Creditors and other collectors sometimes turn to consumer reporting agencies (CRAs) when a debt is delinquent in order to obtain a consumer’s current address or to assess the collectability of their claim. Some CRAs also offer debt collection services to creditors. For example, Experian offers the “Collection Triggers” program where debt collectors provide Experian with a list collection accounts, and Experian sends the debt collector a notification when the credit report of the consumer indicates the consumer is getting out of their financial crisis such as the listing of a new employer or line of credit.

In addition to receiving information from CRAs, many creditors and other collectors also furnish information to the CRAs. In a 2014 report, the CFPB found that 1400 different debt collectors (including both third-party debt collectors and debt buyers) furnish collection account information to consumer reporting agencies. In a 2016 report, seventy-eight percent of third-party debt collectors surveyed by the CFPB reported furnishing data to credit bureaus with “most respondents that furnished information reported furnishing to all three of the major credit bureaus.” Similarly, in a collection industry survey of third-party debt collectors, eighty-one percent reported using credit reporting as a collection method. However, only one of the five law firm respondents to the CFPB’s study of third-party debt collectors reported furnishing data to credit bureaus.

If the debt is small, collectors sometimes use “passive” credit reporting or “parking” instead of active collection efforts like phone calls and letters. Here the collector furnishes negative information to the CRAs without ever attempting to contact the consumer about the debt, waiting until the consumer discovers the negative information. Often, the consumer discovers the information when attempting to take out a loan and may simply pay off the small debt rather than taking time to dispute it.

Some third-party debt collectors may choose not to furnish information to CRAs because they are worried about legal liability, because certain accounts are already reported by their clients, or because the amount in question is too small. Debt collectors may also choose (or be required by clients) to wait a certain period of time before reporting new accounts to CRAs.

Footnotes

235 See, e.g., Experian’s Locate Debtors tool, described at www.experian.com; Experian’s Debt Collection Services, described at www.experian.com.


238 Consumer Fin. Protection Bur., Study of third-party debt collection operations 19 (July 2016).


243 Id. at 19–20.
Source URL: https://library.nclc.org/fdc/010402-0

Links