



Senate
Office of the Secretary

SIXTEENTH CONGRESS OF THE REPUBLIC)
OF THE PHILIPPINES)
First Regular Session)

'13 SEP 17 P3:58

SENATE
S.B. No. 1704

RECEIVED BY: *je*

Introduced by Senator Miriam Defensor Santiago

EXPLANATORY NOTE

The Constitution, Article 3, Section 20 provides:

No person shall be imprisoned for debt or non-payment of a poll tax.

Numerous complaints have been made about how credit card companies, through their counsels or collection agencies, use unfair collection practices that range from harassment to borderline illegal. Although we do recognize their right to the amount that is due them, in the enforcement of this right they must observe good faith and reasonable conduct. This is in keeping with Article 19 of the Civil Code of the Philippines, which states that: "Every person must, in the exercise of his rights and in the performance of his duties, act with justice, give everyone his due, and observe honesty and good faith."

This bill addresses the concerns of numerous credit card holders. It also is a kindred spirit to Section 7 of BSP Circular No. 454, series of 2004. Both enumerate the ways by which credit card debtors are harassed and humiliated in the collection process. But this bill goes further by penalizing the prohibited acts through fines and revocation of licenses.*

Miriam Defensor Santiago
MIRIAM DEFENSOR SANTIAGO

* This bill was originally filed in the 14th Congress.



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1 AN ACT
2 PROHIBITING CREDIT CARD DEBT-COLLECTION HARASSMENT

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

3 SECTION 1. *Prohibited Unfair Collection Practices.* - Collection agencies and
4 collection attorneys, working as third-party or principal collectors, are prohibited from engaging
5 in the following conducts:

- 6 A) Communicating with the employer, relative or friends about the debtor, unless a
7 court has given the collector the permission to do so;
- 8 B) Contacting the debtor at work or at unreasonable/inconvenient times or hours
9 which shall be defined as contact before 6:00 A.M. or after 10:00 P.M.;
- 10 C) Falsely representing the character, amount, or legal status of the debt;
- 11 D) Threatening to take actions that are illegal or not intended;
- 12 E) Using obscenities, insults, or profane language;
- 13 F) Using or threatening to use violence or other criminal means to harm the physical
14 person, reputation, or property of any person;
- 15 G) Repeatedly calling or visiting the debtor.

16 SECTION 2. *Penalty.* - Upon conviction of a violation of this Act, a fine of One
17 Hundred Thousand Pesos (P100,000.00) per occurrence shall be imposed. A subsequent
18 violation shall be penalized with a fine of Five Hundred Thousand Pesos (P500,000.00) and
19 revocation of the business or professional license of the collector.

1 SECTION 3. *Repealing Clause.* – All laws, decrees, orders, rules and regulations or
2 parts thereof inconsistent with the provisions of this Act are hereby repealed, amended, or
3 modified accordingly.

4 SECTION 4. *Effectivity Clause.* – This Act shall take effect after fifteen (15) days
5 following its publication in at least two (2) newspapers of general circulation.

Approved,