital credit platforms that offer instant loans with minimal documentary requirements. While many of these platforms operate lawfully and provide valuable financial assistance to consumers, numerous reports have emerged concerning abusive, coercive, and unethical debt collection practices employed by certain lending applications and their agents.

Borrowers have reported receiving threatening, intimidating, harassing, and humiliating messages through text messages, social media platforms, electronic mail, mobile applications, and other digital communication channels. Some collection agents have resorted to threats of imprisonment, public shaming, disclosure of personal information, unauthorized contact with family members, friends, employers, and colleagues, and the use of offensive, degrading, or coercive language in an effort to compel payment.

The increasing sophistication of technology has likewise enabled certain entities to automate these abusive practices through mass messaging systems, artificial intelligence-powered communication tools, caller identification spoofing, and other technological means that amplify harassment and intimidation. These practices not only undermine the dignity and privacy of borrowers but also erode public confidence in the country's digital financial ecosystem.

While existing laws provide certain protections against privacy violations and unfair business practices, there remains a need for a comprehensive legal framework specifically prohibiting the use of threats, intimidation, harassment, coercion, and digital abuse in the collection of debts by online lending applications, digital credit providers, and other similar entities.

The State recognizes the right of lenders to collect legitimate obligations and to employ lawful means to recover debts. However, debt collection must be conducted in a manner that respects the dignity, privacy, rights, and welfare of borrowers. Financial innovation must not come at the expense of fundamental rights and protections guaranteed under the Constitution and laws of the Republic.

This measure seeks to establish clear standards for ethical digital debt collection practices, prohibit abusive collection methods, provide effective remedies for aggrieved borrowers, strengthen regulatory oversight, and impose appropriate penalties upon violators.

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



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AN ACT
PROHIBITING THREATENING, HARASSING, COERCIVE, AND ABUSIVE DEBT COLLECTION PRACTICES BY ONLINE LENDING APPLICATIONS, DIGITAL CREDIT PROVIDERS, FINANCING COMPANIES, LENDING COMPANIES, AND OTHER SIMILAR ENTITIES, PRESCRIBING PENALTIES THEREFOR, AND FOR OTHER PURPOSES

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 "**Anti-Digital Debt Collection Harassment Act.**"

SECTION 2. Declaration of Policy. - The State recognizes the vital role of digital technology and financial innovation in promoting financial inclusion and expanding access to credit and other financial services. While lending companies, financing companies, online lending applications, digital credit providers, and similar entities possess the legitimate right to collect debts and enforce lawful obligations, such right must be exercised in a manner consistent with the Constitution and the laws of the Republic. It is hereby declared the policy of the State to protect borrowers from threatening, coercive, harassing, abusive, and unethical debt collection practices, particularly those perpetrated through digital and electronic means. The State shall safeguard the dignity, privacy, reputation, security, and personal information of individuals against intimidation, public humiliation, unauthorized disclosure of personal data, and other forms of abuse arising from debt collection activities. Toward this end, the State shall promote responsible lending, ethical collection practices, accountability among financial service providers, and the responsible use of technology, while ensuring that advancements in digital finance contribute to economic development without compromising the fundamental rights and welfare of consumers. Furthermore, the State shall establish effective mechanisms for regulation, enforcement, and redress to ensure that debt collection activities are conducted fairly, transparently, and with due respect for human dignity and the rule of law.

SECTION 3. Definition of Terms. - For purposes of this Act:

(a) **Debt Collection** refers to any act intended to secure payment, settlement, or recovery of a financial obligation.

(b) **Digital Communication** refers to communication conducted through text messages, emails, social media platforms, instant messaging applications, mobile applications, voice-over-internet communications, automated messaging systems, artificial intelligence systems, and similar technologies.

(c) **Harassment** refers to repeated, unwanted, unreasonable, or abusive communications intended to annoy, intimidate, embarrass, alarm, or coerce a borrower.

(d) **Threatening Communication** refers to any statement, message, image, audio recording, video, or communication that directly or indirectly threatens physical harm, legal action without basis, imprisonment, public humiliation, reputational damage, employment consequences, disclosure of personal information, or any other adverse consequence intended to coerce payment.

(e) **Digital Lending Platform** refers to any application, website, software, or electronic system through which loans, credit facilities, or cash advances are offered or administered.

(f) **Borrower** refers to any individual who obtains or applies for a loan, credit facility, or cash advance.

(g) **Regulatory Authority** refers to the Securities and Exchange Commission, Bangko Sentral ng Pilipinas, National Privacy Commission, Department of Information and Communications Technology, or any other agency having jurisdiction over covered entities.

SECTION 4. Scope and Coverage. - This Act shall apply to:

(a) All lending companies;

(b) Financing companies;

(c) Online lending applications;

(d) Digital credit providers;

(e) Buy-now-pay-later service providers;

(f) Loan servicing entities;

(g) Third-party debt collection agencies;

1 (h) Collection agents and representatives acting on behalf of any covered
2 entity; and

3
4 (i) Any natural or juridical person engaged in the collection of debts through
5 electronic or digital means.

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7 **SECTION 5. Prohibited Acts.** - The following acts are prohibited:

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9 (a) Sending messages that threaten arrest, imprisonment, detention, criminal
10 prosecution, deportation, or other legal consequences when such threats are
11 false, misleading, or intended primarily to intimidate;

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13 (b) Threatening physical harm, violence, injury, or damage to property;

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15 (c) Using profane, obscene, discriminatory, degrading, insulting, humiliating, or
16 abusive language;

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18 (d) Publicly shaming borrowers through social media, websites, online forums,
19 group chats, or any digital platform;

20
21 (e) Threatening to publish, distribute, or disclose photographs, videos, personal
22 information, financial records, contact lists, or other private information;

23
24 (f) Contacting family members, relatives, friends, employers, co-workers,
25 clients, classmates, or other third parties for the purpose of embarrassing,
26 humiliating, or coercing a borrower;

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28 (g) Misrepresenting oneself as a government official, law enforcement officer,
29 lawyer, court personnel, or representative of any public agency;

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31 (h) Using caller identification spoofing, fabricated legal notices, fake court
32 orders, or simulated government documents;

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34 (i) Sending communications designed to create a false impression that criminal
35 proceedings have already been initiated;

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37 (j) Making repeated or excessive communications that constitute harassment;

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39 (k) Using automated systems, artificial intelligence tools, bots, or mass
40 messaging technologies to send threatening or harassing communications;

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42 (l) Accessing, processing, or using a borrower's contact list, photographs,
43 messages, or other personal data for debt collection purposes without lawful
44 authority;

45
46 (m) Threatening adverse employment consequences, academic sanctions,
47 immigration consequences, or professional disciplinary actions without legal
48 basis;

(n) Creating social media accounts, websites, or digital content intended to ridicule, shame, or expose borrowers;

(o) Any other act that a reasonable person would consider threatening, coercive, intimidating, humiliating, or harassing.

SECTION 6. Fair Debt Collection Standards. - Covered entities shall:

(a) Conduct debt collection in a professional, respectful, and lawful manner;

(b) Identify themselves truthfully in all communications;

(c) Provide accurate information regarding the debt;

(d) Maintain records of collection communications for at least five (5) years;

(e) Establish internal mechanisms for receiving and resolving consumer complaints;

(f) Adopt safeguards against abusive debt collection practices.

SECTION 7. Borrower's Rights. - Borrowers shall have the right to:

(a) Be treated with dignity and respect;

(b) Receive truthful and accurate information regarding their obligations;

(c) Be free from threats, intimidation, harassment, and public humiliation;

(d) File complaints before appropriate regulatory authorities;

(e) Obtain copies of collection records relating to their accounts;

(f) Seek damages and other legal remedies for violations of this Act.

SECTION 8. Duty to Implement Compliance Programs. - All covered entities shall establish compliance programs, employee training systems, monitoring mechanisms, and consumer protection policies to ensure compliance with this Act

SECTION 9. Administrative Liability. - Without prejudice to civil and criminal liability, the regulatory authority may impose:

(a) Suspension of operations;

(b) Revocation of licenses, registrations, or accreditations;

(c) Administrative fines ranging from Five Hundred Thousand Pesos (₱500,000.00) to Ten Million Pesos (₱10,000,000.00);

(d) Permanent disqualification from engaging in lending or financing activities;

(e) Blacklisting of offending entities and responsible officers.

SECTION 10. Criminal Liability. - Any person who violates Section 5 of this Act shall suffer:

(a) Imprisonment of six (6) months to six (6) years; and

(b) A fine of not less than Five Hundred Thousand Pesos (₱500,000.00) but not more than Five Million Pesos (₱5,000,000.00).

Where the offender is a corporation, partnership, association, or other juridical entity, the responsible directors, officers, managers, and employees who authorized, directed, tolerated, or participated in the commission of the offense shall be held liable.

SECTION 11. Civil Remedies. - A borrower who suffers injury as a result of any violation of this Act may institute a civil action to recover:

(a) Actual damages;

(b) Moral damages;

(c) Exemplary damages;

(d) Attorney's fees and litigation expenses;

(e) Such other relief as may be warranted.

SECTION 12. Joint Regulatory Oversight. - The Securities and Exchange Commission shall serve as the lead implementing agency and shall coordinate with the Bangko Sentral ng Pilipinas, National Privacy Commission, Department of Information and Communications Technology, Department of Trade and Industry, and other concerned agencies.

SECTION 13. Whistleblower Protection. - Any employee, contractor, agent, or individual who reports violations of this Act in good faith shall be protected against retaliation, dismissal, discrimination, harassment, or other adverse actions.

SECTION 14. Implementing Rules and Regulations. - Within ninety (90) days from the effectivity of this Act, the Securities and Exchange Commission, in coordination with relevant agencies, shall promulgate the necessary rules and regulations.

SECTION 15. Separability Clause. - If any provision of this Act is declared unconstitutional or invalid, the remaining provisions not affected thereby shall remain in full force and effect.

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2 **SECTION 16. Repealing Clause.** - All laws, decrees, executive orders, rules
3 and regulations, ordinances, and other issuances or parts thereof inconsistent with
4 the provisions of this Act are hereby repealed, amended, or modified accordingly.

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6 **SECTION 17. Effectivity.** - This Act shall take effect fifteen (15) days after
7 its publication in the Official Gazette or in a newspaper of general circulation.

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9 Approved,