

## DEBT BUYERS HOUND COLORADANS FOR DEBTS THEY MAY NOT OWE

**Six years after the Great Recession, Americans continue to struggle with consumer debt. 77 million Americans have debt in collections. In Colorado, about 31% of residents have debt in collections.**

### WHAT'S A DEBT BUYER?

Debt buyers purchase bad debts that were written off by the original creditor. They pay pennies on the \$1 and try to collect the full amount. They have so little information about the original debt that they frequently pursue the wrong person, try to collect the wrong amount, or pursue a debt that is not owed—or was already repaid.

**DELINQUENT DEBT** that is purchased is often credit card & medical debt.



DEBT COLLECTION GENERATES **MORE** COMPLAINTS THAN ANY OTHER INDUSTRY

THE MOST COMMON COMPLAINT AT 39% IS THAT THE DEBT IS NOT OWED!

**“ I do not have any outstanding debt, my credit is in good standing, and I do not know why they are calling me, but it has gotten to the point of harassment. ”**

- Colorado resident in complaint to CFPB

DEBT BUYERS COUNT ON DEFAULT JUDGMENTS

THOSE THEY **SUE** RARELY HAVE ACCESS TO A **LAWYER**

**Debt buyers flood the courts with lawsuits, though they have limited information about the claims they make.**

- They count on the fact that most people will not hire a lawyer or defend the suits for themselves.
- In a Colorado sample, 71% of those sued lost in a default judgment—meaning they mounted no defense.
- The consequences can be severe: 38% resulted in garnished wages to satisfy the alleged debt.

DISPROPORTIONATE **IMPACT**

SOME COMMUNITIES ARE AFFECTED **MORE**

**African-American and Latino communities are hit harder by debt collection and debt collection litigation.**

**Military service-members complain more about debt collection to the CFPB than any other issue and at twice the rate of the general public.**

**FOR MORE INFORMATION, CONTACT:** Ellen Harnick or Ezekiel Gorrocino at the Center for Responsible Lending: [ellen.harnick@responsiblelending.org](mailto:ellen.harnick@responsiblelending.org) or [ezekiel.gorrocino@responsiblelending.org](mailto:ezekiel.gorrocino@responsiblelending.org); Rich Jones at the Bell Policy Center: [jones@bellpolicy.org](mailto:jones@bellpolicy.org). To join Fair Lending for a Thriving Colorado coalition, contact Abby Hinga at [hinga@bellpolicy.org](mailto:hinga@bellpolicy.org).