



Analysis of Finalized New York City Debt Collection Regulation: Part 1

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The long and winding road that has been the revisions to the New York City Debt Collection Regulation appears to be at an end. On February 26, 2026, the New York City Department of Consumer and Worker Protection (“DCWP”) issued a Notice of Adoption (“NOA”) finalizing revisions to the Big Apple’s conduct-regulating debt collection scheme. The revised regulations will go into effect on September 1, 2026, leaving the industry roughly five months to digest its requirements and operationalize its changes.

Because of the length, complexity, and importance of the revised rules we will be analyzing the implications of the now final rules in a series of *Insights* articles and webinars. This *Insights* article is the first of three that will analyze the rule. Let’s start at the beginning, and with a particular focus on the application of the now final rule.

Issuance of the NOA brought down the curtain on a convoluted show of fits and starts that commenced back in November of 2022 when the DCWP initially proposed amendments aimed at modernizing its debt collection regulations. From there a series of additional proposed amendments, public hearings, and delays ensued. Much of the confusion, and source of the delays with the series of proposed amendments, revolved around their application to the original creditors. That confusion is now resolved.

Under the now finalized DCWP, the bulk of the conduct-regulating requirements apply to “debt collectors.” As that term is now in the revised New York City regulation, it means any person (whether that person is a natural person or an organization) who (among other things) “regularly collects, or attempts to collect, directly or indirectly, debts owed or due or asserted to be owed or due to another person, or debts owed or due or asserted to be owed or due to the person collecting or attempting to collect the debts.” This definition makes it clear that the term “debt collector” includes not only a third-party debt collector (a person collecting debts owed to another) but also an original creditor who is collecting its own debts.

The NOA for the final rule notes, in what is best described as supplementary information or commentary accompanying the final rule, that the application of the rule’s requirements to original creditors was the intent of the DCWP all along. It notes that

...the Department declines to exclude original creditors collecting on their own debts from the definition of ‘debt collector.’ Although federal and state regulations exclude these parties, they have long been covered by the Department’s rules. Continued applicability of these rules to original creditors helps to protect New York City consumers from unconscionable and unfair trade

practices, regardless of whether the debt collector originated the debt.

There is policy logic to this approach, as the rules that govern the conduct of debt collectors ultimately protect the consumers whose debts are being collected. And while a creditor will presumably have a more long-standing relationship and numerous customer management and retention reasons to maintain a good and continuing relationship with its borrowers, particularly as compared to a “hired gun” third party debt collector, many of the rules in question reasonably should apply equally to protect the consumer from collection overreach.

In addition to clarifying the scope of the rule’s application, the revised rule also establishes a “starting line” for when the conduct-regulating requirements apply. The revised rule tees up the conduct rules that follow by noting that it is an “unconscionable and deceptive” trade practice for a debt collector to “engage in debt collection procedures” other than the manner outlined in the revised rule. In other words, the rules that are found in the revised regulation apply only once the debt collector has commenced such “debt collection procedures.”

As defined in the rule, the term “debt collection procedures” means an attempt by any person, including the original creditor, to collect a debt *after* one of the following occurs:

- If the account is required to have periodic statements, then the creditor has either ceased sending those statements or taken (or threatened to take) legal action against the consumer;
- If the account is a “30 day account” (defined to mean an account that requires the consumer to pay his/her outstanding balance at the end of the billing period within a certain period of time to avoid a finance charge) and periodic statements are not required, then the creditor has ceased sending bills for the debt or taken (or threatened to take) legal action against the consumer; or
- For all other credit, the creditor has accelerated the unpaid balance of the debt or demanded the full balance due.

The occurrence of one of these events triggers the application of the debt collection rules that apply to the debt collector.

Once again, the DCWP notes in the supplementary information to the NOA that this was its intent all along. It states that “the Department has always intended for these rules to only apply to debt collection procedures, and not day-to-day business practices that are unrelated to debt collection. The Department’s revisions to these final rules should clarify this issue for all stakeholders.” In this regard, the revised New York City rules are somewhat unique in that, by virtue of this definition, they draw a relatively bright line between when standard “servicing” ripens into “debt collection” for the purposes of when the conduct-regulating rules commence.

Additional aspects of the revised rule will be addressed in two upcoming Insights articles—stay tuned for further analysis. Hudson Cook will also present a free three-part webinar series analyzing the new requirements. [Register here to attend.](#)