

# Changes to California Consumer Law Protections on January 1, 2022

## Publications

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Effective January 1, 2022, California implemented several important changes to its consumer protection laws, ranging from data privacy to debt collection to updates to the Consumer Legal Remedies Act. This post highlights several notable changes that companies and practitioners may wish to bear in mind as they ring in the new year.

### Data Privacy

In the world of data privacy, there has been a lot of buzz around California's new consumer privacy law, the **California Privacy Rights Act (CPRA)**, which was previously discussed on this blog here.

The CPRA will greatly expand the state's current data protection infrastructure by, among other things, increasing consumer control over sensitive personal information, adding additional consumer privacy rights, and creating the California Privacy Protection Agency to enforce the CPRA.

While not effective until January 1, 2023, the CPRA will apply to certain data collected in 2022, requiring many businesses to begin updating their data practices now.<sup>[1]</sup>

### Debt Collection

A number of the California consumer law updates that took effect on January 1, 2022 focused on debt collection practices. Perhaps most notable is the implementation of the **Debt Collection Licensing Act (DCLA)**.<sup>[2]</sup> Aligning California with the majority of states that already have collection agency licensure requirements, the DCLA requires debt collectors and debt buyers operating in California to obtain a license from the Department of Financial Protection and Innovation.

The DCLA generally applies to entities collecting consumer debt in California, including organizations such as law firms and other companies engaged in collection activities who may not consider themselves "debt collectors" in the traditional sense. ***Critically, under the DCLA, debt collectors who missed the December 31, 2021 application deadline must halt operations in California until they are issued a license.***<sup>[3]</sup>

Other changes to California debt collection laws effective January 1, 2022 include:

- *Health Care Debt and Fair Billing*: Among other things, AB 1020 revises the state’s medical billing and debt collection policies, including by prohibiting hospitals from selling patient debt unless certain conditions are met.<sup>[4]</sup>
- *Identity Theft*: AB 430 expands protections for victims of identity theft and requires debt collectors to pause collection activities until certain criteria are met if a consumer submits either a copy of a Federal Trade Commission (FTC) identify theft report or a police report.<sup>[5]</sup>
- *Fair Debt Settlement Practices Act*: Adds new regulatory requirements and prohibitions on debt settlement service providers and payment processor activities. It also creates a consumer private right of action for intentional violations, with available remedies including actual damages, injunctive relief, attorneys’ fees, and/or statutory damages as high as \$5,000 per violation.<sup>[6]</sup>

### **Consumer Legal Remedies Act**

January 1, 2022 also saw revisions to the California Consumer Legal Remedies Act (CLRA).<sup>[7]</sup> As amended, the CLRA now offers additional protections to senior citizens from unfair and deceptive loan solicitations. Specifically, as amended the CLRA now applies to Property Assessed Clean Energy (PACE) program loans for seniors—such as loans for solar panels or energy efficient appliances. Violations are subject to \$5,000 in statutory damages, on top of any actual or punitive damages, injunctive relief, restitution, and/or attorneys’ fees.<sup>[8]</sup>

\* \* \*

Taken together, California has added significant additional complexity and potential liability to the consumer protection landscape at the outset of 2022, and companies who work in these spaces should be careful to ensure that their existing practices are updated to comply with the new laws.

### **Footnotes**

[1] Cal. Civ. Code § 1798.130.

[2] Cal. Fin. Code § 100000 *et seq.*

[3] *Debt Collection – Licensee*, Department of Financial Protection & Innovation.

[4] Cal. Civ. Code §§ 1788.14, 1788.52, 1788.58, 1788.185; Cal. HSC § 127400 *et seq.*

[5] Cal. Civ. Code §§ 1788.18, 1788.61, 1798.92, 1798.93; Cal. Penal Code § 530.8.

[6] Cal. Civ. Code § 1788.300 *et seq.*

[7] Cal. Civ. Code § 1770.

[8] Cal. Civ. Code § 1780.

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