

SCHWARTZ & BALLELLP

1990 M STREET, N.W. • SUITE 500

WASHINGTON, DC 20036-3465

WWW.SCHWARTZANDBALLEN.COM

TELEPHONE
(202) 776-0700

FACSIMILE
(202) 776-0720

MEMORANDUM

June 12, 2017

To Our Clients and Friends

Re: Fair Debt Collection Practices Act Does Not Apply to Purchasers of Defaulted Debt

The U.S. Supreme Court today held that a company that purchases defaulted debt is not a debt collector under the Fair Debt Collection Practices Act (the “FDCPA”) because it does not regularly collect or attempt to collect debts owed or due another.

The Court noted that the language of the FDCPA does not make a distinction as to how the debt owner acquired the debt – whether as originator or purchaser. According to the Court, all that matters is whether the company seeks to collect debts for its own account or for another party. In affirming that a company does not qualify as a debt collector because it sought only to collect debts that it purchased and owned rather than regularly seeking to collect debts owed another, the Court resolved a split among the circuit courts.

A copy of the Court’s decision is available on our website at <http://www.schwartzandballen.com/news.html>

If you have any questions, please call Gilbert Schwartz, Robert Ballen, Tom Fox, Heidi Wicker or Magda Gathani at (202) 776-0700.