

Default Justice: **Debt Buyer Lawsuits in** **Philadelphia Municipal Court**

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Executive Summary

The use of lawsuits to enforce the collection of consumers debts has expanded dramatically in recent decades. At the same time, observers have raised concerns about common practices in these cases and the high prevalence of negative outcomes for consumers. In particular, third party “debt buyers”--firms that purchase debts from creditors at deep discounts--have increasingly used litigation as a collection tactic, and studies have observed the use by debt buyers of unfair and even illegal practices, including a lack of proper documentation, improper notification of consumers about the lawsuit, and suits on debt that is beyond the statute of limitations.

In surveys of firms and consumers as well as studies of court records, research has shown that many or most of these cases result in default judgments--where the consumer does not appear and so the debt buyer automatically wins without having had to prove that the judgment would have been warranted based on facts had there been a hearing. In addition, defendants rarely have legal representation and these cases often have disproportionate effect in low-income communities and communities of color. Consumer debt judgments extend the amount of time that creditors can collect on debts and they confer additional collection powers, including the ability to place liens on property and real estate and garnish wages and bank accounts, further destabilizing financially distressed consumers.

By examining court records of lawsuits brought by three of the largest debt buyers in Philadelphia Municipal Court in 2018, this study finds that conditions in Philadelphia mirror those found in other studies in several respects:

- **Over half of all debt buyer cases result in default judgments, which are rarely challenged.** Default judgments resulted in 53% of all cases, and less than 1% of cases were successfully re-opened. After removing cases that were dismissed because service was not made, the rate of default judgment climbed to 69%. An estimated \$7.1 million was awarded to three of the largest debt buyers from Philadelphians through default judgments in 2018.
- **Even when cases do not result in default judgments, positive outcomes for consumers are rare.** Judgments for the defendant resulted in under 3% of cases. It is exceedingly rare that cases in which both parties appeared and the defendant was not represented by an attorney are decided in favor of the defendant.
- **Legal representation of consumers is uncommon but associated with better case outcomes.** Defendants had legal representation in less than 4% of cases. In the rare cases where defendants were represented, they were more likely to win: 57% of these cases resulted in judgments for the defendant, compared to just 1% of cases where the defendant was unrepresented.
- **Debt buyer lawsuits disproportionately affect low-income and Black communities in Philadelphia.** Individuals living in lower income areas and those living in areas with higher proportions of Black residents were more likely to have cases filed against them and if they did have cases filed, they were more likely to result in default judgments. This relationship was stronger for proportion of Black residents than for median income.

- **In a significant number of cases, consumers cannot be served.** In nearly a third of all cases, service was not made. Cases can be re-listed or withdrawn if service is not made; nearly 1 in 5 cases was dismissed due to no service as the final case outcome.
- **Even with the ability to seize bank accounts, relatively few judgments are satisfied.** In 10% of cases with default judgments, the plaintiff attempted to seize funds from a consumer's bank account. In total 13% of all judgments have been satisfied to date.

These findings paint a picture of Philadelphia's debt collection litigation system in which consumers, especially those from low income and Black neighborhoods, rarely meaningfully participate and can almost never win. With a global pandemic likely to continue disrupting Municipal Court operations, and a mass protest movement against systemic racism likely to keep questions of enforcement and justice at the fore, advocates and policymakers have the opportunity to consider the following changes to improve debt collection lawsuit processes:

- **Conduct qualitative research to understand the experience of consumers.** This research could investigate *why* consumers rarely appear in court and *how* consumers experience the debt collection litigation system. It can elevate the voices of those most affected by this system while giving researchers, policymakers, and the Court a better understanding of consumers' experience in their own words.
- **Investigate debt buyer documentation in lawsuits.** One of the key concerns about high default rates in consumer debt lawsuits is that it means that most of the time debt buyers do not need to provide the documentation to prove their claims. A systematic study of the presence or absence of underlying documentation in debt buyer lawsuits would help substantiate this concern.
- **Quantify costs and benefits to the public of the debt collection litigation system.** A transparent accounting of the public costs to taxpayers, weighed against the benefits, would allow more informed decision-making about reforms.
- **Implement measures to increase likelihood that consumers will appear in court.** New outreach and messaging strategies and/or options for telephonic or virtual appearance could increase the likelihood that consumers can participate in the process.
- **Collaboratively consider changes to court procedures to protect the integrity of the legal process.** Increasing appearance rates only helps consumers if, when they do appear, they are participating in a fair process. A working group comprised of representatives from the Court, consumer advocates, and the creditors bar could come together to consider, recommend, and evaluate a set of changes to current court processes, including instituting new requirements for documentation or changing the settlement conference process, for example by establishing a neutral party to mediate, developing templates for fair settlements and/or creating accessible self-help materials.

Introduction

Academic researchers, government agencies, and consumer advocates have identified significant challenges with the legal system for enforcing collection of consumer debts in the United States. Many of the practices documented in debt collection cases, particularly those brought by third party “debt buyers,” are incompatible with common understandings of a fair legal process and have the potential to cause harm to consumers. Debt buyers often win in these cases simply because consumers do not show up, and the court judgments that result can put vulnerable consumers, by definition already facing precarious financial situations, at further risk. In Philadelphia, consumer debt lawsuits take place in Municipal Court, and no research has examined the outcomes for consumers in debt collection cases here. This report seeks to build on past research and fill this gap by:

- Reviewing the key features and challenges related to debt collection litigation
- Reviewing the process for debt collection cases in Philadelphia Municipal Court
- Analyzing case outcomes for debt collection lawsuits brought by three of the largest debt buyers in Philadelphia Municipal Court
- Identifying considerations and opportunities for policymakers and advocates to consider

Overview

The use of courts to enforce the collection of consumers debts has increased significantly in the last few decades. Today debt collection cases make up much of the docket in many civil courts. In state courts across the country, a recent study by Pew found that “[f]rom 1993 to 2013, the number of debt collection suits more than doubled nationwide, from less than 1.7 million to about 4 million, and consumed a growing share of civil dockets, rising from an estimated 1 in 9 civil cases to 1 in 4.”¹ In a nationally representative survey by the Consumer Financial Protection Bureau (CFPB), “[o]ne in seven consumers (15 percent) with a debt collection experience reported that they were sued by a creditor or debt collector during the preceding year.”²

At the same time, researchers and government observers have documented problems with common practices in these cases. In its widely cited 2010 report *Repairing a Broken System: Protecting Consumers in Debt Collection Litigation*, the Federal Trade Commission (FTC) wrote that “the system for resolving disputes about consumer debts is broken.”³ Errors and abuses have been widely reported, outcomes tend to disproportionately favor plaintiffs, and defendants rarely have representation. In particular, high rates of default judgment “create an avenue for less accurate decisions administered by courts because plaintiffs’ cases go uncontested regardless of validity.”⁴ The outcomes in these cases

¹ Pew Charitable Trusts, 2020. “How Debt Collectors are Transforming the Business of State Courts: Lawsuit Trends Highlight Need to Modernize Civil Legal Systems.” https://www.pewtrusts.org/-/media/assets/2020/05/debt_collectors_to_consumers.pdf

² Consumer Financial Protection Bureau, 2017. “Consumer Experiences with Debt Collection: Findings from the CFPB’s Survey of Consumer Views on Debt.” https://files.consumerfinance.gov/f/documents/201701_cfpb_Debt-Collection-Survey-Report.pdf

³ Federal Trade Commission, 2010. “Repairing a Broken System: Protecting Consumers in Debt Collection Litigation.” <https://www.ftc.gov/reports/repairing-broken-system-protecting-consumers-debt-collection-litigation>

⁴ Access to Justice Lab, Harvard Law School. “Direct Mail Messaging Strategies for Improving Debt Collection Hearing Court Appearance Rates.” <http://a2jlab.org/wp-content/uploads/2020/01/Direct-Mail-Messaging-Best-Practices-for-Improving-Debt-Collection-Hearing-Court-Appearance-Rates.pdf>

can have serious negative implications for consumers, including liens on personal property and real estate and the garnishing of wages and bank accounts.

This study examines debt collection lawsuits brought by third party debt buyers in one local court in Philadelphia. No previous published research has examined Philadelphia Municipal Court data on consumer debt collection cases. While debt buyers are not the only type of company to bring large numbers of consumer debt lawsuits, this study focuses on debt buyer activity because 1) they are most commonly identified in the literature as carrying out problematic practices, and 2) they are driving the increase in lawsuits observed across the country.⁵

The goal of this project is to examine debt buyer lawsuits in Philadelphia, addressing the following research questions: How do consumers fare in debt collection cases brought by debt buyers in Philadelphia Municipal Court? How prevalent are default judgments, how often do consumers have legal representation, and how frequently are debt buyers unable to properly notify the defendants they are suing?

This report begins with a review of existing literature on debt buyer litigation, its key challenges, and its impact on consumers. It then describes the process by which debt collection lawsuits proceed locally through Philadelphia Municipal Court. Next, it reviews the methodology used to analyze case outcomes for debt collection lawsuits brought by three of the largest debt buyers in Philadelphia Municipal Court, followed by the findings of this analysis. Finally, it identifies opportunities for policymakers and advocates to consider to address the challenges raised both by the literature and by the findings based on local data.

Literature Review

Research has investigated the prevalence, outcomes, and impact of debt collection lawsuits in the United States. This section reviews key findings in the literature, beginning with the role and practices of debt buyers amidst the rising use of litigation as a debt collection strategy. It then reviews studies of the outcomes of debt collection cases and the likelihood that consumers have legal representation in various jurisdictions. Finally, it summarizes research on the negative impacts of these outcomes on the financial lives of consumers, particularly those who live in low-income or predominantly Black and Latino neighborhoods.

Debt buyers and litigation

Debt collection is a multi-billion dollar industry. There are typically three models for collection of defaulted consumer debt: the original creditor (e.g., a credit card company) attempts to collect it, they contract with a third-party to collect on their behalf while they retain ownership of the debt, or they sell the debt to third party companies, called “debt buyers.” Contracting with or selling to a third party collector enables banks, credit card companies, and other original creditors to focus on lending and

⁵ ProPublica, 2016. “So Sue Them: What We’ve Learned about the Debt Collection Lawsuit Machine.” <https://www.propublica.org/article/so-sue-them-what-weve-learned-about-the-debt-collection-lawsuit-machine>

customer service activities and provides liquidity to enable them to continue to provide credit to consumers. Debt collection plays a role in a well-functioning credit market, and industry advocates argue that regulation inhibits this functioning; one study found that states implementing more restrictive debt collection laws led to less access to credit and decreases in some indicators of financial health, particularly for individuals with low credit scores.⁶

This study focuses on debt buyers, a large segment of the debt collection industry. The debt buying industry is dominated by large firms, with the nine largest companies responsible for buying about three quarters of all debt sold in the U.S.⁷ The nation's largest debt buyer, Encore Capital Group, claims to have a relationship with one in five American consumers. Debt buyers often purchase debt at deep discounts, at an average of four cents on the dollar, and debt can be resold to another debt buyer.⁸ The business model of debt buyers relies on collecting on a high volume of accounts with modest success over time: according to Encore Capital Group's filings, "[they] only need 19% of all consumers to pay [them] two-thirds of what they owe, over a seven year period, to achieve significant returns."⁹

Many debt buyers use litigation as a major collection strategy, and the use of lawsuits is growing. Encore Capital collected more than half its \$1.2 billion in collections nationally through courts.¹⁰ Portfolio Recovery Associates similarly earned about half its \$742 million in 2014 revenue through legal collections.¹¹ And this debt buyer activity is driving the increase of debt collection lawsuits in state and local courts around the country; for example, the number of judgments awarded to debt buyers in New Jersey state court grew from just 500 in 1996 to 140,000 in 2008.¹² Although this number fell as the 2008 recession abated, it remained at over 110,000 in 2011, accounting for 48% of total court judgments that year.

Researchers and government observers have documented errors and abuses in debt collection lawsuits brought by debt buyers:

- **Debt buyers often lack documentation about debts.** In its study of industry practices using data provided by the nine largest debt buyers, the FTC found that "[b]uyers received few underlying documents about debts."¹³ While the study did not directly address whether documentation was sufficient for purposes of litigation, it found that debt buyers received documentation for only 12% of accounts. It also found that debt buyers had limited ability to acquire this documentation if they wanted to, they typically did not receive information about

⁶ Federal Reserve Bank of New York 2017. "Access to Credit and Financial Health: Evaluating the Impact of Debt Collection." https://www.newyorkfed.org/medialibrary/media/research/staff_reports/sr814.pdf?la=en

⁷ Federal Trade Commission, 2013. "The Structure and Practices of the Debt Buying Industry." <https://www.ftc.gov/sites/default/files/documents/reports/structure-and-practices-debt-buying-industry/debtbuyingreport.pdf>

⁸ Federal Trade Commission, 2013. See note 6.

⁹ Encore Capital Group Investor Presentation, 2011. Filed with SEC.

<https://investors.encorecapital.com/static-files/44eb867c-8ec8-440a-8337-5a52c42630e9>

¹⁰ Dali Jimenez, D. James Greiner, Lois R. Lupica, & Rebecca L. Sandefur. 2013. "Improving the Lives of Individuals in Financial Distress Using a Randomized Control Trial: A Research and Clinical Approach." *Georgetown Journal on Poverty Law and Policy*, Volume XX, Number 3. Available at:

<https://www.povertyactionlab.org/evaluation/improving-lives-individuals-financial-distress-united-states>

¹¹ Human Rights Watch, 2016. "Rubber Stamp Justice: US Courts, Debt Buying Corporations, and the Poor." <https://www.hrw.org/report/2016/01/20/rubber-stamp-justice/us-courts-debt-buying-corporations-and-poor>

¹² ProPublica, 2016. See note 1.

¹³ Federal Trade Commission, 2013. See note 7.

disputes, and that sellers often did not even guarantee the accuracy of the information they did provide about the debts.

- **Consumers may not receive proper notice that they are being sued.** Pew notes that “[s]ome evidence, including interviews with civil court judges, suggests that inadequate notice is responsible for a meaningful share of instances in which defendants fail to respond to debt claims,” and that many states do not have rules in place to ensure defendants are actually contacted.¹⁴ There have been cases of what is known as “sewer service” -- companies caught intentionally filing fraudulent service claims.¹⁵
- **Debt buyers may take action on old debts,** even when the debt is beyond the statute of limitations, in violation of the Fair Debt Collection Practices Act. While the FTC study noted above found that most debt was not beyond the statute of limitations and most debt buyers know the ages of debts, other studies have identified attempts to collect this “time-barred debt” as a frequent abuse by debt buyers.¹⁶

As Jimenez et. al note,¹⁷ claims of errors and abuses are supported by observational studies and anecdotal evidence and there is no direct systematic or nationwide study of debt buyer *practices* in consumer debt litigation.

Case outcomes for consumers

Consumers often fare poorly in debt collection lawsuits. For one thing, they often do not appear in court and so default judgments are common. In a nationally representative survey of consumers by the CFPB, 74% of those who had been sued reported that they did not attend the court hearing.¹⁸ In a CFPB survey of 58 debt collectors, firms reported obtaining default judgments in 60-90% of cases.¹⁹

While patterns of appearance and default judgment vary, studies in jurisdictions across the country have consistently shown that default judgments are prevalent in consumer debt lawsuits, particularly those brought by debt buyers, as detailed in Figure 1.

¹⁴ Pew Charitable Trusts, 2020. See note 1.

¹⁵ Press Release, New York State Attorney General, 2010, “Press Release: The N.Y. State Attorney General Andrew M. Cuomo Announces Guilty Plea of Process Server Company Owner Who Denied Thousands of New Yorkers Their Day in Court.” <https://ag.ny.gov/press-release/2010/new-york-state-attorney-general-andrew-m-cuomo-announces-guilty-plea-process>

¹⁶ Human Rights Watch, 2016, See note 10.

¹⁷ Jimenez, et al, 2013. See note 9.

¹⁸ Consumer Financial Protection Bureau, 2017. See note 2.

¹⁹ Consumer Financial Protection Bureau, 2016. “Third Party Debt Collection: Operations Study.” https://files.consumerfinance.gov/f/documents/20160727_cfpb_Third_Party_Debt_Collection_Operations_Study.pdf

Figure 1

Jurisdiction	Outcomes
New York City ²⁰	Less than 10% of defendants answered the summons and complaint; 81% of debt buyer cases resulted in default judgments
Washington State ²¹	Over 80% of debt buyer cases resulted in default judgments
Indiana ²²	73% of debt buyer cases resulted in default judgments
Colorado ²³	71% of debt buyer cases resulted in default judgments
Maryland ²⁴	85% of defendants did not file a response and 58% of debt buyer cases resulted in default or affidavit judgments (a similar outcome)
Oregon ²⁵	44% of debt buyer cases resulted in default judgments; "no consumer prevailed in a case, and no debt buyer won their case on the merits."
New York State ²⁶	42% of debt collection cases overall and 62% of cases brought by debt buyers resulted in default judgments
Dallas, Texas ²⁷	Consumers appeared in 20% of debt buyer cases and 40% of cases resulted in default judgments
Texas ²⁸	About 30% of debt collection cases (not only those brought by debt buyers) resulted in default judgments

²⁰ Neighborhood Economic Development Advocacy Project, 2010. "Debt Deception: How Debt Buyers Abuse the Legal System to Prey on Low Income New Yorkers." <http://mobilizationforjustice.org/wp-content/uploads/reports/DEBT-DECEPTION.pdf>

²¹ Center for Responsible Lending, 2019. "Debt by Default: Debt Collection Practices in Washington 2012–2016." <https://www.responsiblelending.org/sites/default/files/nodes/files/research-publication/crl-washington-debt-by-default-15mar2019.pdf>

²² Judith Fox, 2012. "Do We Have a Debt Collection Crisis? - Some Cautionary Tales of Debt Collection in Indiana." 24 *Loyola Consumer Law Review*. 355. <https://lawcommons.luc.edu/lclr/vol24/iss3/3>

²³ Center for Responsible Lending, 2016. "Debt Buyers Hound Coloradans in Court for Debts They May Not Owe." https://www.responsiblelending.org/sites/default/files/nodes/files/research-publication/colorado_debt_buying.pdf

²⁴ Holland, Peter A., 2014. "Junk Justice: A Statistical Analysis of 4,400 Lawsuits Filed by Debt Buyers." University of Maryland Francis King Carey School of Law, Legal Studies Research Paper, No. 2014–13. https://www.masslegalservices.org/system/files/library/Junk%20Justice_Statitital%20analysis%20of%204400%20lawsuits%20by%20debt%20buyers.pdf

²⁵ Center for Responsible Lending, 2018. "Undue Burden: The Impact of Abusive Debt Collection Practices in Oregon." https://responsiblelending.org/sites/default/files/nodes/files/research-publication/crl_undue_burden_april122018.pdf

²⁶ New Economy Project, 2013. "The Debt Collection Racket: How the Industry Violates Due Process and Perpetuates Economic Inequality." <https://www.neweconomynyc.org/wp-content/uploads/2014/08/DebtCollectionRacketUpdated.pdf>

²⁷ Spector, Mary, Debts, 2011. "Defaults and Details: Exploring the Impact of Debt Collection Litigation on Consumers and Courts." *Virginia Law & Business Review*, Vol. 6, No. 2, p. 257, SMU Dedman School of Law Legal Studies Research Paper No. 85. <https://ssrn.com/abstract=1975121>

²⁸ Spector, Mary and Baddour, Anne, 2016. "Collection Texas-Style: An Analysis of Consumer Collection Practices in and out of the Courts." *Hastings Law Journal*, Vol. 67:1427. http://www.hastingslawjournal.org/wp-content/uploads/Spector_Baddour-67.5.pdf

In addition, consumers rarely have representation in debt collection cases (see Figure 2 below). Most consumers who do appear in court are thus representing themselves, faced in court by seasoned plaintiff’s attorneys with experience in and familiarity with the court and its processes.

Figure 2

Jurisdiction	Outcomes
Dallas, Texas	Consumers were represented in 9% of cases
New York State	Consumers were represented in 2% of cases
Washington State	Consumers were represented in 1.2% of cases.
Oregon	Consumers were represented in less than 1% of cases.
Maryland	Consumers were represented in less than 1% of cases.
New York City	0 defendants in the sample were represented
Colorado	0 defendants in the sample were represented

While these studies paint a grim picture of consumers’ prospects in court, there is evidence that consumers fare poorly in *out-of-court* settlements as well; one study finds that those who settle out of court actually experience more financial distress than those who go to court.²⁹

It is worth noting that, despite abundant evidence that consumers often fail to appear in court for debt collection cases, there has been little qualitative research to understand *why* consumers do not appear, what their experience is if they do appear, and what interventions or changes might reduce barriers to appearance.

Impact

Debt collection cases can have significant negative impacts on consumers. Judgments extend the amount of time creditors can collect on debts and they confer additional collection powers. These vary by state, but can include garnishing wages, placing liens on property, and seizing funds from bank accounts. In extreme cases, collection proceedings on court judgments can result in courts issuing warrants and consumers actually being arrested and held in jail.³⁰ While cases like this are rare, other measures are not; four million consumers had their wages garnished for consumer debts in 2013.³¹

²⁹ Cheng, Ing-Haw & Severino, Felipe & Townsend, Richard, 2019. "Do Consumers Strike Bad Deals with Debt Collectors? Evidence from Out-of-Court Settlements." SSRN Electronic Journal.

<https://www.mccombs.utexas.edu/~media/Files/MSB/Centers/HMTF/TFF/2019%20Papers/Severino.pdf>

³⁰ Maryland Consumer Rights Coalition, 2018. "No Exit: How Maryland’s Debt Collection Practices Deepen Poverty & Widen The Racial Wealth Gap."

<https://static1.squarespace.com/static/5b05bed59772ae16550f90de/t/5d02af1fe68aa40001db920f/1560456994675/No+Exit+MCRC+Report.pdf>

³¹ ProPublica, 2016. See note 4.

There is a patchwork of state regulation of these enforcement measures. The National Consumer Law Center reviewed exemptions in all 50 states and did not give a single one an “A” based on whether it meets standards to prevent collectors from pushing consumers into poverty.³²

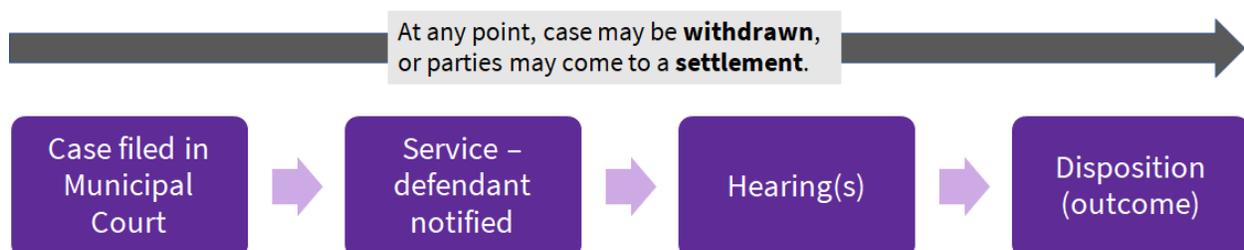
Studies have shown that impacts of debt collection lawsuits fall disproportionately on low-income communities and communities of color. Because individual-level data on race or income of case participants is not available, studies examining disparate impact typically use race and income data by geography, which is necessarily only a proxy for impact on individuals.

- A study of consumer debt judgments in Chicago, St. Louis, and Newark found that judgments were twice as likely in majority black census tracts than in majority white census tracts, controlling for income.³³
- A study by a coalition of legal assistance organizations in New York City found that “91% of people sued by debt buyers and 95% of people with default judgments entered against them live in low- or moderate-income communities” and over half lived in predominantly Black or Latino communities.³⁴
- A study in Maryland found that more debt collection suits are filed in Maryland counties that have large communities of color.³⁵

Local Context

In Philadelphia, debt collection lawsuits for debts up to \$12,000 take place in the small claims division of Philadelphia Municipal Court. Figure 3 below outlines the general process cases follow.

Figure 3



Process overview

Case filed in Municipal Court: To begin proceedings, a debt buyer files a complaint with the Court. (The party filing the lawsuit is referred to as the plaintiff, and the party being sued is the defendant.)

³² National Consumer Law Center, 2019. “No Fresh Start in 2019: How States Still Allow Debt Collectors to Push Families into Poverty.” https://www.nclc.org/images/pdf/debt_collection/report-still-no-fresh-start-nov2019.pdf

³³ Annie Waldman & Paul Kiel, ProPublica, 2015. “Racial Disparity in Debt Collection Lawsuits: A Study of Three Metro Areas.” <https://static.propublica.org/projects/race-and-debt/assets/pdf/ProPublica-garnishments-whitepaper.pdf>

³⁴ Neighborhood Economic Development Advocacy Project, 2010. “Debt Deception: How Debt Buyers Abuse the Legal System to Prey on Low Income New Yorkers.” <http://mobilizationforjustice.org/wp-content/uploads/reports/DEBT-DECEPTION.pdf>

³⁵ Maryland Consumer Rights Coalition, 2018. See note 29.

The debt buyer is required to attach a copy of the contract and a copy of the assignment of the debt when filing the complaint (although an attestation from the debt buyer is sufficient if they do not attach the contract). Once the complaint is filed, the plaintiff may at any point decide to withdraw the case or the parties may come to a settlement and notify the Court that the case is settled and ended.

Service - defendant notified: The defendant must receive notice that they are being sued in Court. This process is called “service of process” or simply “service.” Documents can be served personally to the defendant or left with an adult other than the defendant, either a family member with whom the defendant resides or another adult in charge of the residence. The plaintiff must file an “Affidavit of Service” with the court, indicating who has been served and provides a physical description. While Court rules state that these affidavits “shall state the time, place and manner of service with sufficient particularity to enable the court to determine whether or not proper service has been made,” the affidavit of service is not reviewed by the Court.³⁶ If no service is made, the case is dismissed.

Hearing(s): If both parties appear, Court staff call the defendant and the debt buyer’s attorney one-by-one. The defendant and debt buyer’s attorney then go into a separate room, unsupervised, to attempt to resolve the case. (If the defendant is represented by a lawyer, they attend as well.) Resolution typically comes in the form of a “Judgment by Agreement,” in which the defendant accepts the debt and agrees to a payment arrangement. These agreements are not appealable. Parties must participate in this proceeding. In order to have a hearing in front of a judge, the defendant must request it to Court staff. If the parties do not come to an agreement and the defendant requests a hearing in front of a judge, the proceedings move to a hearing in front of a judge (either on the same day or scheduled for a later date).

Disposition (outcome): If the parties follow the steps above, the case proceeds to a hearing in front of a judge and may result in a Judgment for the Plaintiff or for the Defendant based on the judge’s ruling on the merits of the case. If either party does not appear for the hearing initially, a default judgment results for the other party. As noted above in the literature, default judgements in favor of the plaintiff are common in debt collection cases. In Philadelphia, a defendant can file a petition to open a default judgment. There is a three-factor test the Court uses to determine whether to grant these petitions: 1) promptness (defendant must file the petition in a timely way upon finding out about the default), 2) defendant must indicate why they did not appear, and 3) defendant must show that if the judgment is opened, they would have a meritorious defense to present.

If a judgment is awarded, the debt buyer has the right to seize funds in the defendant’s bank accounts and apply them toward the judgment balance. Just \$300 is exempted in Pennsylvania, meaning the judgment creditor can take all funds in the account above \$300. Creditors may also not seize funds if they are coming from Social Security income. (In Pennsylvania, unlike many states, consumers’ wages cannot be garnished for most consumer debt--only for specific types of debt, including federal student loans, child support, and rental arrears.) Judgment balances typically continue to grow at the state-capped post-judgment interest rate of 6%.

³⁶ First Judicial District of Pennsylvania, Philadelphia Municipal Court, Civil Division, Local Rules. <https://www.courts.phila.gov/pdf/rules/MC-Civil-Division-Compiled-rules.pdf>

Other context

There is a high volume of consumer debt cases on any given day in Municipal Court. A Human Rights Watch report from 2016 described a “typical afternoon” during which 120 defendants were scheduled to appear. There were five debt buyer attorneys present, each with as many as 30 or more cases scheduled for that day; about 20 defendants did appear, and over the course of two hours the trial commissioner entered default judgments for the plaintiffs in the other 100 cases.³⁷ Human Rights Watch harshly criticized the Municipal Court process and its “judgeless courtrooms,” arguing that it enabled “plaintiffs to commandeer the coercive machinery of the courts in service of their own claims to the detriment of defendants’ due process rights and the courts’ own neutrality and integrity.”

While much local advocacy has rightly been focused in recent years on challenges with and reforms to landlord-tenant cases in Municipal Court, relatively little attention has been paid to debt collection cases. This study sought to fill that gap by analyzing court records to determine whether trends seen in debt collection litigation in other places—including high prevalence of default judgments, low rates of representation among consumers, and disproportionate impact in communities of color, particularly Black communities—are replicated in Philadelphia.

Methodology

To investigate the outcomes in debt collection cases in Philadelphia Municipal Court, this report examines administrative Municipal Court data, following the methodology used by the Center for Responsible Lending in a study on Oregon debt collection cases.³⁸

Through a public records request, I obtained data from the Court on all 7,365 cases brought in 2018 by three of the largest debt buyers: Midland Funding LLC (a subsidiary of Encore Capital Group), LVNV Funding LLC (a subsidiary of Sherman Financial Group), and Portfolio Recovery Associates LLC (a subsidiary of PRA Group). While these three debt buyers do not represent all cases brought by debt buyers, they are significant players in the debt buying market; CRL indicates that these three debt buyers purchased 59% of all debt sold by credit card issuers at the national level in 2013. 2018 is recent enough that any trends observed likely remain relevant but not so recent that significant numbers of cases would not have yet finished.

While this data is all publicly accessible through the Court’s online public docket system, cases can only be viewed one at a time by users who are members of the public (rather than attorneys). Bulk requests must be made through the court and incur a cost to obtain. One year of data on cases from these three debt buyers cost \$725. (Five years’ worth of the same data was quoted at a cost of \$3,000.)

To understand the outcomes of debt collection cases in Philadelphia Municipal Court, I analyzed the full data set to identify the prevalence of the following case dispositions or actions:

³⁷ Human Rights Watch, 2016. See note 10.

³⁸ Center for Responsible Lending, 2018. See note 20.

- **Default judgment for the plaintiff:** ruling in favor of the plaintiff granted because the defendant failed to appear
- **Judgment for the defendant:** ruling in favor of the defendant; because there are relatively few cases in which the defendant wins, this includes both those won on the merits and those won by default (if the plaintiff fails to appear)
- **Judgment by agreement:** non-appealable agreement negotiated between the parties to resolve the case in which the defendant typically agrees to a payment arrangement
- **Dismissal due to no service:** closure of the case based on failure to properly notify defendant (note: cases can be relisted, so this may not be the final outcome of the case)
- **Petition to open default judgments (filed and granted):** a filing where the defendant requests a default judgment be reopened

There were some features of cases that were not included in the court data or were not provided in a format that could be easily analyzed. For example, the data did not contain addresses and neither judgment award amount nor whether defendants had representation were easily analyzable in the format provided. In order to examine these features, I drew a random sample of 366 cases, individually looked them up in the court database, and manually coded them with respect to these features. Out of the total number of 7,365 cases, the sample size of 366 cases provides a 95% confidence level at a confidence interval of +/-5%, offering a high degree of confidence that anything observed in the sample likely reflects the entire data set. To check if the sample provided representative data, I compared the distribution of cases by debt buyer and the distribution of case outcomes between the sample and the full population (See Appendix 1). There are no notable differences, indicating that the sample is representative of the larger population on observable characteristics.

I analyzed the random sample with respect to the occurrences of all of the outcomes listed above plus the following case outcomes, actions, or features that are relevant to an understanding of outcomes for consumers but were not accessible for the full dataset:

- **Dismissal due to no service as a final disposition:** closure of the case based on failure to properly notify defendant (note: this reflects instances where the case was not relisted or withdrawn after dismissal and dismissal was the final outcome)
- **Case settled:** outcome in which the parties reach an agreement outside the Court process and no further Court actions are needed
- **Case withdrawn:** action when the plaintiff withdraws the complaint
- **Defendant representation:** cases in which defendant was represented by an attorney
- **Bank account attachments:** cases in which plaintiff attempted to seize funds from defendant's bank account
- **Award amount:** the amount awarded to the plaintiff in judgments entered against defendants (including how much of total award amount was from court costs and fees)
- **Judgments satisfied:** judgments that have been paid off and marked as such by the Court

Finally, this report examined the extent to which case filings and default judgments disproportionately impact low-income and Black communities in Philadelphia. Using data on defendants' ZIP code drawn from the random sample, I calculated the number of cases filed and default judgments entered in each

ZIP code. To standardize the rate across ZIP codes with different populations, I calculated the number of cases filed and default judgments entered per 10,000 residents in each ZIP code. I then plotted these against the median income and the proportion of Black residents in each ZIP code, obtained from 2018 Census data from the American Community Survey. I then used the statistical software SPSS to calculate the correlation between 1) median income and case filings, 2) median income and default judgments, 3) proportion of Black residents and case filings, and 4) proportion of Black residents and default judgments.

Limitations

There are a number of limitations with the methodology and data used in this report:

- Generalizability:** This analysis only includes cases filed by three large debt buyers from one year and may not be representative of cases brought by all debt buyers, let alone original creditors. Original creditors do bring significant numbers of lawsuits as well (see Figure 4 at right for a selection of banks and credit card companies that filed lawsuits in Municipal Court in 2018); findings observed in this data set may not be applicable to these cases.
- Data accuracy:** Findings are only as accurate as data provided by the court; in one case during manual coding of the random sample, I discovered that not all docket entries listed in the court database were included in the file received from the court. There is no way (beyond manually looking up all entries) to know whether this is a prevalent issue in the data, but it is reasonable to rely on Court-provided data for this analysis and assume any errors or omissions are negligible.
- Weaknesses in geographic analysis:** There are two major limitations for the geographic analysis. First, there is no available individual-level data on the income or race of defendants, so we can only examine the relationship between cases filed or default judgments and the community-level income or race characteristics of the areas in which defendants reside. This is a limitation in the literature noted above, and this community-level analysis has been used in other studies to approximate impact on low-income communities and communities of color. The second major limitation is that ZIP codes are used as the unit of geographic analysis. There are widely noted flaws with using ZIP codes in this way, including that they do not reflect political boundaries or people’s behavior and that they change over time.³⁹ Deeper analysis is needed to better understand the disparate impact of debt collection cases.
- Limited insight into debt buyer practices:** The data and resulting analysis speak only to the likelihood of certain court actions and case outcomes. They are not able to shed light on the

Figure 4

	Number of 2018 cases
Capital One Bank	2343
PFCU	826
Synchrony Bank	1116
Discover Bank	675
TD Bank	1010

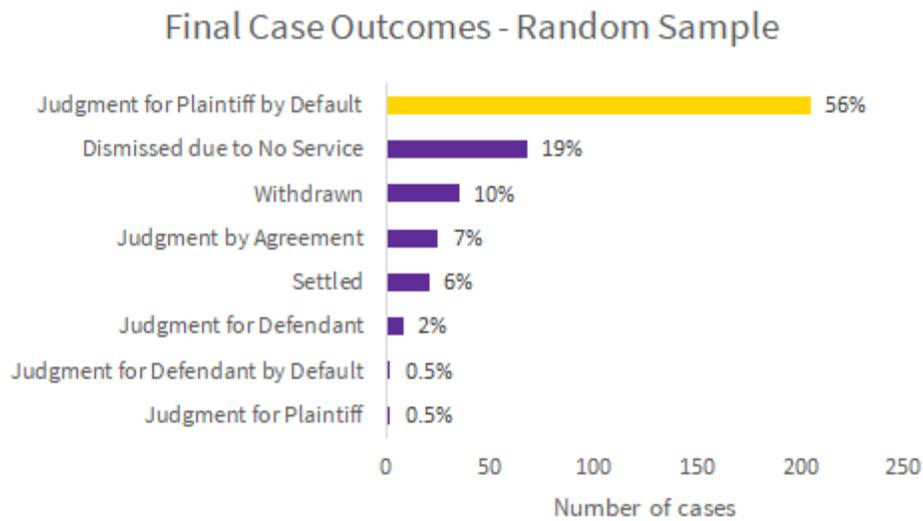
³⁹ Krieger, N., Waterman, P., Chen, J. T., Soobader, M. J., Subramanian, S. V., & Carson, R., 2002. "Zip code caveat: bias due to spatiotemporal mismatches between zip codes and US census-defined geographic areas--the Public Health Disparities Geocoding Project." *American Journal of Public Health*, 92(7), 1100–1102. <https://doi.org/10.2105/ajph.92.7.1100>

practices of debt buyers with respect to the errors and abuses suggested by the literature. This analysis does not indicate whether debt buyers had proper documentation, whether consumers were properly served, whether debts were time-barred, etc. A high prevalence of default judgments, for example, does not mean that debt buyers are using illegal or deceptive practices. As noted above, this is a challenge across the literature and a systematic study of these practices would be valuable.

Findings

Over half of all debt buyer cases result in default judgments, which are rarely challenged.

Figure 5



This study finds that consumers often do not appear in Court. In the full data set, 53% of all cases filed resulted in default judgments against defendants (see Figure 5). In the random sample, 56% of all cases resulted in default judgments against defendants. This does not account for the fact that many cases do not proceed past initial filing because defendants cannot be properly served. If we remove cases that were dismissed because service was not made, the rate of default judgment climbs to 69% of the random sample.

Default judgments can be cured through petitions to open default judgment, but these were filed in just 1.2% of all default judgments. About half of those petitions were granted, meaning that just 0.6% of all default judgments were successfully re-opened. All 22 petitions to open default judgment that were denied gave the reason “defense set forth is without merit.” (One also gave a second reason of “petition not timely filed.”) Results were similar across the three debt buyers, as seen in Figure 6 .

Figure 6

	Cases where Petition to Reopen Default Judgment Filed		Cases where Petition to Reopen Default Judgment Granted		
	Number	% of default judgments	Number	% of petitions filed	% of default judgments
Total	46	1.2%	24	52%	0.6%
Midland Funding LLC	25	1.0%	14	56%	0.5%
LVNV Funding LLC	17	2.0%	9	53%	1.1%
Portfolio Recovery Associates LLC	4	0.8%	1	25%	0.2%

In the random sample, the average award amount in cases with default judgments was \$1,823, of which an average of \$116.33 was from court fees and costs. If extrapolated to all 2018 cases, this suggests an estimated \$7.1 million was awarded to these three debt buyers from Philadelphians through default judgments in 2018, of which over \$450,000 is from court fees and costs.

Even when cases did not result in default judgments, positive outcomes for consumers were rare.

Among all cases in the full dataset, 2.6% were judgments for the defendant. Among the 10 judgments for the defendant in the random sample (2.7% of cases), 8 were in cases where the defendant was represented; 2 were by default (because the plaintiff failed to appear). No cases in which both parties appeared and the defendant was not represented by an attorney were decided in favor of the defendant.

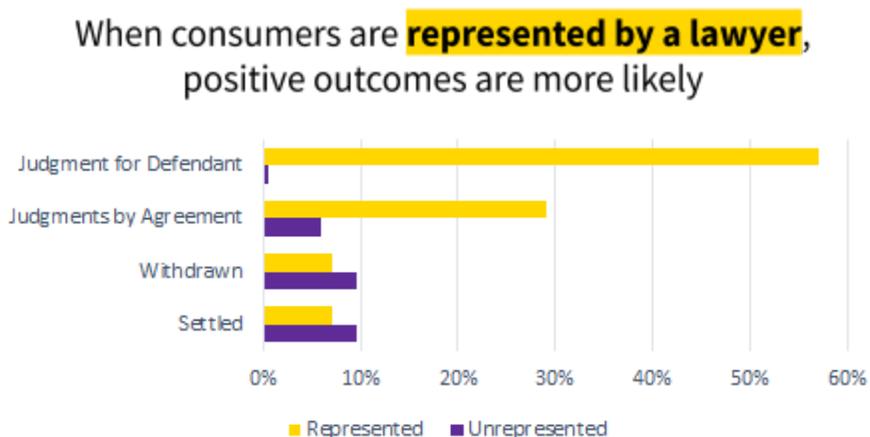
Judgments by agreement resulted in 9% of all cases. While judgments by agreement are court-approved arrangements between the parties, they have significant consequences for consumers in that they cannot be appealed and if the defendant breaches the agreement the plaintiff can immediately proceed with actions to seize funds from the defendant’s bank account. While the defendant thus assumes some risk from a judgment by agreement, it is rare that the plaintiff concedes anything; among the 25 JBAs in the random sample, 18 awarded either the full amount of the debt at issue or the full amount plus fees. Only 7 of these cases involved reduced amounts. This is an important difference between judgments by agreements and typical settlements, which usually involve the parties coming to an arrangement on an agreed-upon *reduced* amount.

In the random sample, 21 cases (5.7%) were disposed as “settled and ended,” suggesting the matter was resolved outside of court. This can be considered a fairly positive outcome. 34 cases (9%) were withdrawn; this fact is difficult to interpret, as cases can be withdrawn for many reasons, and it is impossible to know reasons for withdrawal in these cases.

Legal representation of consumers is uncommon but associated with better case outcomes.

Defendants had legal representation in 14 out of 366 cases in the random sample, less than 4%. In cases where defendants were represented, defendants were more likely to win the case: 8 cases (57%) resulted in judgments for the defendant, compared to just 1% of cases where the defendant was unrepresented (see Figure 7). Among the other 6 cases where the defendant was represented, 4 (29%) resulted in judgments by agreement, 1 case (7%) was withdrawn, and 1 case (7%) was settled. There may be a “selection effect;” cases where a defendant is represented might be systematically different than those where they are not. For example, it might be that cases where the defendant is represented may have been more likely to win anyway. This analysis cannot determine that representation *caused* the better outcomes. We can only note the differences in outcomes between those who have legal representation and those who do not.

Figure 7



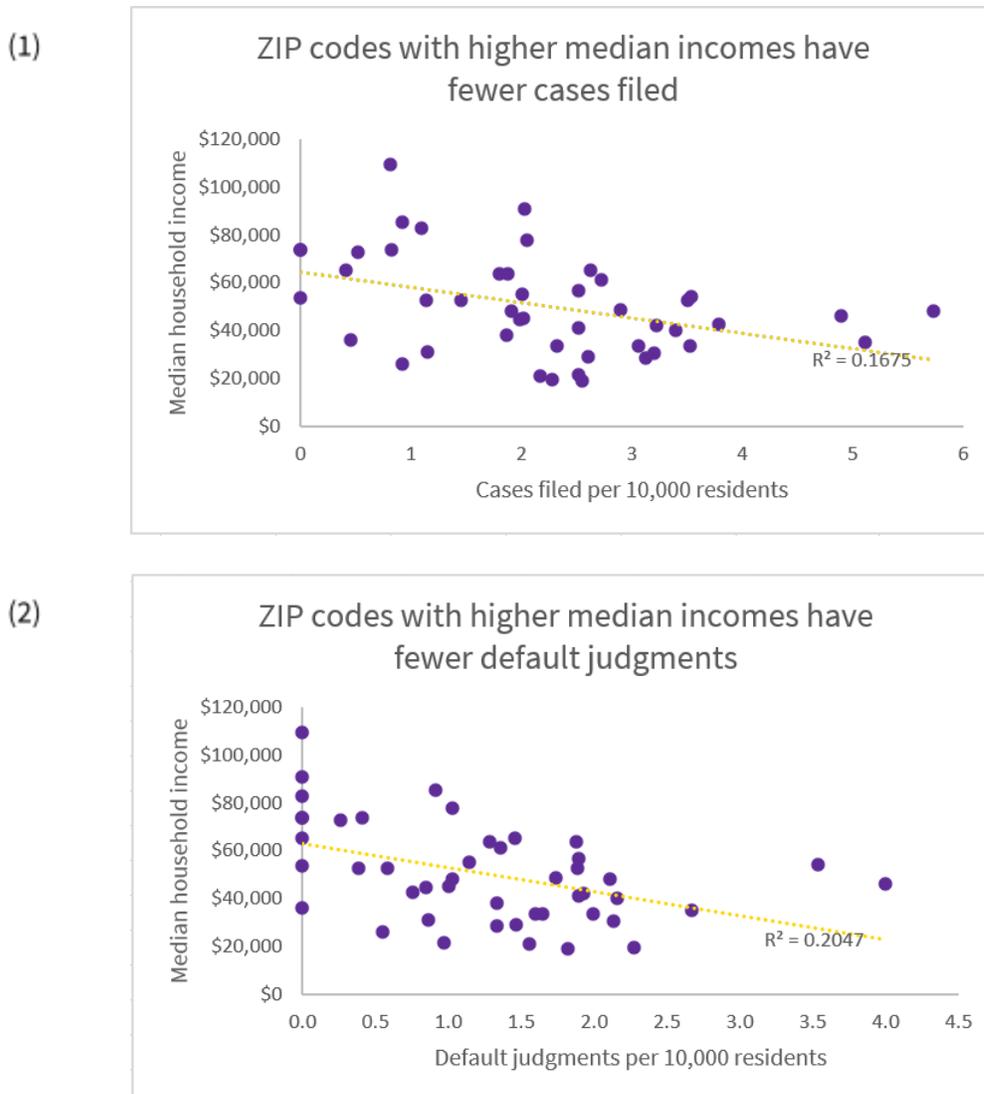
Debt buyer lawsuits disproportionately affect low-income and Black communities in Philadelphia.

More cases are filed and more default judgments occur in ZIP codes with lower median incomes and higher proportions of Black residents. In other words, individuals with lower incomes and those living in areas with higher proportions of Black residents are more likely to have cases filed against them and if they do have cases filed, they are more likely to result in default judgments.

The scatterplots in Figure 8 depict the relationships between median income and (1) the number of cases filed and (2) the number of default judgments. In both cases, there is a negative correlation, indicating that higher median incomes are associated with fewer cases filed and fewer default judgments. The correlation for cases filed is small ($r=-.20$) and not statistically significant, meaning that we cannot be confident that the relationship observed in the sample would appear again if we drew a different sample. The correlation for default judgment is moderate ($r=-.34$) and is statistically

significant ($p=.02$), meaning we can be confident that the relationship is not likely due to chance and would likely be true for all cases.

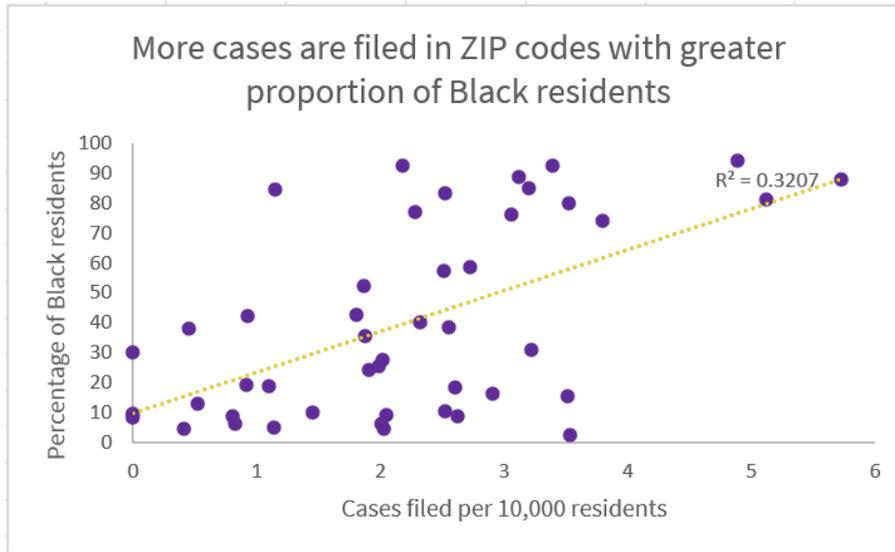
Figure 8



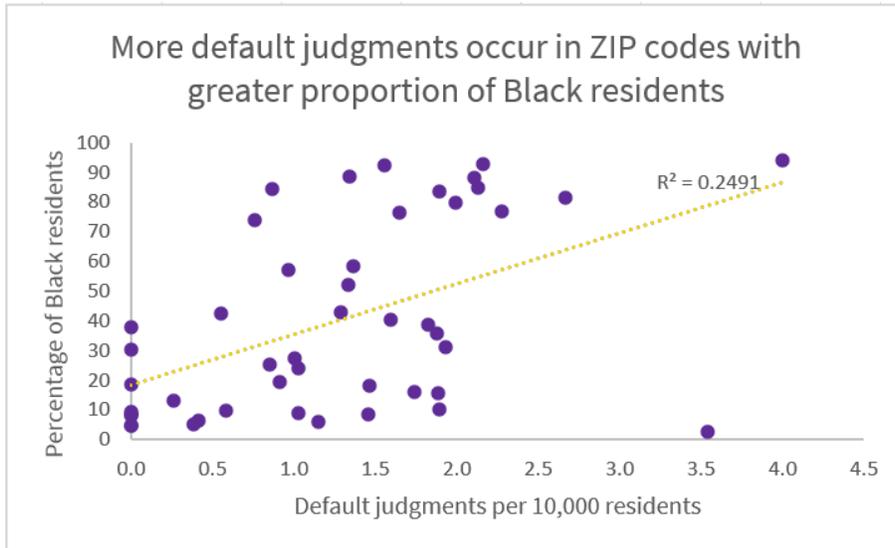
The relationship between debt buyer lawsuits and proportion of Black residents is stronger than the relationship with median incomes. The scatterplots in Figure 9 show the relationship between the proportion of residents who are Black and (1) the number of cases filed and (2) the number of default judgments. The correlation for cases filed is moderate-strong ($r=.57$) and the correlation for default judgment is slightly smaller ($r=.50$). Both correlations are statistically significant ($p<.001$), offering a high degree of confidence that this relationship is likely true for all cases, not just the random sample drawn.

Figure 9

(1)



(2)



In a significant number of cases, consumers cannot be served.

In nearly a third of cases (31% of all cases and also in 31% of cases in the random sample), service was not made at some point in the proceedings as noted in the Court docket. If service is not made, cases can be re-listed and service can be attempted again or the case may be withdrawn, so this does not necessarily reflect the final outcome of the case. In the random sample, about one in five cases (19%) resulted in dismissal due to no service as the final outcome in the case.

This was one of few instances in which outcomes differed significantly between different debt buyers. Portfolio Recovery Associates, while virtually equally likely to not make service, was much less likely to have a case dismissed due to lack of service and much more likely to withdraw a case (Portfolio Recovery withdrew 44% of all cases compared to 9% for LVNV Funding and 4% for Midland Funding).

Figure 10

	Cases Dismissed due to no service		Service not made at some point	
	Number	%	Number	%
All	68	19%	114	31%
Midland Funding LLC	54	23%	75	32%
LVNV Funding LLC	13	15%	27	31%
Portfolio Recovery Associates LLC	1	2%	12	27%

Even with the ability to seize bank accounts, relatively few judgments are satisfied.

In the random sample, there are 20 cases with default judgments (10% of all default judgments) where plaintiffs have attempted to seize funds from defendants’ bank accounts. (Portfolio Recovery Associates was not the plaintiff in any of these cases). Just 24 out of 207 (11.6%) default judgments have been satisfied to date; and 5 out of 25 (20%) of judgments by agreement have been satisfied to date. One other type of judgment was satisfied, meaning that in total 13% of all judgments have been satisfied to date.

Discussion

Taken together, these findings suggest that debt buyer lawsuits in Philadelphia Municipal Court have challenges that mirror challenges found in other places: high rates of default judgments, low rates of representation among consumers, and disproportionate effect in Black communities.

Debt buyers often struggle to successfully serve defendants, suggesting that they are working with inaccurate or outdated information and/or that consumers experiencing financial distress move frequently.

If service is made, most of the time consumers do not appear for their hearing, and they are rarely successful in challenging the default judgments that occur as a result. In other words, most of the time debt buyers win without having to prove their claims, and without much risk that this action will be undone later.

If consumers do appear, they rarely have legal representation. They are then required, as an individual likely inexperienced with the process and unfamiliar with their rights, to negotiate with an experienced debt buyer’s attorney in a mandatory and unsupervised conference that most always results in a judgment by agreement that cannot be appealed and usually puts the consumer on the hook for the full amount of the debt. Despite the fact that one estimate by the FTC indicated that debt buyers had

documentation in only 12% of their accounts, consumers almost never win cases on the merits, especially if they are unrepresented.

Living in a lower-income community is associated with a higher likelihood of having a case filed and a default judgment entered against a resident. Even more than median income, living in an area with a greater proportion of Black residents is more strongly associated with greater likelihood of being sued and experiencing a default judgment.

In the approximately two years following the lawsuit, only 13% of judgments are satisfied. While debt buyers are likely collecting payments on other judgments that have not yet (and may never be) fully satisfied, this is still a small number of the total cases. And all of the processes involved in debt collection lawsuits come at a cost--to debt buyers, to the Court, to taxpayers, and to financially distressed consumers and the communities they live in. While lawsuits might be financially worthwhile for debt buyers because they purchase debts for a few cents on the dollar, we can reasonably ask whether it is “worth it” for other stakeholders to maintain this system.

These findings paint a picture of Philadelphia’s debt collection litigation system in which consumers, especially those from disadvantaged communities, rarely meaningfully participate and can almost never win. It begs the question: might there be a better way?

Future Opportunities

The Court, like the country, is facing significant challenges and changes to its social, political, and operational context. The realities of the post-pandemic world will likely bring changes to Court operations, and the mass demonstrations against police brutality and systemic racism in the wake of the killing of George Floyd are likely to shine a spotlight on public systems--especially those that involve enforcement and can inflict personal or financial harm--that disproportionately affect Black people and communities. The findings of this study indicate that debt buyer lawsuits in Philadelphia Municipal Court have challenges similar to those seen in other places, including high rates of default judgments, low rates of representation among consumers, and disproportionate effect in Black communities. Policymakers have the opportunity to examine and change Court processes; some of these opportunities are explored here.

Research

Conduct qualitative research to understand the experience of consumers

While existing literature and this study support the idea that consumers often do not appear in court for debt collection cases, little qualitative research has sought to investigate *why* this is the case or *how* consumers experience the debt collection litigation system. This research could elevate the voices of those most affected by this system while giving researchers, policymakers, and the Court a better understanding of consumers’ experience in their own words and their barriers to appearance. This is particularly important for taking an equity lens, as research shows that debt collection lawsuits disproportionately affect low-income and Black neighborhoods. A qualitative study could also

investigate alternatives and what solutions consumers themselves would want, and could illuminate practical concerns. For example, researchers could explore improvements to legal letters and forms and the physical court space and what might make these more accessible, navigable, and user-friendly. The time for change like this might be right, as the Municipal Court considers how to configure its space in light of the need for social distancing.

Investigate debt buyer documentation in lawsuits

One of the key concerns about high default rates in consumer debt lawsuits is that it means that most of the time debt buyers do not need to provide the documentation to prove their claims. The FTC found that debt buyers only had underlying documentation for 12% of all accounts. While debt buyers might be more likely to choose to sue on debt for which they do have documentation, we have reason to suspect this might not nearly always be the case. A systematic study of the presence or absence of underlying documentation in debt buyer lawsuits, and how common abuses like suing on debt outside its statute of limitations are, would be very valuable.

Quantify costs and benefits to the public of the debt collection litigation system

If, as this and other studies suggest, debt buyers win in many or most debt collection lawsuits without any meaningful adversarial process, to what extent have courts become an extension of private firms' debt collection operations, and at what cost to taxpayers? This might be an even greater challenge in states outside Pennsylvania and the few others that do not allow wage garnishment for court judgments on most consumer debts. Even so, more information about just what the public costs and benefits are would allow more informed decision-making about reforms, including the policy and procedures discussed below.

Policy and procedure

Implement measures to increase likelihood that consumers will appear in court

New outreach strategies or uses of technology could encourage consumers to appear in court or “attend” hearings without having to travel to court in-person. For example, different messaging language or media might help consumers understand their options and encourage them to appear; Harvard’s Access to Justice Lab has a project called “The Problem of Default,” a set of randomized controlled trials to find out what kinds of communications can increase appearance rate for those sued on consumer debts.⁴⁰ Separately, the Court could offer options for telephonic or virtual appearance. In the near term, this option could help to protect those particularly vulnerable while the pandemic is ongoing (e.g. seniors). If these measures work well, the Court could continue to offer them. The National Consumer Law Center has outlined considerations to ensure that any court-sponsored online dispute resolution program maintains consumer protections.⁴¹ It is particularly

⁴⁰ The Access to Justice Lab, Harvard Law School. “The Problem of Default.” <https://a2jlab.org/default/>

⁴¹ National Consumer Law Center, 2019. “Consumer Protection and Court-Sponsored Online Dispute Resolution in Collection Lawsuits.” https://www.nclc.org/images/pdf/debt_collection/ib-odr-july2019.pdf

important to ensure remote hearings maintain due process and do not disadvantage consumers who do not have access to technology.

It is important to consider that if these measures are successful, the number of hearings the Court will need to administer would increase. If more people do start to appear, what does that mean for the Court? The court currently operates at a high case volume, and likely would not be able to manage if suddenly many fewer of these cases could be processed as default judgments. Policymakers and the court would need to plan and prepare for this change, and advocate for necessary process changes and resources to ensure the Municipal Court can and will accommodate more cases.

Court staff, consumer advocates, and the creditors bar should collaboratively consider changes to court procedures to protect the integrity of the legal process

This study has shown that the Philadelphia Municipal Court process for consumer debt lawsuits creates little participation and low likelihood of positive outcomes for consumers, and evidence from other studies suggests that debt buyer litigation in its current form often is often failing to uphold the principles of a fair legal process, if not outright violating rules of evidence. The opportunity highlighted above to increase appearance rates only helps consumers if, when they do appear, they are participating in a fair process.

In 2015, local legal aid organizations and the creditors bar agreed to test a pilot program with the goal, according to the First Judicial District's budget testimony, "to reduce the number of default judgments entered in debt collection cases, as well as educate debtors/defendants concerning their rights and responsibilities and ensure that creditors have adequate documentation to prove their case."⁴² While the pilot ran into challenges and the program was discontinued, it suggests that there might be appetite and opportunity for further collaboration to address these challenges. A working group comprised of representatives from the Court, consumer advocates, and the creditors bar could come together to consider, recommend, and evaluate a set of changes to current court processes, including:

- Requirements for documentation related to ownership and age of debt and/or service of process (see Pew's recent report for measures adopted in state courts)⁴³
- Change the settlement conference process, for example by establishing a neutral party to mediate, developing templates for settlement that are more like typical settlements in that the parties are more likely to agree to a reduced amount, and/or enabling agreements without judgment.
- Develop, test, and make available accessible self-help materials to assist consumers in navigating the process, using research on best practices.⁴⁴

⁴² First Judicial District Testimony to Philadelphia City Council, 2016. Fiscal Year 2017 Operating Budget.

<http://phlcouncil.com/wp-content/uploads/2016/05/First-Judicial-District-Testimony-2016.pdf>

⁴³ Pew, 2020. See note 1.

⁴⁴ Griener, J. David; Jimenez, Dalie; and Lupica, Lois, 2017. "Self-Help, Reimagined," *Indiana Law Journal*: Vol. 92 : Iss. 3 , Article 6. <https://www.repository.law.indiana.edu/ilj/vol92/iss3/6>

Appendix

Comparison of case and outcome distribution between full data set and random sample

	Total cases	% of total	Cases with a Default Judgment Disposition		Cases resulting in Judgment by Agreement		Cases where service not made		Judgment for Defendant (inc. Default)	
			Number	%	Number	%	Number	%	Number	%
Full data set										
All	7365	100%	3911	53%	651	9%	2273	31%	195	3%
Midland Funding LLC	4763	65%	2590	54%	391	8%	1523	32%	147	3%
LVNV Funding LLC	1580	21%	840	53%	168	11%	505	32%	38	2%
Portfolio Recovery Associates LLC	1022	14%	481	47%	92	9%	245	24%	10	1%
Random sample										
All	366	100%	207	57%	25	7%	114	31%	10	3%
Midland Funding LLC	234	64%	138	59%	13	6%	75	32%	6	3%
LVNV Funding LLC	87	24%	49	56%	9	10%	27	31%	4	5%
Portfolio Recovery Associates LLC	45	12%	20	44%	3	7%	12	27%	0	0%

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