In addition to original creditors selling debts, debt buyers may also choose to sell debts to other debt buyers. Debt that is sold multiple times may result in ambiguities as to which debt buyer owns the debt, making it difficult to establish an unbroken chain of ownership stretching from the original creditor. There can even be disputes as to who has proper title to a portfolio of debt.  

As discussed in § 1.4.7.3 [1], supra, the increased separation between the entity suing on a debt and the original creditor means that the debt buyer plaintiff will also have difficulty obtaining documentation proving the underlying debt. 

The CFPB found that credit card issuers were generally restricting the resale of credit card debt in a 2021 survey of large credit card issuers. 384 There is no indication of sellers of other types of debts adopting similar prohibitions.

Footnotes


384 [384] CFPB, The Consumer Credit Card Market 153 (Sept. 2021) (reporting that resale was “limited to special circumstances” (e.g., the buyer exiting the market)).

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Links
[1] https://library.nclc.org/nclc/link/FDC.01.04.07.03