Third-party debt collection agencies are hired to collect accounts that are owned by original creditors or debt buyers. They are “third-party” collectors because they collect in their own name for debts that are owned by other entities.

Debt collection agencies may specialize in a variety of ways. Some focus on the collection of debts in a particular state or region, or the collection of decedent debt. Some specialize in the collection of consumer debt, commercial debt, child support debt, or dishonored checks. Agencies collecting consumer debt may further specialize in areas such as medical, student loan, credit card, automobile, mortgage, or utility debts.

A report commissioned by the collection industry found that, in 2016, third-party debt collectors collected just under ten percent of the $792 billion (face value) in total debts that were placed with them, and that the average account size was $663.193

This sections below provide additional data about third-party debt collectors. Their collection practices are discussed in § 1.4.6[1]. infra.

Footnotes