A third-party collector’s goal is to contact consumers and convince them to pay as much as possible as soon as possible.\footnote{284} Collection agencies are racing against the clock imposed by their time limited placement (discussed above). Agencies may also be in a competition with other collection agencies through “champion-challenger” placement that pits two collection agencies against each other with the promise that the winner will receive a larger share of accounts for collection in the future.\footnote{285}

In order to enhance their ability to obtain payments, creditors are generally given authority to offer discounts on the face value of the debt. As the debt ages, the amount of the discount they are authorized to offer consumers may increase.\footnote{286}

In most cases, collection agencies mail a letter to the address that they have on file for the consumer prior to trying to make contact by phone or otherwise. The CFPB found that more than ninety percent of respondents to its survey of third-party collectors, send validation notices shortly after new accounts are placed with their collection agency, often within forty-eight hours.\footnote{287} Eighty-six percent of respondents used a letter vendor to send postal mail.\footnote{288}

When debt collectors start placing calls, they may use a variety of telephone technologies, such as autodialers, to try to reach the consumer and collection management systems to track collection efforts. For a discussion of technology used in collection efforts, see §1.5[1], infra.

Once collection agents reach consumers on the phone, they may have detailed procedures in place governing those interactions. For example, some collectors use scripts or “talk offs” (written or oral) to deal with frequent themes such as sickness or unemployment that come up in collection calls. Some collectors use abusive talk offs to ratchet up the pressure on consumers to make a payment.\footnote{289}

When consumers do not make voluntary payments, collection agencies may be authorized to use litigation as a collection method. In some states debt collection agencies can sue consumers in courts themselves.\footnote{290} Other collection agencies may, with approval from the creditor, contract with collection attorneys to place accounts for litigation.\footnote{291}

Footnotes


285 Id. at 245.

286 Id.

287 Consumer Fin. Protection Bur., Study of third-party debt collection operations 28 (July 2016) (53/58 * 100 = 91.4%).

288 Id. at 32 (50/58 * 100 = 86.2%).

289 See, e.g., Planet Money, Episode 574: The Buffalo Talk-Off (Nov. 16, 2016).

290 See Paul Kiel, For Nebraska’s Poor: Get Sick and Get Sued, ProPublica, Apr. 28, 2016 (indicating that collection agencies filed large volumes of collection lawsuits in Nebraska, Indiana, and Washington).
