

The Rise of the Debt Buyers

By [John Skiba](#), Esq.

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In tens of thousands of homes throughout the United States evenings are being interrupted by a knock at the door by the local process server. After the initial shock wears off of realizing that you have been sued, you review the documents and think to yourself, “who in the world is Midland Funding?”.

Midland Funding is one of several large companies referred to as a Debt Buyer. In times past when a company was owed a debt they usually attempted to collect the debt themselves. If that didn't work they would bring in help of a collection agency. Now days the big credit companies will try to collect the debt for a period of time, but more and more they are packaging the debts and selling them on the open market. Enter the Debt Buyers.

Some of the big debt buyers out there are Midland Funding, LLC (and its sister company Midland Credit Management), LVNV Funding, LLC, Portfolio Recovery, Unifund, Asset Acceptance Group, and Sherman Acquisitions. There are many others and some of these companies operate under several different names.

These debt buyers pay pennies on the dollar for the right to collect (and sue) on a group of accounts. They typically pay anywhere from three cents to 20 cents on the dollar, depending on how old the debt is and the likelihood of collection. This mean that if a debt buyer paid five cents on the dollar they would only have paid \$50 for the right to sue on a \$1,000 debt. Pretty good work if you can get it!

Many people that get sued by a debt buyer simply do nothing – which is the exact opposite of what you should do. Nationwide statistics show that over 90% of debt buyer lawsuits result in a default judgment. This means that the person being

sued did not bother to respond to the lawsuit. In court, if you don't respond, the judge gives the other side everything they are asking for – including interest, attorney's fees and costs.

Why You Should Fight

Anytime you get sued you need to respond. However it is particularly important when a debt buyer sues you because there is a good chance you can win. When debt buyers purchase old debt it is kind of like buying an old used car. You are going to buy that car in "as is" condition. It may not have all the parts it needs to run properly and may break down a month down the road, and if it does, don't come back to the dealer. You bought it on the cheap and knew there were risks that it wouldn't run when you bought it.

So it is with the accounts that the debt buyers purchase. The debt buyers often only get a name, account number, the balance owed and other basic information. What they often don't get is documentation to support their right to sue and prove their case in court. Without such proof they have a hard time winning in court – IF you contest the lawsuit. If you don't respond in most courts they will get the default judgment without having to prove a thing.

Don't think it will just go away. If you do, you make wake up one day to find your bank accounts garnished as well as your wages. If you have been sued, act.

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