

David Schultz Analyzes in ARM Compliance Digest: State Appeals Court Affirms Ruling for Defendant in FDCPA Class Action

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In the April 2, 2024, edition of the *ARM Compliance Digest*, Hinshaw partner David Schultz discussed a favorable ruling made by a New Jersey appeals court for a defendant sued in a class action for seeking to collect on debt that has aged beyond the statute of limitations. The court concluded that a standard statute of limitations disclosure provided by the defendant was not materially deceptive.

Schultz writes:

Woodhouse v Heartland Resolution Group is the most recent ruling on efforts to collect debt that has aged beyond the statute of limitations for a timely collection lawsuit (i.e., “out of statute debt”). It is a good ruling that approves of a somewhat common disclosure.

In the past dozen years there has been a lot of litigation over efforts to collect on out of statute debt. The genesis of the theory was a CFPB consent decree from a dozen years ago that required an agency to use disclosures when collecting this aged debt. After that, there was a wave of federal lawsuits for not using an out of statute disclosure. The industry responded by adopting disclosures, which often were based on the CFPB consent decree language or recently enacted State laws. Then, in the category of “no good deed goes unpunished,” we saw a new group of lawsuits that picked over the disclosures being used. Those lawsuits often were not particularly successful and eventually slowed down significantly. Interestingly, the CFPB studied the issue for years and issued Reg F, in which it decided not to provide a safe harbor language for use when collecting on out of statute debt. That was a bit of a surprise.

One of the things we are seeing in response to the federal court Article III rulings is that some older plaintiff FDCPA theories are getting a revival in state court filings. The *Woodhouse* case seems like an example of that. Fortunately, the court rejected it soundly and hopefully other state courts will do the same.

[Read the full April 2, 2024 edition of the *AccountsRecovery.net Compliance Digest*.](#)

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