GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2025

H.B. 515
Mar 25, 2025
HOUSE PRINCIPAL CLERK

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HOUSE BILL DRH30194-LR-35B

Short Title:	North Carolina Economic Abuse Prevention Act.	(Public)
Sponsors:	Representative T. Brown.	
Referred to:		

A BILL TO BE ENTITLED

AN ACT TO ENACT THE NORTH CAROLINA ECONOMIC ABUSE PREVENTION ACT.

The General Assembly of North Carolina enacts:

SECTION 1.(a) The General Assembly finds that survivors of domestic violence and the children of domestic violence survivors undergo multiple forms of abuses, including monetary abuse, and that survivors of domestic violence need multiple pathways to remedy coerced debt and to repair credit reports. Therefore, it is the public policy of this State to provide remedies for economic abuse against domestic violence survivors.

SECTION 1.(b) The General Statutes are amended by adding a new Chapter to read:

"**Chapter 1H.**

"**Economic Abuse Prevention Act.**

"**§ 1H-1. Short title.**

This Chapter shall be known and may be cited as the North Carolina Economic Abuse Prevention Act.

"**§ 1H-2. Definitions.**

The following definitions apply to this Chapter:

(1) Abuse. – As defined in G.S. 50C-1(1).

(2) Adequate documentation. – Documentation that identifies a particular debt, or portion thereof, as coerced debt, describes the circumstances under which the coerced debt was incurred, and takes the form of any of the following:

a. A police report.

b. A Federal Trade Commission identity theft report identifying a particular debt, or portion thereof, as coerced, but not as identity theft.

c. A court order issued under Chapter 50 or Chapter 50B of the General Statutes relating to domestic violence, Chapter 7B of the General Statutes relating to an abused, neglected, or dependent juvenile, or G.S. 108A-106 relating to disabled adults.

d. A sworn written certification from a qualified third-party professional based on information they received while acting in a professional capacity. This documentation shall be signed by a qualified third-party professional and display the letterhead, address, and telephone number of the office, institution, center, or organization, as appropriate, that engages or employs, whether financially compensated or not, the qualified third-party professional, or, if the qualified third-party professional is self-employed, the documentation shall display the

letterhead, address, and telephone number of the qualified third-party professional.

(3) Claim. – A right to payment, whether or not that right is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, or equitable.

(4) Claimant. – A person or an entity who has or purports to have a claim against a debtor arising from coerced debt, or that person's or entity's successor or assignee. This definition includes, but is not limited to, a debt collector or a debt buyer. The term does not include a person who caused the claim described in subdivision (3) of this section to arise through duress, intimidation, threat of force, force, fraud, or undue influence perpetrated against the debtor.

(5) Coerced debt. – A particular debt, or portion thereof, for personal, family, or household use in the name of a debtor who is a victim of domestic violence as defined in G.S. 50B-1, or a victim of domestic abuse as defined in G.S. 14-32.3(a), or a current or former child in foster care as defined in G.S. 131D-10.2, incurred as a result of duress, intimidation, threat of force, force, or undue influence.

(6) Debtor. – A person who owes or is otherwise liable for coerced debt.

(7) Fraud. – An initial fraudulent act that is perpetrated against the debtor.

(8) Immediate family member. – As defined in G.S. 53-244.030(13).

(9) Person. – A natural person.

(10) Qualified third-party professional. – Any of the following who also has a degree, certificate, or license from an accredited program for counseling domestic violence victims:

a. Any agent of a domestic violence or sexual assault program, as defined in G.S. 8-53.12.

b. A guardian ad litem or attorney appointed in accordance with G.S. 1A-1, Rule 17 of the Rules of Civil Procedure, or G.S. 7B-601.

c. A board-certified psychiatrist or psychologist.

d. A licensed marriage and family therapist.

e. A licensed professional clinical counselor.

f. A licensed clinical social worker.

g. A social worker or caseworker employed by a county department of social services for the purposes described in G.S. 108A-100 or G.S. 7B-100.

h. A non-licensed or credentialed domestic violence professional who otherwise meets the criteria of G.S. 8-53.12(a)(1).

(11) Sworn written certification. – A document in which the author declares under penalty of perjury as true any material fact, and which is accompanied by the following, to the extent that an item listed below is relevant to the debtor's allegation that the debt is coerced debt:

a. A copy of the debtor's drivers license or identification card, as issued by the State.

b. Any other identification document that supports the statement that the particular debt, or portion thereof, is coerced debt.

c. An express statement that the debtor did not willingly authorize the use of the debtor's name or personal information for incurring the coerced debt, and specific facts supporting the claim of coerced debt, if available, and, if not all of the debt was coerced, a statement identifying the portion thereof that was coerced.

d. Any available correspondence disputing the coerced debt after transaction information has been provided to the debtor.

e. Information, if known by the debtor, including, but not limited to, a credit card number or loan number, that can be used by the claimant to identify the account associated with the coerced debt and the person or persons in whose name the debt was incurred.

f. The identity of the person or persons who coerced the debtor into incurring the debt and contact information for that person or persons, if known by the debtor; except when, in the alternative, the debtor executes sworn statements asserting that disclosing this information is likely to result in abuse to the debtor or an immediate family member of the debtor and identifying the name, address, and telephone number of the person or persons who coerced the debtor into incurring the debt.

g. A telephone number for contacting the person signing the certification concerning any additional information or questions, or direction that further communications to the debtor be in writing only, with the mailing address specified in the statement.

h. The certification required by this subdivision shall be sufficient if it is in substantially the following form:

"I declare under penalty of perjury that the representations made herein are true, correct, and contain no material omissions of fact.

_____ (Date and Place) _____ (Signature) _____"

"**§ 1H-3. Scope.**

(a) This Chapter does not apply to secured debts.

(b) This Chapter does not allow a court to order a claimant to refund any moneys already paid on a debt that is determined to be coerced.

(c) This Chapter does not diminish the rights of a claimant to recover payment for a coerced debt from the person or persons who coerced a debtor into incurring that debt.

(d) This Chapter does not reduce or eliminate any other rights or defenses available to a debtor or claimant pursuant to any other law.

"**§ 1H-4. Civil liability.**

A person shall not cause another person to incur a coerced debt. A person who causes another person to incur a coerced debt in violation of this section shall be civilly liable to the claimant for the amount of the debt, or portion of said debt to be determined by a court, plus the claimant's attorneys' fees and costs.

"**§ 1H-5. Notice of coerced debts.**

(a) Upon receipt of both of the following, a claimant shall cease collection activities until completion of the review provided in subsection (c) of this section:

(1) Adequate documentation.

(2) The debtor's sworn written certification that a particular debt, or portion thereof, being collected is coerced debt.

(b) If a debtor notifies a claimant orally that a particular debt, or portion thereof, being collected is coerced debt, the claimant shall notify the debtor, orally or in writing, that the debtor's notification must be in writing. If a debtor notifies a claimant in writing that a particular debt, or portion thereof, being collected is coerced debt, but omits information required by subsection (a) of this section, and, if the claimant does not cease collection activities, the claimant shall provide written notice to the debtor of the additional information that is required.

(c) Within 10 business days of receiving the complete statement and information described in subsection (a) of this section, the claimant shall, if the claimant furnished adverse information about the debtor to a consumer credit reporting agency, notify the consumer credit reporting agency that the account is disputed. The claimant shall initiate a review considering all

of the information provided by the debtor and other information available to the claimant in its file. Within 30 days of completing the review, the claimant shall notify the debtor in writing of the claimant's determination and the good-faith basis for that determination. The claimant shall not recommence collection activities until the debtor has been notified in writing of the good-faith determination that the information does not establish that the particular debt, or portion thereof, is coerced debt.

(d) No inference or presumption that the debt is valid or invalid, or that the debtor is liable or not liable for the particular debt, or portion thereof, shall arise if the claimant decides after the review described in subsection (c) of this section to cease or recommence collection activities. The exercise or nonexercise of rights under this section is not a waiver of any other right or defense of the debtor or claimant.

(e) At least 30 days before filing an action pursuant to G.S. 1H-6 or other action against a claimant in connection with an allegedly coerced debt, a debtor shall submit notice of the debtor's intent to file an action against the claimant and documents that comply with subsection (a) of this section in writing to the claimant. This 30-day period shall begin to run when the claimant receives this written notice. This written notice shall meet all of the following requirements:

(1) The notice shall be sent by certified mail, overnight delivery, or other method that allows for confirmation of the delivery date.

(2) The notice shall be sent to an address made available to the debtor by the claimant for receipt of the notice, or, if an address has not been identified by the claimant, to the claimant's principal place of business as identified by the Secretary of State. If an address is unavailable through the Secretary of State's website, the debtor may use the correspondence address of the claimant, or in the case of a debt collector, the address on file with the Department of Insurance for licensing purposes.

(f) The debtor shall not commence an action described in G.S. 1H-6 or other action against a claimant in connection with an allegedly coerced debt if the claimant informs the debtor that it has ceased all efforts to collect on the particular debt, or portion thereof, identified in the written notice pursuant to subsection (e) of this section and the debtor receives written notice of this cessation before the expiration of the 30-day period.

(g) The debtor may commence an action described in G.S. 1H-6 or other action against a claimant in connection with an allegedly coerced debt if either of the following conditions is satisfied:

(1) The 30-day period described in subsection (e) of this section expires and the collection activities have not ceased or the debtor has not received written notice that collection activities have ceased.

(2) The debtor receives written notice pursuant to subsection (c) of this section of the claimant's good-faith determination that the information does not establish that the particular debt, or portion thereof, is coerced debt.

(h) A claimant that ceases collection activities under this section and does not recommence those collection activities shall do both of the following:

(1) If the claimant has furnished adverse information to a consumer credit reporting agency regarding the debtor and a particular debt, or portion thereof, notify the agency to delete that information no later than 10 business days after making its determination.

(2) If the claimant is a debt collector, notify the creditor no later than 10 business days after making its determination that collection activities have been terminated based upon the debtor's assertion that a particular debt, or portion thereof, being collected is coerced debt.

"**§ 1H-6. Order establishing relief from coerced debt.**

(a) A debtor may bring an action against a claimant to establish that a particular debt, or portion thereof, is coerced debt.

(b) In an action brought by a claimant to recover a particular debt against the debtor, the debtor may file a cross-complaint to establish that the particular debt, or portion thereof, is coerced debt. The notice described in G.S. 1H-5(c) shall not be required as a prerequisite to filing a cross-complaint. A debtor shall plead the allegations of coerced debt with particularity and shall do either of the following:

(1) Attach the documents provided to the claimant pursuant to G.S. 1H-5(a) to any complaint.

(2) Attach the documents identified in G.S. 1H-5(a) to any cross-complaint.

(c) If the debtor establishes by a preponderance of the evidence that the particular debt, or portion thereof, is coerced debt, the debtor shall be entitled to the following relief:

(1) A declaratory judgment that the debtor is not obligated to the claimant on the particular debt, or portion thereof, that is coerced debt.

(2) An injunction prohibiting the claimant from holding or attempting to hold the debtor personally liable on the particular debt, or portion thereof, that is coerced debt, and prohibiting the claimant from enforcing a judgment related to the particular debt, or portion thereof, that is coerced debt against the debtor.

(3) An order dismissing any cause of action brought by the claimant to enforce or collect on the particular debt from the debtor or, if only a portion of the debt is established as coerced debt, an order directing that the complaint and judgment, if any, in the action be amended to reflect only the portion of the particular debt that is not coerced debt.

(c1) If the debtor establishes by a preponderance of the evidence that the particular debt, or portion thereof, is coerced debt, the court shall issue a judgment in favor of the claimant against the person or persons who coerced the debtor into incurring the debt in the amount of the debt, or portion thereof, that is coerced debt, provided that the person or persons who coerced the debtor into incurring the debt or debts has been brought within the jurisdiction of the court and joined as a party to the action and the evidence supports such a judgment. The court presiding over the action shall take the appropriate steps necessary to prevent abuse of the debtor or an immediate family member of the debtor, including, but not limited to, sealing court records, redacting personally identifiable information about the debtor and any immediate family member of the debtor, and directing that any deposition or evidentiary hearing be conducted remotely.

(d) A debtor who files knowingly false motions, pleadings, or other papers or engages in other tactics that are frivolous or intended to cause unnecessary delay against a claimant shall be liable for the claimant's attorneys' fees and costs in defending the lawsuit.

(e) The claimant may move the court to make written findings regarding evidence related to the person who caused the coerced debt to be incurred.

"**§ 1H-7. Miscellaneous provisions.**

(a) Where some or all of a claim is established as having arisen from coerced debt, a claimant shall have standing, and may use all rights and remedies, to collect by any lawful means that claim, or portion thereof, from the person or persons determined to have coerced the debt, or against a person who used or possessed money, goods, services, or property obtained through coerced debt.

(b) The statute of limitations for a claimant to bring an action to collect coerced debt from any person determined to have coerced the debt shall run from the date of the court's determination that the person caused the duress, intimidation, threat of force, force, fraud, or undue influence giving rise to the coerced debt at issue and shall be brought within five years of that determination.

(c) If any provision of this Chapter or the application thereof to any person or circumstances is held invalid, such invalidity shall not affect other provisions or applications of

this Chapter that can be given effect without the invalid provision or application and, to this end, the provisions of this Chapter are severable.

(d) This Chapter applies only to debts incurred on or after July 1, 2025, except that a debtor may file a cross-complaint described by subsection (b) of this section in an action filed by a claimant to collect a debt incurred prior to July 1, 2025, unless a final judgment has been entered in that action."

SECTION 2. This act becomes effective July 1, 2025.