

June 16, 2026

The Honorable Tim Briggs
Chair, House Judiciary Committee
Pennsylvania House of Representatives
302 Main Capitol Building
Harrisburg, PA 17120

Re: Pennsylvania HB 2344 Relating to Coerced Debt

Dear Chairman Briggs,

We write on behalf of the American Financial Services Association (AFSA)¹ to express our concerns with House Bill 2344. AFSA members acknowledge the disturbing realities of domestic violence and similar forms of abuse on affected individuals, mentally, physically, and financially. We recognize the hardships that individuals who are victims of these crimes must face when they are confronted with economic abuse.

While highly sympathetic to these extremely difficult situations, our members are concerned with the legislation as written, because of the real possibility that its overly broad nature renders it open to exploitation by bad actors. This in turn would expose AFSA members to the prospect of writing off legitimate debt as coerced. To address our remaining concerns and ensure the bill preserves its protections for victims without unnecessarily burdening creditors, we respectfully urge you to consider the following amendments.

Secured Debt

One of the most significant concerns with HB 2344 is that, unlike other state coerced debt frameworks, the bill does not distinguish between secured and unsecured debt. While we appreciate that the bill carves out real property, that exclusion should be extended to all secured debt, including motor-vehicle-secured loans and other debt secured by personal property. Auto loans are already governed by detailed, well-established repossession and deficiency-judgment statutes. Extending coerced debt disputes into that space would create significant unintended consequences, including disrupting secondary-market contracts and introducing legal uncertainty around vehicle titles.

Excluding all secured debt from the definition of coerced debt would bring Pennsylvania in line with other states that have addressed this issue, and would ensure the bill does not unnecessarily

¹ Founded in 1916, the American Financial Services Association (AFSA), based in Washington, D.C., is the primary trade association for the consumer credit industry, protecting access to credit and consumer choice. AFSA members provide consumers with many kinds of credit, including traditional installment loans, direct and indirect vehicle financing, mortgages, and payment cards. AFSA members include national banks and non-bank state licensed financial institutions. AFSA does not represent payday lenders, title lenders, or credit unions.

interfere with a creditor's long-recognized security interest in financed collateral. To that end, we suggest the following edit to pg. 2 lines 26-27: "The term does not include secured debt."

Definition of Coerced Debt and the Role of Fraud

AFSA recommends that the committee strike the word "fraud" from the definition of coerced debt. The inclusion of fraud in the definition risks conflating coerced debt with identity theft, two distinct legal concepts that should remain on separate tracks. If a bad actor uses someone's personal information without their knowledge, the victim's will has not been coerced in any meaningful sense, even though their identity has been stolen. That conduct is already addressed by existing identity theft and fraud statutes, which provide established frameworks and remedies for debt incurred without a consumer's knowledge. Folding fraud into a coerced debt framework is conceptually counterintuitive and creates redundancy that invites unintended consequences.

The practical concern here is significant. As currently drafted, the definition is broad enough to capture virtually any situation in which a consumer incurred debt as a result of someone else's misrepresentation, regardless of whether that debt arose from the kind of coercive abuse relationship the bill is designed to address. Ordinary fraud and coerced debt are not the same thing and treating them as if they are, risks extending relief well beyond the victims of domestic abuse and human trafficking the bill was designed to protect. Existing fraud and identity theft statutes already provide a remedy for consumers who take on debt under false pretenses.

Complaint Threshold

AFSA also urges the committee to include a higher threshold for submitting a notice of coerced debt. Without a meaningful evidentiary standard at the outset, the bill creates an easy mechanism for bad actors to delay collection or discharge legitimate obligations with little friction. A higher threshold, paired with a creditor's right to evaluate a prima facie case before providing relief, would strike the appropriate balance between protecting victims and safeguarding creditors from spurious claims. Pennsylvania should look to states that have included such a review period as a model, rather than requiring immediate relief upon submission of a notice.

Similarly, this legislation may trigger a proliferation of fraudulent claims submitted by debtors that have no connection to actual instances of coerced debt. If bad actors can submit claims of coerced debt at will with no repercussion, our members are forced to dedicate tremendous resources to managing those claims, diverting them from true victims of coerced debt.

To combat those acting in bad faith and attempting to defraud our members, an anti-fraud provision is necessary. We suggest that the following language, which was included in the recent New York coerced debt law be added:

"Nothing in this chapter shall prevent a creditor from seeking recourse for false or fraudulent claims of coerced debt."

Clergy Members as Qualified Third Parties

The PA bill treats clergy and religious organizations as “qualified third part[ies]” for purposes of corroborating a claim of coerced debt. AFSA has concerns about this classification. Unlike licensed mental-health providers, healthcare professionals, or domestic violence organizations, clergy lack any standardized training or licensure requirements that would enable them to assess or document economic abuse in a legally meaningful way. Their inclusion in the qualified third party definition lowers the evidentiary bar in a manner that increases the risk of fraudulent or erroneous claims, therefore the reference to this section should be removed. We urge the committee to limit the definition of qualified third party to licensed professionals with relevant expertise.

Conclusion

The disturbing trend of domestic abuse that spills into economic abuse is one that should not be taken lightly. We believe the incorporation of the amendments suggested in this letter will produce a piece of policy that is fit-for-purpose, allowing victims of economic abuse to rightfully seek relief from coerced debt, while protecting creditors from spurious and fraudulent claims under the law.

We appreciate your attention to our concerns and respectfully urge your committee to consider the changes outlined above. If you have any questions or would like to discuss this further, please do not hesitate to contact me at erayhan@afsamail.org or (805) 501-8873 at your convenience.

Sincerely,

A handwritten signature in black ink that reads 'Elora Rayhan'. The signature is written in a cursive style with a large, looping 'E' and 'R'.

Elora Rayhan
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Copy to: Members of the Judiciary Committee