

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Constitution Hills, Quezon City

TWENTIETH CONGRESS
Second Regular Session

House Bill No. 11246



Introduced by: **REPRESENTATIVE ERIC L. OLIVAREZ**

EXPLANATORY NOTE

The rapid growth of digital financial services has expanded access to loans and credit facilities, but has likewise given rise to abusive debt collection practices through text messages, social media, mobile applications, and other digital platforms. Reports of threats, intimidation, public shaming, unauthorized disclosure of personal information, and coercive communications have caused serious harm to the dignity, privacy, and security of borrowers.

While existing laws and regulations provide remedies against certain unlawful collection practices, there remains a need for a clear and comprehensive framework specifically addressing threatening, harassing, coercive, and abusive debt collection conducted through digital and electronic means.

This measure seeks to establish fair and lawful standards for digital debt collection, prohibit specified abusive practices, protect borrowers from harassment and misuse of personal information, strengthen compliance and regulatory oversight, and provide appropriate administrative, civil, and criminal remedies, without prejudice to liabilities and penalties under other applicable laws.

The immediate passage of this bill is earnestly sought.


ERIC L. OLIVAREZ

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Constitution Hills, Quezon City

TWENTIETH CONGRESS
Second Regular Session

House Bill No. 11246

Introduced by: **REPRESENTATIVE ERIC L. OLIVAREZ**

**“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 that, under the circumstances, are intended or reasonably likely 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 other unlawful adverse consequence, when made for the purpose of coercing 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;
- (h) Collection agents and representatives acting on behalf of any covered entity; and
- (i) Any natural or juridical person engaged in the collection of debts through electronic or digital means.

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

- (a) Sending messages that threaten arrest, imprisonment, detention, criminal prosecution, deportation, or other legal consequences when such threats are false, misleading, baseless, or intended primarily to intimidate;
- (b) Threatening physical harm, violence, injury, or damage to property;
- (c) Using profane, obscene, discriminatory, degrading, insulting, humiliating, or abusive language in a manner intended to intimidate, demean, or coerce a borrower;
- (d) Publicly shaming borrowers through social media, websites, online forums, group chats, or any digital platform;

- (e) Threatening to publish, distribute, or disclose photographs, videos, personal information, financial records, contact lists, or other private information, except when such disclosure is authorized by law;
- (f) Contacting family members, relatives, friends, employers, co-workers, clients, classmates, or other third parties for the purpose of embarrassing, humiliating, or coercing a borrower, except where such contact is authorized by law or reasonably necessary to communicate with a person who is a co-maker, guarantor, surety, or authorized representative of the borrower;
- (g) Misrepresenting oneself as a government official, law enforcement officer, lawyer, court personnel, or representative of any public agency;
- (h) Using caller identification spoofing, fabricated legal notices, fake court orders, or simulated government documents for the purpose of deceiving, intimidating, or coercing a borrower;
- (i) Sending communications designed to create a false impression that criminal proceedings have already been initiated;
- (j) Making repeated or excessive communications that, considering their frequency, timing, manner, content, and persistence, constitute harassment;
- (k) Using automated systems, artificial intelligence tools, bots, or mass messaging technologies to send or facilitate threatening or harassing communications;
- (l) Accessing, processing, or using a borrower's contact list, photographs, messages, or other personal data for debt collection purposes without lawful authority;
- (m) Threatening adverse employment consequences, academic sanctions, immigration consequences, or professional disciplinary actions without legal basis;
- (n) Creating social media accounts, websites, or digital content intended to ridicule, shame, or expose borrowers; and

- (o) Engaging in any other collection practice that is substantially similar in nature and effect to the acts expressly prohibited under this Section and that is intended to threaten, coerce, intimidate, humiliate, or harass a borrower.

SECTION 6. Fair Debt Collection Standards. - All entities covered under Section 4 of this Act 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; and
- (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; and
- (f) Seek damages and other legal remedies for violations of this Act.

SECTION 8. Duty to Implement Compliance Programs. -

All entities covered under Section 4 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 having jurisdiction over the covered entity or activity may, after notice and opportunity to be heard and in accordance with applicable law, 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; and
- (e) Blacklisting of offending entities and responsible officers, subject to applicable rules and regulations.

The administrative sanctions imposed under this Section shall be proportionate to the nature, gravity, frequency, and circumstances of the violation.

SECTION 10. Criminal Liability. - Any person who willfully commits any of the prohibited acts under Section 5 in the course of, or for the purpose of, debt collection 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, or employees who willfully authorized, directed, knowingly tolerated, or participated in the commission of the offense shall be held liable.

The penalties provided under this Section shall be without prejudice to prosecution under other applicable laws when the same act or omission constitutes a distinct offense thereunder, subject to the Constitution and applicable rules on double jeopardy.

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; and
- (e) Such other relief as may be warranted.

The remedies provided under this Act shall be without prejudice to any other rights and remedies available under existing laws.

SECTION 12. Joint Regulatory Oversight. - The Securities and Exchange Commission shall serve as the lead implementing agency, without prejudice to the jurisdiction and regulatory authority of the Bangko Sentral ng Pilipinas, National Privacy Commission, Department of Information and Communications Technology, Department of Trade and Industry, and other concerned agencies over entities and activities within their respective mandates.

The concerned regulatory authorities shall coordinate, as appropriate, in the investigation and enforcement of violations of this Act.

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 the Bangko Sentral ng Pilipinas, National Privacy Commission,

Department of Information and Communications Technology, Department of Trade and Industry, and other concerned agencies, shall promulgate the necessary rules and regulations for the effective implementation of this Act.

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.

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

Nothing in this Act shall be construed to repeal, diminish, or otherwise affect rights, remedies, powers, authorities, liabilities, or penalties available under other applicable laws, except to the extent of actual inconsistency with this Act.

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

Approved.