



Bangko Sentral ng Pilipinas

OFFICE OF THE DEPUTY GOVERNOR
SUPERVISION AND EXAMINATION SECTOR

CIRCULAR LETTER NO. CL-2009- 038

For : **All Banks and Non-Bank Financial Institutions**
Subject : **Consumer protection against unfair collection practices**

The Bangko Sentral ng Pilipinas (BSP) has been receiving complaints connected with the credit collection practices of banks, collection companies, collection agencies and their agents, such as the use or threat of violence or other criminal means to harm the physical person, reputation, or property of any person; the use of obscenities, insults, or profane language; and making contact at unreasonable/inconvenient times or hours.

In view thereof, banks, subsidiary/affiliate credit card companies, collection agencies, counsels and other agents are hereby reminded that they may only resort to all reasonable and legally permissible means to collect amounts due them under the credit card agreement, and in the exercise of their rights and performance of their duties, they must observe good faith and reasonable conduct and refrain from engaging in unscrupulous acts, pursuant to Subsection §X320.14 of the Manual of Regulations for Banks (MORB) and Subsections §4301N.14 and §4337Q.14 of the Manual of Regulations for Non-Bank Financial Institutions (MORNBFI) on Unfair Collection Practices which provides for inclusive enumeration of conduct in violation of said regulations.

Violation of abovementioned provisions shall, pursuant to Subsection §X320.15 of the MORB and Subsections §4301N.15 and §4337Q.15 of the MORNBFI, subject banks to any or all of the following sanctions depending upon their severity:

- a. Disqualification of the bank concerned from the credit facilities of the BSP except as may be allowed under Section 84 of R.A. No. 7653, the New Central Bank Act;
- b. Prohibition of the bank concerned from the extension of additional credit accommodation against personal security; and
- c. Penalties and sanctions provided under Section 36 and 37 of R.A. No. 7653.

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Section 36 of R.A. No 7653 is applicable against unfair collection practices of subsidiary/affiliated credit card companies, collection agencies, and legal counsels, and may serve as basis for criminal sanctions that the BSP may file.

For your guidance and strict implementation


NESTOR A. ESPENILLA JR.
Deputy Governor

30 April 2009