

Debt Buyers and Debt Collection

Debt buyers are companies that purchase debts from original creditors, intermediaries, or other debt buyers. Debt buyers either try to collect the debts themselves, place debts with collection agencies for collection, or sell the debts to other debt buyers. Each time a debt changes hands, there is an increased chance of errors, complicating the debt collection process for consumers

Debt purchased by debt buyers has skyrocketed.

The [face value](#) of defaulted consumer debt purchased by debt buyers increased from \$6 billion in 1993 to \$98 billion in 2013. Some debt buyers purchase vast amounts of debt. For example, in 2017, Encore Capital Group, Inc. purchased portfolios of debt with a face value of [\\$10.1 billion](#) and PRA purchased portfolios of debt with a face value of [\\$7.5 billion](#).



Debt buyers purchase debt for pennies

on the dollar. Despite [paying just a small fraction of the amount owed](#) to purchase consumer debts that were written off by the original lender, debt collectors aggressively seek to collect the full amount of the debt – often adding interest, penalties, and sizeable attorney’s fees.

Debt buyers pursue “zombie debts.” Collecting on debt aged beyond the statute of limitations exposes consumers to harmful errors as older debts often lack documentation to prove the amount of the debt is correct and that the consumer actually owes it. A [study by the FTC](#) found that nearly 25% of debt acquired from the original creditor, and more than 60% of debt purchased from other debt buyers was over three years old at the time of purchase. A CFPB report about online debt sales found that the [median age of the debt was 5 years](#).

Debt buyers attempt to collect debts with incomplete information. Debt buyers [purchase accounts in bulk](#), frequently obtaining only [minimal information](#) about the debts. Many debt sellers often fail to [guarantee the accuracy](#) of the information provided.

Debt buying touches many aspects of modern life. A [wide variety of consumer debts are sold](#) including: credit cards, medical, telecomm, automobile, home equity, mortgage, utility, payday loans, and student loans.



The CFPB should protect all borrowers from abusive debt collection by:

- **Stopping telephone harassment,**
- **Banning collection of time-barred “zombie” debt, and**
- **Protecting consumer privacy.**