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UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

YASSER ALI, Plaintiff, v. MEDICAL DATA SYSTEMS, INC; EQUIFAX INFORMATION SERVICES, LLC; EXPERIAN INFORMATION SOLUTIONS, INC.; and TRANS UNION LLC Defendants.	Case No. 5:24-cv-01870 **Plaintiff's Complaint AND DEMAND FOR JURY TRIAL** 1. FDCPA, 15 U.S.C. § 1692 *et seq.* 2. RFDCPA, Cal. Civ. Code. § 1788 *et seq.* 3. FCRA, 15 U.S.C. § 1681 *et seq.* 4. CCRAA, Cal. Civ. Code. § 1785 *et seq.*

COMPLAINT AND DEMAND FOR JURY TRIAL

Plaintiff Yasser Ali ("Plaintiff"), by and through his attorneys, alleges the following against Defendants Medical Data Systems, Inc ("MDS"), Equifax Information Services, LLC ("Equifax"), Experian Information Solutions, Inc. ("Experian"), and Trans Union, LLC ("Trans Union").

INTRODUCTION

1. Counts I and II of Plaintiff's Complaint are based upon the FDCPA and RFDCPA, which prohibit debt collectors from engaging in abusive, deceptive, and unfair practices in connection with the collection of consumer debts.

2. Count III of Plaintiff's Complaint is based upon the Fair Credit Reporting Act ("FCRA"), 15 U.S.C. § 1681 *et seq*. The FCRA is a federal statute that broadly regulates the credit reporting agencies and furnishers of credit information. Among other things, the FCRA prohibits credit reporting agencies and furnishers from reporting incomplete or inaccurate information on a consumer's credit report.

3. Count IV of Plaintiff's Complaint is based upon the Consumer Credit Reporting Agencies Act ("CCRAA"), Cal. Civ. Code § 1785 *et seq.*, which regulates credit reporting agencies and furnishers of information from reporting incomplete or inaccurate information on a consumer's credit report.

JURISDICTION AND VENUE

4. The District Court has federal question jurisdiction over these claims pursuant to 28 U.S.C. § 1331 and 15 U.S.C. § 1692.

5. Supplemental jurisdiction of this court arises under 28 U.S.C. § 1367 because the state law claims are so related to the claims in the action within such original jurisdiction that they form part of the same case or controversy under Article III of the US Constitution.

6. Because Defendants conduct business within the County of Riverside, State of California, personal jurisdiction is established.

7. Venue is proper pursuant to 28 U.S.C. 1391(b)(2) in that a substantial part of the events or omissions giving rise to the claim occurred in this District.

PARTIES

8. Plaintiff is a "person" as defined by Cal. Civ. Code § 1788.2(g).

9. Plaintiff is a "consumer" as defined by 15 U.S.C. § 1681a(c).

10. Plaintiff is a "consumer" as defined by Cal. Civ. Code § 1785.3(b).

11. Plaintiff is a "debtor" as defined by Cal. Civ. Code § 1788.2(h).

12. Plaintiff is a natural person residing in Corona, California.

13. Plaintiff, as a natural person allegedly obligated to pay a consumer debt to non-party Corona Regional Medical Center, alleged to have been due and owing, is a "debtor" as that term is defined by California Civil Code § 1788.2(h) of the Rosenthal Act.

14. As a partnership, corporation, limited liability company, or other similar entity, Defendants are a "person" within the meaning of California Civil Code § 1788.2(g) of the Rosenthal Act.

15. Defendants allege Plaintiff owed them money arising out of medical services performed upon Plaintiff for treatment of injuries arising out of a work-place accident, without payment being required at the time of services being

rendered, and Plaintiff is informed and believes the money alleged to have been owed to Defendants originated from monetary credit that was extended primarily for personal, family, or household purposes, and is therefore a "debt" as that term is defined by California Civil Code § 1788.2(d) and is a "debt" as that term is defined by 15 U.S.C. § 1692a(5).

16. Plaintiff allegedly owed a monetary debt to Defendants, which makes Defendants a "creditor" under California Civil Code § 1788.2(i) of the Rosenthal Act.

17. Upon information and belief, Defendants were attempting to collect on a debt that originated from monetary credit that was extended primarily for personal, family, or household purposes due to medical services performed upon Plaintiff to treat injuries arising out of a work-place accident without payment being required at the time of services and was therefore a "consumer credit transaction" within the meaning of California Civil Code § 1788.2(e) of the Rosenthal Act.

18. Because Plaintiff, a natural person allegedly obligated to pay money to Defendants arising from what Plaintiff is informed and believes was a consumer credit transaction due to medical services performed upon Plaintiff to treat injuries arising out of a work-place accident without payment being required at the time of services, the money allegedly owed was a "consumer debt" within the meaning of California Civil Code § 1788.2(f) of the Rosenthal Act.

19. Plaintiff is informed and believes Defendants regularly collect or attempt to collect debts on behalf of themselves and are therefore both a "debt collector" within the meaning of California Civil Code § 1788.2(c) of the Rosenthal Act, and thereby engages in "debt collection" within the meaning of California Civil Code § 1788.2(b) of the Rosenthal Act.

20. Plaintiff is a "debtor" as defined by Cal. Civ. Code § 1788.2(h).

21. Defendant MDS was a company engaged, by use of mails and telephone in the business of collecting a debt from Plaintiff which qualifies as a "debt," as defined by Cal. Civ. Code § 1788.2(d). Defendant MDS can be served through its agent for service of process, CSC- Lawyers Incorporating Service, located at 2710 Gateway Oaks Drive, Sacramento, California 95833.

22. Defendant Equifax is a *credit reporting agency*, as defined in 15 U.S.C. § 1681a(f). Upon information and belief, Equifax is regularly engaged in the business of assembling, evaluating, and disbursing information concerning consumers for the purpose of furnishing *consumer reports*, as defined in 15 U.S.C. § 1681a(d), to third parties. Equifax can be served through its agent for service of process, The Prentice-Hall Corporation System, Inc., located at 2710 Gateway Oaks Drive, Sacramento, California 95833.

23. Defendant Experian is a *credit reporting agency*, a as defined in 15 U.S.C. § 1681a(f). Upon information and belief, Experian is regularly engaged in

the business of assembling, evaluating, and disbursing information concerning consumers for the purpose of furnishing *consumer reports*, as defined in 15 U.S.C. § 1681a(d), to third parties. Experian can be served through its agent for service of process, CT Corporation System, located 330 N Brand Blvd Glendale, CA 91203.

24. Defendant Trans Union LLC is a *credit reporting agency*, as defined in 15 U.S.C. § 1681a(f). Upon information and belief, Trans Union is regularly engaged in the business of assembling, evaluating, and disbursing information concerning consumers for the purpose of furnishing *consumer reports*, as defined in 15 U.S.C. § 1681a(d), to third parties. Trans Union's principal place of business is located at 555 West Adams Street, Chicago, IL 60661. Trans Union can be served through its registered agent, CSC- Lawyers Incorporating Service, located at 2710 Gateway Oaks Drive, Sacramento, California 95833.

25. Defendants acted through their agents, employees, officers, members, directors, heirs, successors, assigns, principals, trustees, sureties, subrogees, representatives, and insurers.

FACTUAL ALLEGATIONS

Background Information

26. Enacted in 1970, the FCRA's passage was driven in part by two related concerns: first, that consumer reports were playing a central role in people's lives at crucial moments, such as when they applied for a job or credit, and when

they applied for housing. Second, despite their importance, consumer reports were unregulated and had widespread errors and inaccuracies.

27. While recognizing that consumer reports play an important role in the economy, Congress wanted consumer reports to be "fair and equitable to the consumer" and to ensure "the confidentiality, accuracy, relevancy, and proper utilization" of consumer reports. 15 U.S.C. § 1681.

28. Congress, concerned about inaccuracies in consumer reports, specifically required consumer reporting agencies to follow "reasonable procedures to assure maximum possible accuracy" in consumer reports. 15 U.S.C. § 1681e(b).

29. Consumer reports that contain factually incorrect information which does not belong to the consumer at issue are neither maximally accurate nor fair to the consumers who are the subjects of such reports.

30. The FCRA is intended to ensure consumer reporting agencies exercise their grave responsibilities with fairness, impartiality, and a respect for the consumer's right to privacy because consumer reporting agencies have assumed such a vital role in assembling and evaluating consumer credit and other consumer information.

31. Defendant Trans Union is one of three major consumer reporting agencies (at times referred to collectively as "CRAs" and individually as a "CRA")

in the United States, regularly publish and distribute credit information about Plaintiff and other consumers through the sale of consumer reports.

32. The CRAs consumer reports generally contain the following information: (i) Header/Identifying Information: this section generally includes the consumer's name, current and prior addresses, date of birth, and phone numbers; (ii) Tradeline Information: this section pertains to consumer credit history, and includes the type of credit account, credit limit or loan amount, account balance, payment history, and status; (iii) Public Record Information: this section typically includes public record information, such as bankruptcy filings; and (iv) Credit Inquiries: this section lists every entity that has accessed the consumer's file through a "hard inquiry" (i.e., consumer-initiated activities, such as applications for credit cards, to rent an apartment, to open a deposit account, or for other services) or "soft inquiry" (i.e., user-initiated inquiries like prescreening).

33. The CRAs obtains consumer information from various sources. Some consumer information is sent directly to the CRAs by furnishers, and other information is independently gathered by CRAs from third party providers, vendors, or repositories, like computerized reporting services like PACER and Lexis-Nexis.

34. The majority of institutions that offer financial services (e.g., banks, creditors, lenders) rely upon consumer reports from CRAs (like Defendant Trans Union) to make lending decisions.

35. Those institutions also use FICO Scores, and other proprietary third-party algorithms (or “scoring” models), including debt-to-income ratios, to interpret the information in a consumer’s consumer report, which is based on the amount of reported debt, payment history, and date of delinquencies contained in the CRA Defendant’s consumer reports.

36. The information Defendant Trans Union includes in a consumer report contributes to a consumer’s overall creditworthiness and determines their FICO Scores.

37. FICO Scores are calculated using information contained in the CRA Defendant’s consumer reports.

38. FICO and other third-party algorithms use variables or “attributes” derived from a consumer’s consumer report to calculate a “credit score,” which is a direct reflection of a consumer’s creditworthiness.

39. FICO Scores factor in the following consumer report information: Payment history (35%); Amount of debt (30%); Length of credit history (15%); New credit (10%); and Credit mix (10%).

a) "Payment history" refers to whether a consumer has paid his or her bills in the past, and whether these payments have been timely, late, or missed. In factoring the severity of delinquent payments, a FICO Score considers how late the payment continues to be, how much is owed, how recently the delinquency occurred, and how many delinquent accounts exist. The more severe, recent, and frequent late payments are, the lower a consumer's FICO Score will be.

b) The "amount of debt" a consumer owes has a major impact on their credit score. When a CRA reports a debt as outstanding when it is in fact discharged, the CRA indicates that a consumer's "amount of debt" is higher than it actually is, which will undoubtedly impact a consumer's credit score.

40. Lenders also consider a consumer's debt-to-income ratio (DTI) before deciding to extend credit or approve financing terms.

41. DTI compares the total amount a consumer owes to the total amount a consumer earns.

42. A consumer's income, however, is not included in their consumer report; only their amount of debt is.

43. The higher the amount of reported debt that a consumer has, or appears to have, the worse the consumer's DTI will be, and the more difficult it will be for a consumer to obtain credit and favorable credit terms (e.g., higher interest and lower credit limits).

Medical Debt Collection

44. Medical debt is the most common collection type on consumer credit reports.

45. According to a CFPB report from 2022 titled "Medical Debt Burden in the United States," from 2018 to 2021, "attempts to collect debt not owed" has been the most frequent complaint about medical debt to the Consumer Financial Protection Bureau. [1]

46. According to the 2022 CFPB Report, debt collectors engage in the coercive use of the credit reporting system as a common debt collection tactic, especially for error-prone debts, such as medical bills.

47. According to the 2022 CFPB Report, people reported that once medical bills were placed in collections and furnished to credit reporting agencies, their credit scores stopped reflecting their ability to repay debts.

48. Those same people reported that their lower credit scores became weapons debt collectors could use against them to force payment. In some instances, individuals reported becoming so frustrated trying to resolve allegedly unpaid bills that they gave in and paid the debt collector because they just wanted to make the collection efforts stop and to increase their credit scores.

[1] https://files.consumerfinance.gov/f/documents/cfpb_medical-debt-burden-in-the-united-states_report_2022-03.pdf

49. Consumer complaints to the CFPB strongly suggest that many medical bills reported on credit reports are disputed, inaccurate, or not owed.

50. The finding by the CFPB supports previous research by the CFPB that found medical bills are less predictive of future repayment than other bills or credit obligations.

51. According to the 2022 CFPB Report, when allegedly unpaid or unresolved medical bills get referred to collections and reported to the credit reporting system, people face reduced access to credit, increased risk of bankruptcy, and difficulty securing employment and housing. These negative consequences can occur even when the underlying bill is erroneous, not owed, or unverified.

52. According to the 2022 CFPB Report, certain populations, such as lower-income individuals and people of color, are more likely to face challenges resolving medical debt.

53. Most debt collectors collecting on unpaid medical bills do not have timely access to healthcare providers' billing and payment information.

54. Recent media coverage and analysis of complaints received by the CFPB have shown widespread errors with medical debt collection, including

instances of patients being charged for care that was never received or that should have been covered by insurance.[2]

55. Debt collectors are responsible for ensuring the accuracy of debt they collect or furnish, as well as addressing consumer disputes adequately before continuing to collect.

56. Debt collectors who collect on behalf of the original creditor for a fee are called "non-buyer debt collectors" or "contingency-fee based debt collectors."[3]

57. Over the past few years, there has been a decline in debt collection tradelines related to medical debts, in part fueled by the behavior of "non-buyer debt collectors" or "contingency-fee based debt collectors."

58. The CFPB has stated that the decline is a result of higher dispute rates for collections tradelines as compared to other components of consumer credit reports.

59. Contingency-fee based debt collectors primarily furnish medical collections tradelines to help with their collection efforts.

Background

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[2] https://www.consumerfinance.gov/about-us/blog/debt-collectors-re-evaluate-medical-debt-furnishing-in-light-of-data-integrity-issues/

[3] https://files.consumerfinance.gov/f/documents/cfpb_market-snapshot-third-party-debt-collections-tradelines-reporting_2023-02.pdf

60. On or about September 28, 2021, Plaintiff visited non-party Corona Regional Medical Center's emergency room ("CRMC") where he received emergency medical treatment/services.

61. Plaintiff had insurance from his workplace that covered the emergency medical treatment/services he received.

62. Plaintiff provided the hospital staff, nurses, and medical providers at CRMC with his insurance carrier information and the proper billing information.

63. As such, non-party CRMC had all the relevant and necessary information to properly bill Plaintiff for the medical treatment/services rendered to him.

64. Almost a year after his visit to CRMC, Plaintiff, for the first time, was sent a medical bill for the emergency medical treatment/services.

65. CRMC was attempting to collect an amount in excess of $20,000 from Plaintiff related to the September 28, 2021 visit.

66. Plaintiff was surprised because he had medical insurance at the time he visited the emergency room.

67. Plaintiff was also confused because the amount billed didn't make sense in light of the actual medical treatment Plaintiff was provided.

68. Unbeknownst to Plaintiff at the time, non-party CRMC billed Plaintiff for services that were never rendered.

69. Phantom billing is a term used when a healthcare provider, like CRMC, bills an insurance company for services that were never performed on a patient.

70. As a result, phantom billing can have serious legal and financial consequences for the patient.

71. Plaintiff reached out to his medical insurance company who provided him an explanation of benefits ("EOB") that stated the Plaintiff was only responsible for $3,017.10 from the emergency room visit on September 28, 2021.

72. An EOB is an official statement from an insurance company that summarizes the costs of medical treatment/services and makes clear which costs are the patient's responsibility to pay and which costs are covered by the insurance provider.

73. EOBs are mandated by governmental agencies as part of regulations governing health insurance companies and to help provide transparency related to health care and health care charges.

74. On one or more occasions, Plaintiff provided non-party CRMC with the EOB.

75. As such, non-party CRMC knew or should have known that it was attempting to collect more money than what Plaintiff actually owed.

76. CRMC disregarded Plaintiff's dispute of the medical bill and continued its unlawful attempts to collect the full amount billed.

77. CRMC disregarded the EOB and continued its unlawful attempts to collect the full amount billed.

78. CRMC attempted to unlawfully collect a medical debt from Plaintiff that he is not responsible for.

Defendant MDS' Unlawful Collection Actions

79. Upon information and belief, in or around April 2023, non-party CRMC proceeded to place Plaintiff's alleged debt with Defendant MDS, a third-party debt collector.

80. Thereafter, Defendant MDS began to engage in unlawful collection efforts against Plaintiff in an attempt to collect on an alleged debt in an amount that is not owed by Plaintiff and/or otherwise not his responsibility in the year preceding the filing of the Complaint.

81. Upon information and belief, Defendant MDS was attempting to collect on Plaintiff's alleged debt as a "contingency-based debt collector."

82. Upon information and belief, Defendant MDS sent Plaintiff collection letters and/or placed collection calls to him in the year preceding the filing of the Complaint.

83. Further, Defendant MDS attempted to collect from Plaintiff directly by furnishing inaccurate information about the medical debt to one or more CRAs.

84. Defendant MDS was attempting to collect the alleged debt in an amount in excess of $20,000.00 for the medical treatment/services rendered to Plaintiff.

85. On one or more occasions, Plaintiff spoke with Defendant MDS in an effort to explain that his EOB clearly states he is only responsible for $3,017.10 for the emergency medical treatment/services and that MDS is improperly trying to collect significantly more money than he actually owes.

86. However, Defendant MDS ignored Plaintiff's attempts to explain the issue and indicated that he was responsible for the alleged debt, and that they were collecting what they were told to by the CRMC and there was nothing they could do.

87. English is Plaintiff's second language and he has a noticeable accent when he speaks.

88. Upon information and belief, Defendant MDS knew that English was Plaintiff's second language through the communications it had with him over the phone.

89. During one or more of the phone communications, Defendant MDS utilized abusive and/or a hostile tone meant to intimidate and harass Plaintiff and coerce Plaintiff into making a payment on a debt that he does not owe.

90. Defendant MDS' abusive tone and use of intimidation towards Plaintiff was so extreme that on at least one occasion Plaintiff's daughter, who speaks and understands English much better than the Plaintiff, spoke to Defendant MDS on the phone and questioned why they were treating her father in such a way.

91. As a result of the repeated unlawful collection efforts and abusive, deceptive and intimidating tactics utilized by Defendant MDS, the Plaintiff agreed to make monthly payments on the alleged debt – despite his repeated dispute that he didn't owe the amount being collected.

92. Plaintiff was coerced into making these payments as he felt that he had no choice.

93. Plaintiff was coerced into making these payments because he felt it was the only way to get the collection account off his credit report.

94. Plaintiff became so frustrated trying to resolve the billing issues that he gave in and paid Defendant MDS because he just wanted the collection efforts to stop.

95. Moreover, Plaintiff learned that Defendant MDS was reporting the debt as a collection account to the credit reporting agencies, thereby, causing negative effects to Plaintiff's credit score, credit worthiness and credit reputation.

96. Plaintiff wanted the collection efforts to stop and the collection account to be removed from his credit reports.

97. In or around October 2023 through in or around March 2024, Plaintiff made monthly payments on the alleged debt.

98. Plaintiff stopped making payments because he could no longer afford to pay on an alleged debt that he did not owe.

Allegations Specific to Credit Reporting

99. In or around June 2024, Plaintiff obtained a copy of his consumer credit reports.

100. Plaintiff noticed that Defendants Equifax, Experian, and Trans Union were reporting a Medical Data Systems Account (#XXXXX 5212) ("the MDS account") with a collection status and a past due balance of $23,232.00.

101. The MDS account was reporting the original creditor as "Corona Regional Medical Center," the entity that provided Plaintiff medical treatment/services related to his injury.

102. The information reported by Defendants Equifax, Experian, and Trans Union was patently inaccurate and/or misleading because the reporting inaccurately indicates that Plaintiff owes a balance in excess of $20,000.00.

103. However, Plaintiff is not legally responsible for the alleged amount because the medical treatment/services rendered to Plaintiff were covered by his insurance provider and Plaintiff's EOB indicates that he is only responsible for $3,017.10.

104. The inaccurate reporting by Defendants caused Plaintiff's credit to be negatively impacted, including a decreased credit score, decreased credit worthiness and a decreased debt-to-income ratio.

105. Upon information and belief, Defendant has been inaccurately furnishing information about the MDS account to the Defendant CRAs on a monthly and/or bi-monthly basis since in or around April 2023.

First Dispute Letters

106. On or about June 28, 2024, Plaintiff sent a dispute letter to Defendants Equifax, Experian, and Trans Union via certified mail.

107. In the dispute letter, Plaintiff indicated that the MDS account was reporting inaccurately because his insurance company covered his visit to CRMC and has an EOB document from his insurance carrier that states he is only responsible for $3,017.10.

108. Plaintiff provided a copy of the EOB with his dispute letter.

109. Upon information and belief, Defendants Equifax, Experian, and Trans Union received Plaintiff's dispute letter.

110. Upon information and belief, Defendants Equifax and Experian failed to conduct a reasonable investigation.

111. Upon information and belief, Defendants Equifax and Experian failed to forward Plaintiff's dispute letter, which contained relevant information regarding the dispute, to Defendant MDS.

112. Upon information and belief, Defendants Equifax and Experian failed to send Plaintiff his dispute results as required under 15 U.S.C. § 1681i.

The Credit Bureau Defendants' method for Considering Consumer Credit Report Disputes

113. The credit industry has constructed a method of numeric-alpha codes for considering consumer credit report disputes. See 15 U.S.C. § 1681i(a)(5)(D).

114. The credit bureaus, Equifax, Experian, Trans Union, and Innovis, have thus created the Online Solution for Complete and Accurate Reporting, or e-OSCAR, as the credit industries' standard of performance. e-OSCAR allows the credit bureaus to create and data furnishers to respond to disputes initiated by consumers by routing credit reporting agency-created prompts for automated

consumer dispute verifications to the appropriate data furnishers. e-OSCAR utilizes a numeric-alpha language specific to the credit reporting industry.

115. That lexicon or unique language is commonly referred to in the credit reporting industry as "Metro 2 Format" or "Metro 2."

116. It is also known industry wide as the CDIA's "Credit Reporting Resource Guide."

117. Metro 2 is driven by numeric codes that translate into specific alpha representations about consumers' creditworthiness and character that will ultimately appear on credit reports issued to third parties who make credit, insurance, rental, and employment decisions regarding consumers.

118. Metro 2 codes are used on an industry wide form known within the credit industry as an Automated Consumer Dispute Verification ("ACDV") electronic form.

119. The ACDVs have many fields in their body for use in effecting thorough and complete communications between data furnishers and the credit reporting agencies.

120. These ACDV "fields" have various titles for the many substantive areas into which the Metro 2 codes can be entered.

121. Upon receiving a dispute from a consumer, the credit bureaus have an automated system that prepares ACDVs that are sent to each of the data furnishers that are reporting the credit accounts disputed by a consumer.

122. The data furnishers, like Defendant Heritage, then have an obligation under the FCRA to conduct a reasonable investigation with respect to the disputed credit account and review all relevant information provided by the consumer with the dispute to determine whether the disputed credit account information is accurate and/or belongs to the disputing consumer. See 15 U.S.C. § 1681s-2(b).

123. Once the data furnisher completes its investigation, it will code the ACDV accordingly, representing either that the disputed account was verified as accurate and belonging to the disputing consumer, updating information related to the account, or deleting the account entirely, and return the ACDV to the respective credit bureau(s) via e-OSCAR.

First Dispute Results

124. On or about July 11, 2024, Defendant Trans Union sent Plaintiff a letter with his dispute results.

125. In the letter, Defendant Trans Union indicated that the MDS account was verified as accurate by Defendant MDS.

126. As such, Defendant Trans Union continued to inaccurately report the MDS Account with a past due balance of $23,232 and a collection status.

127. Rather than perform a reasonable investigation based on Plaintiff's dispute and rely on information known or should be known by Defendant Trans Union, Defendant Trans Union merely parroted information furnished by MDS despite awareness that the information was factually inaccurate, misleading and conflicted with information known by Trans Union.

128. Upon information and belief, Defendant Trans Union did not even consider Plaintiff's supporting documentation.

129. On or about July 17, 2024, Defendant MDS sent Plaintiff a letter stating that it had received his dispute of the debt.

130. In the letter, Defendant MDS verified the debt and confirmed that the Account was reporting correctly.

131. In the letter, Defendant MDS provided Plaintiff an itemized bill of the charges from the hospital.

132. It was at this time that Plaintiff realized he was the victim of phantom billing – he was billed for treatment that he never received.

133. Defendant MDS failed to conduct a reasonable investigation after receiving notice of Plaintiff's dispute from Defendant Trans Union.

134. Defendant MDS failed, among other things, to review all relevant information regarding the dispute or ignored this information.

Second Dispute Letters

135. On or about July 29, 2024, Plaintiff sent a second dispute letter to Defendants Equifax, Experian, and Trans Union via certified mail.

136. In the dispute letter, Plaintiff indicated that he received a letter from Defendant MDS with an itemized bill from his hospital visit which included charges for scans that he never received.

137. The dispute letter indicated that Plaintiff had previously provided the Defendant CRAs with his EOB which shows he is only responsible for $3,017.10.

138. Upon information and belief, Defendants Equifax, Experian, and Trans Union received Plaintiff's dispute letter.

139. Upon information and belief, Defendants Equifax and Experian failed to conduct a reasonable investigation.

140. Upon information and belief, Defendants Equifax and Experian failed to forward Plaintiff's dispute letter, which contained relevant information regarding the dispute, to Defendant MDS.

141. Upon information and belief, Defendants Equifax and Experian failed to send Plaintiff his dispute results as required under 15 U.S.C. § 1681i.

Second Dispute Results

142. On or about August 8, 2024, Defendant MDS sent Plaintiff a letter stating that it has sent a deletion request to the Defendant CRAs regarding the MDS Account.

143. However, Defendant MDS did not state whether it was ceasing collection efforts or whether Plaintiff was in fact not responsible for the alleged debt in the amount it was attempting to collect.

144. On or about August 9, 2024, Defendant Trans Union sent Plaintiff a letter with his second dispute results.

145. In the letter, Defendant Trans Union indicated that the MDS account was verified as accurate by Defendant MDS, despite the deletion request that was sent by Defendant MDS prior.

146. As such, Defendant Trans Union continued to inaccurately report the MDS Account with a past due balance of $23,232 and a collection status.

147. Rather than perform a reasonable investigation based on Plaintiff's dispute and rely on information known or should be known by Defendant Trans Union, Defendant Trans Union merely parroted information furnished by MDS despite awareness that the information was factually inaccurate, misleading and conflicted with information known by Trans Union.

148. Defendant Trans Union continued to inaccurately report the MDS Account following the deletion request of the account by Defendant MDS.

Damage Due to Inaccurate Credit Reporting

149. Defendants' inaccurate reporting caused Plaintiff's credit score to decrease and credit worthiness to suffer.

150. The inaccurate credit reporting has caused Plaintiff to suffer from emotional distress and mental pain and anguish, including but not limited to, stress, headaches, anxiety, embarrassment, sleepless nights, frustration, and confusion.

151. Defendants conduct was malicious and/or oppressive.

152. Defendants had all the information they needed to update Plaintiff's credit report and failed to do so.

153. Defendants failed to conduct a reasonable reinvestigation.

154. Defendant MDS failed to conduct a reasonable investigation upon receipt of the dispute from Defendant Trans Union.

155. Defendant MDS furnished information to Defendants Equifax, Experian, and Trans Union it knew or should have known was inaccurate.

156. In addition, the inaccurate reporting caused Plaintiff to emotional and mental pain and anguish, including but not limited to, sleepless nights, frustration, confusion, helplessness, fear, stress, and anxiety.

157. As a result of Defendants' conduct, Plaintiff has sustained and continues to sustain actual damages.

158. The RFDCPA is a "state version" of the FDCPA that "mimics or incorporates by reference the FDCPA's requirements," including sections 1692d through 1692f, "and makes available the FDCPA's remedies for violations." *Riggs v. Prober & Raphael*, 681 F.3d 1097, 1100 (9th Cir. 2012).

159. The RFDCPA is a strict liability statute. *Garcia v. Creditors Specialty Serv.,* No. 14-cv-01806-BLF, 2016 U.S. Dist. LEXIS 159686, at *15 (N.D. Cal. Nov. 2016).

160. Defendant MDS' furnishing of information to Defendants Equifax, Experian, and Trans Union was a collection attempt.

161. Defendant MDS furnished information it knew or should have known was inaccurate in an attempt to coerce Plaintiff into making a payment on a debt he does not owe.

162. Defendant MDS engaged in unfair and/or deceptive acts and/or unfair methods of competition by attempting to collect amounts that cannot lawfully be collected from Plaintiff.

163. Plaintiff has the interest and right to be free from collection efforts on debts Plaintiff does not owe.

164. Plaintiff has the interest and right to be free from the fear of being sued on debts Plaintiff does not owe.

165. Plaintiff has the interest and right to be free from the fear of being placed in collections on debts Plaintiff does not owe.

166. Plaintiff has the interest and right to be free from deceptive and/or misleading communications from debt collectors, including Defendant's.

167. Defendants deprived Plaintiff of these rights.

168. The alleged debts Defendants are attempting to collect cannot be lawfully collected from Plaintiff and as a result, the medical bills, statements and/or collection letters contain false, deceptive, and misleading representations.

169. Defendants' conduct as described in this Complaint was willful, with the purpose to either harm Plaintiff or with reckless disregard for the harm to Plaintiff that could result from Defendants' conduct.

170. Plaintiff justifiably fears that, absent this Court's intervention Defendants will continue to use abusive, deceptive, unfair, and unlawful means in their attempts to collect the alleged debts and other alleged debts.

171. Plaintiff justifiably fears that, absent this Court's intervention, Defendants will ultimately cause Plaintiff unwarranted harm to Plaintiff's credit rating.

172. Plaintiff justifiably fears that, absent this Court's intervention, Defendants will ultimately cause Plaintiff to be sued for debts Plaintiff does not owe.

173. As a result of Defendants' conduct, Plaintiff wasted time, was caused to be confused and unsure as to Plaintiff's rights, and ultimately sought counsel and advice causing Plaintiff the risk of incurring damages including reasonable attorneys' fees in reviewing Plaintiff's rights under the law and prosecuting this claim.

174. As a result of Defendants' conduct, Plaintiff's counsel was caused to expend time, energy, and money to investigate Plaintiff's rights under the law and the legitimacy of the alleged debt.

175. The deprivation of Plaintiff's rights will be redressed by favorable decision herein.

COUNT I
Defendant MDS
(Violations of RFDCPA, CAL. CIV. CODE § 1788 *et seq*.)

176. Plaintiff incorporates by reference all of the above paragraphs of this Complaint as though fully stated herein.

177. Defendant violated the RFDCPA. Defendant's violations include, but are not limited to, the following:

a. Defendant violated Cal. Civ. Code § 1788.17 by collecting or attempting to collect a consumer debt without complying with the provisions of Sections 1692b to 1692j, inclusive, of . . . Title 15 of the United States Code (Fair Debt Collection Practices Act).

    i. Defendant violated 15 U.S.C. § 1692d, by engaging in conduct the natural consequence of which is to harass, oppress, or abuse any person in connection with the collection a debt.

ii. Defendant violated 15 U.S.C. § 1692e by using false, deceptive, or misleading representations or means in connection with the collection of any debt.

iii. Defendant violated 15 U.S.C. § 1692e(2)(A) by falsely representing the character, amount, or legal status of any debt.

iv. Defendant violated 15 U.S.C. § 1692e(8) by communicating or threatening to communicate to any person credit information which is known or which should be known to be false, including the failure to communicate that a disputed debt is disputed.

v. Defendant violated 15 U.S.C. § 1692e(10), by using false representation or deceptive means to collect or attempt to collect any debt or obtain information concerning a consumer.

vi. Defendant violated 15 U.S.C. § 1692f, by using unfair or unconscionable means to collect or attempt to collect any debt.

vii. Defendant violated 15 U.S.C. § 1692f(1) by attempting to collect any amount (including any interest, fee, charge or expense incidental to the principal obligation) that is not permitted by law.

178. Defendant's acts, as described above, were done intentionally with the purpose of coercing Plaintiff to pay the alleged debt.

179. As a result of the foregoing violations of the RFDCPA, Defendant is liable to Plaintiff for actual damages, statutory damages, and attorneys' fees and costs.

COUNT II
Defendant MDS
(Violations of the FDCPA, 15 U.S.C. § 1692 *et seq*.)

180. Plaintiff incorporates by reference all of the above paragraphs of this Complaint as though fully stated herein.

181. Defendant violated the FDCPA. Defendant's violations include, but are not limited to, the following:

a. Defendant violated 15 U.S.C. § 1692d, by engaging in conduct the natural consequence of which is to harass, oppress, or abuse any person in connection with the collection a debt.

b. Defendant violated 15 U.S.C. § 1692e by using false, deceptive, or misleading representations or means in connection with the collection of any debt.

c. Defendant violated 15 U.S.C. § 1692e(2)(A) by falsely representing the character, amount, or legal status of any debt.

d. Defendant violated 15 U.S.C. § 1692e(8) by communicating or threatening to communicate to any person credit information which is known or which should be known to be false, including the failure to communicate that a disputed debt is disputed.

e. Defendant violated 15 U.S.C. § 1692e(10), by using false representation or deceptive means to collect or attempt to collect any debt or obtain information concerning a consumer.

f. Defendant violated 15 U.S.C. § 1692f, by using unfair or unconscionable means to collect or attempt to collect any debt.

g. Defendant violated 15 U.S.C. § 1692f(1) by attempting to collect any amount (including any interest, fee, charge or expense incidental to the principal obligation) that is not permitted by law.

182. Defendant's acts, as described above, were done intentionally with the purpose of coercing Plaintiff to pay the alleged debt.

183. As a result of the foregoing violations of the FDCPA, Defendant is liable to Plaintiff for actual damages, statutory damages, and attorneys' fees and costs.

COUNT III
Defendant MDS
(Violations of the CCRAA, Cal. Civ. Code § 1785 *et seq*.)

184. Plaintiff incorporates herein by reference all of the above paragraphs of this Complaint as though fully set forth herein at length.

185. Defendant violated the CCRAA. Defendant's violations include, but are not limited to, the following:

a. Defendant violated Cal. Civ. Code § 1785.25 by furnishing information on a specific transaction or experience to the credit reporting agencies that Defendant knew or should have known is incomplete or inaccurate

   i. Defendant is reporting that Plaintiff has debts owed for medical treatment/services rendered to him;

   ii. Defendant has knowledge of Plaintiff's insurance coverage and EOB which states he is only responsible for $3,017.10;

   iii. Despite this, Defendant furnished inaccurate information to one or more credit reporting agencies on a bi-monthly or monthly basis within the year preceding the filing of the Complaint indicating that Plaintiff had a collection account with over $20,000 past due;

186. Defendant's acts, as described above, were done willfully and knowingly.

187. As a result of the foregoing violations of the CCRAA, Defendant is liable to Plaintiff for actual damages, punitive damages, and attorneys' fees and costs pursuant to Cal. Civ. Code § 1785.31.

COUNT IV
Defendants Equifax, Experian and Trans Union
(Violations of the CCRAA, Cal. Civ. Code § 1785 *et seq*.)

188. Plaintiff incorporates by reference all of the above paragraphs of this Complaint as though fully stated herein.

189. Defendants violated the CCRAA. Defendants' violations include, but are not limited to, the following:

a. Defendants violated Cal. Civ. Code § 1785.14(b) by failing to follow reasonable procedures to assure maximum possible accuracy of the information concerning Plaintiff when preparing a consumer credit report

b. Defendants violated Cal. Civ. Code § 1785.16 et. seq., including but not limited to, by:

   i. Failing to reinvestigate the disputed information;

   ii. Failing to review and consider all relevant information submitted by Plaintiff with respect to the disputed information;

   iii. Failing to notify the Plaintiff of the dispute results;

190. Defendants' acts, as described above, were done willfully and knowingly.

191. As a result of the foregoing violations of the CCRAA, Defendants are liable to Plaintiff for actual damages, punitive damages, and attorneys' fees and costs pursuant to Cal. Civ. Code § 1785.31.

COUNT V
Defendants Equifax, Experian and Trans Union
(Violations of the FCRA, 15 U.S.C. § 1681 *et seq*.)

192. Plaintiff incorporates by reference all of the above paragraphs of this Complaint as though fully stated herein.

193. The United States Congress has found that the banking system is dependent upon fair and accurate credit reporting. Inaccurate credit reports directly impair the efficiency of the banking system, and unfair credit reporting methods undermine the public confidence, which is essential to the continual functioning of the banking system.

194. Congress enacted the FCRA to ensure fair and accurate reporting, promote efficiency in the banking system, and protect consumer privacy.

195. The FCRA seeks to ensure consumer reporting agencies exercise their grave responsibilities with fairness, impartiality, and a respect for the consumer's right to privacy because consumer reporting agencies have assumed

such a vital role in assembling and evaluating consumer credit and other consumer information.

196. The FCRA requires credit reporting agencies, like Trans Union, to "follow reasonable procedures to assure maximum possible accuracy of the information concerning the individual about whom the report relates." 15 U.S.C. § 1681e(b).

197. Defendants negligently and/or willfully violated 15 U.S.C. § 1681e(b) by failing to use reasonable procedures to assure maximum possible accuracy of information pertaining to discharged debts that arose prior to and were included in the consumer's bankruptcy.

198. Consequently, Defendants routinely report inaccurate, and materially misleading information about Plaintiff, without verifying the accuracy of this information, or updating this information as required by § 1681(e)(b) when Defendants possess information inconsistent with the reported information and possess information establishing that the reported information is in fact inaccurate.

199. Defendants knew or should have known of their obligations under the FCRA, especially pertaining to discharged debts. These obligations are well established by the plain language of the FCRA, in promulgations of the Federal

Trade Commission, well-established case law, and in prior cases involving Defendant from which Defendant is on notice of their unreasonable procedures.

200. Defendants Equifax, Experian, and Trans Union violated 15 U.S.C. § 1681(e)(b) by failing to establish and/or follow reasonable procedures to assure maximum possible accuracy in the preparation of Plaintiff's credit reports and credit files they published and maintained concerning the Plaintiff.

201. Even after Plaintiff notified Defendants Equifax, Experian and Trans Union of the inaccurate information, the credit reporting agencies continued to inaccurately report the MDS Account.

202. When a consumer disputes the accuracy or completion of information included in a CRA's credit file, the FCRA requires the agency to either conduct a reasonable reinvestigation into the disputed information **or** delete the disputed information from the consumer's credit file within thirty (30) days of receiving notice of the dispute. 15 U.S.C. § 1681i(a)(2)(A).

203. When conducting its reinvestigation of disputed information in a consumer report, the credit reporting agency is required to "review and consider all relevant information submitted by the consumer."

204. Additionally, the CRA must notify the person who furnished the disputed information of the consumer's dispute within five business days of its receipt. When notifying the furnisher of the consumer's dispute, the CRA is to

"include all relevant information regarding the dispute that the agency received from the consumer." 15 U.S.C. § 1681i(a)(2)(A).

205. Defendant Trans Union's violations of 15 U.S.C. § 1681i include, but are not limited to the following:

a. Failing to reasonably reinvestigate the inaccurate information Plaintiff disputed.

b. Failing to consider all relevant information while investigating Plaintiff's dispute.

c. Failing to include all relevant information when notifying MDS of Plaintiff's dispute.

206. Instead of reasonably reinvestigating Plaintiff's dispute, Defendant Trans Union "verified" the MDS Account was accurate and continued to report the MDS Account with a past due balance and a collection status.

207. Defendant's acts, as described above, were done willfully and knowingly.

208. Alternatively, Defendant was negligent, entitling Plaintiff to recover damages pursuant to 15 U.S.C. § 1681o.

209. Defendants Equifax, Experian, and Trans Union violated 15 U.S.C. § 1681i(a)(1) by failing to conduct a reasonable reinvestigation to determine

whether the disputed information was inaccurate and record the current status of the disputed information or delete the item from Plaintiff's credit report.

210. Defendants Equifax, Experian, and Trans Union violated 15 U.S.C. § 1681i(a)(5)(A) by failing to promptly delete the disputed inaccurate information from Plaintiff's credit file or correct the inaccurate information upon reinvestigation.

211. As a result of Defendants' Equifax, Experian, and Trans Union's violations of 15 U.S.C. § 1681, Plaintiff suffered actual damages which have been further described above.

212. Defendants Equifax and Experian violated 15 U.S.C. § 1681i(a)(6)(A) by failing to provide written notice to Plaintiff of the results of the reinvestigation of his first and second disputes.

213. Defendants Equifax, Experian, and Trans Union's violations were willful, rendering each Defendant individually liable for punitive damages in an amount to be determined by the Court pursuant to 15 U.S.C. § 1681n.

214. In the alternative, Defendants Equifax, Experian, and Trans Union were negligent, which entitles Plaintiff to recovery under 15 U.S.C. § 1681o.

215. Plaintiff is entitled to recover actual damages, statutory damages, costs and attorney's fees from Equifax, Experian, and Trans Union in an amount to be determined by the Court pursuant to 15 U.S.C. § § 1681n and 1681o.

<u>COUNT VI</u>
Defendant MDS
(Violations of the FCRA, 15 U.S.C. § 1681 *et seq*.)

216. Plaintiff incorporates by reference all of the above paragraphs of this Complaint as though fully stated herein at length.

217. On at least one occasion within the past two years, by example only and without limitations, Defendant MDS violated 15 U.S.C. § 1681s-2(b)(1)(A) by failing to fully and properly investigate the Plaintiff's disputes.

218. The FCRA requires a furnisher, such as MDS, after receiving notice from a credit report agency that a consumer disputes information that is being reported by that furnisher to conduct an investigation with respect to the dispute information, to review all relevant information, to report the results of the investigation to the credit reporting agency, and, if the investigation reveals that the information is incomplete or inaccurate, to report those results to all other credit reporting agencies to which the furnisher has provided the inaccurate information.

219. Plaintiff notified the Defendant CRAs in June 2024 and July 2024 that the MDS Account was inaccurate because Plaintiff's EOB indicated he only owed about $3,017.10. Thereafter, the Defendant credit reporting agencies notified Defendant MDS that Plaintiff was disputing the information it had furnished to the credit reporting agency and forwarded the dispute to MDS.

220. MDS is liable under sections 1681n and 1681o of the FCRA by engaging in the following conduct that violates 15 U.S.C. § 1681s-2(B):

d. Willfully and negligently failing to conduct an investigation of the inaccurate information that Plaintiff disputed;

e. Willfully and negligently failing to review all relevant information concerning Plaintiff's MDS Account;

f. Willfully and negligently failing to report the results of investigations to the relevant consumer reporting agencies;

g. Willfully and negligently failing to report the inaccurate status balance and status of the inaccurate information to all credit reporting agencies;

h. Willfully and negligently failing to properly participate, investigate and comply with the reinvestigations that were conducted by any and all credit reporting agencies concerning the inaccurate information disputed by Plaintiff;

i. Willfully and negligently continuing to furnish and disseminate inaccurate and derogatory credit, account and other information concerning Plaintiff to the credit reporting agencies; and

j. Willfully and negligently failing to comply with the requirements imposed on furnishers of information pursuant to 15 U.S.C. § 1681s-2(b).

221. MDS is liable to compensate Plaintiff for the full amount of statutory, actual and punitive damages, along with attorneys' fees and costs, as well as other such relief permitted by 15 U.S.C. § 1681n and § 1681o.

PRAYER OF RELIEF

WHEREFORE, Plaintiff Yasser Ali, respectfully requests judgment be entered against Defendants MDS, Equifax, Experian, and Trans Union for the following:

A. Declaratory judgment that Defendant MDS violated the FDCPA;

B. Statutory damages against Defendant MDS of $1,000.00 pursuant to the FDCPA, 15 U.S.C. § 1692k(a)(2)(A);

C. Actual damages against Defendant MDS pursuant to the FDCPA, 15 U.S.C. § 1692k(a)(1);

D. Costs and reasonable attorneys' fees against Defendant MDS pursuant to the FDCPA, 15 U.S.C. § 1692k(a)(3);

E. Declaratory judgment that Defendant MDS violated the RFDCPA;

F. Statutory damages against Defendant MDS of $1,000.00 pursuant to the RFDCPA, Cal. Civ. Code §1788.30(b);

G. Actual damages against Defendant MDS pursuant to Cal. Civ. Code §1788.30(a);

H. Costs and reasonable attorneys' fees against Defendant MDS pursuant to the RFDCPA, Cal. Civ. Code §1788.30(c);

I. Declaratory judgment that Defendants violated the FCRA;

J. Actual damages pursuant to 15 U.S.C. § 1681n(a) and 15 U.S.C. § 1681o(a)(1);

K. Statutory damages pursuant to 15 U.S.C. §1681n(a)(1)(A);

L. Punitive damages pursuant to 15 U.S.C. § 1681n(a)(2);

M. Costs and reasonable attorney's fees pursuant to 15 U.S.C. §§ 1681n(a)(3) and 1681o(a)(2);

N. Declaratory judgment that Defendants violated the CCRAA;

O. Actual damages pursuant CCRAA, Cal. Civ. Code § 1785.31(a)(1) and Cal. Civ. Code § 1785.31(a)(2)(A);

P. Punitive damages of $5,000.00 per violation pursuant to CCRAA, Cal. Civ. Code § 1785.31(a)(2)(B);

Q. Costs and attorney's fees pursuant to CCRAA, Cal. Civ. Code § 1785.31(a)(1);

R. Punitive damages to be determined at trial, for the sake of example and punishing Defendants for their malicious conduct, pursuant to Cal. Civ. Code § 3294(a);

S. Awarding Plaintiff any pre-judgment and post-judgment interest as may be allowed under the law; and

T. Any other relief that this Honorable Court deems appropriate.

DEMAND FOR JURY TRIAL

Please take notice that Plaintiff demands a trial by jury in this action.

Respectfully submitted this 30th day of August 2024.

By: */s/ Youssef H. Hammoud*
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