



# Cutting-Edge Direct Pay Tracking

## THE PROBLEM

A US credit issuer was failing to forward consumer payments on accounts that had been sold to a debt buyer in a timely manner. This led the debt buyer to collect the wrong account balance, causing significant disruption to consumers. Further problems resulted from the debt buyer's failure to make timely updates to consumer account balances upon receipt of direct payments from the issuer.

## THE SOLUTION

Deploying Convoke's direct pay tracking tools enabled the credit issuer to easily track receipt and forwarding of consumer payments to the debt buyer. Tracking the debt buyer's confirmation of payment receipt also reduced the time it took to update consumer account balances and improved compliance.

**\$100M**  
RECOVERY STREAM  
INTACT

## KEY CLIENT OUTCOMES

- ◆ Credit issuer able to grow and maintain debt sale program.
- ◆ Direct payments could be attested to fulfilling SLA requirements.
- ◆ Collection now based on accurate account balance information.
- ◆ Debt buyer enabled to eliminate improper collection activity.

DIRECT PAYS  
FORWARDED



SLA FULFILLED



ACCOUNT BALANCES  
ACCURATE



COLLECTION  
ACTIVITY CORRECT



## IDENTIFYING THE CORE ISSUE

A US credit issuer received a consent order from the Consumer Financial Protection Bureau (CFPB) after failing to forward direct payments on consumer accounts that had been sold to a debt buyer. In analyzing the situation, it became clear that the issue stemmed from a flaw in the issuer's recording process. For several years, the company had lacked a policy for informing consumers that their accounts had been sold, and to which organization their balance payments should be made in the future. This caused consumers to make incorrect payments to the credit issuer, unaware that the balance payments were actually due to the debt buyer.

Ultimately, thousands of payments were delayed forwarding for over a month – and in many cases were not forwarded to the debt buyer for over a year. Once payment had been received by the debt buyer, there were further delays in updating account balances. This led the buyer to collect based on incorrect balance information, for extended periods. In some cases, collection efforts were unnecessary because the balance had already been paid. This not only led to excessive consumer payments, since faulty information was being sent to credit reporting agencies, it also harmed consumer credit ratings (through no fault of the consumer).

“ Companies need robust solutions to remain compliant and to promote responsible consumer treatment.

## BRINGING CLARITY TO THE SYSTEM

To solve these problems, the credit issuer implemented Convoke's award-winning software-as-a-service (SaaS) platform. By loading all direct pays to Convoke, the issuer was able to easily track the receipt and forwarding of all direct payments to the buyer, enabling them to be fully compliant with federal regulations. Once in Convoke's system, the debt buyer was then able to load an attestation file to confirm the payment had been posted to the account within SLA. This ensured the consumer account balance was updated in a timely manner. It also prevented incorrect collection actions based on outdated information, reducing the potential for consumer harm in the process.

## PROVIDING PEACE OF MIND

No credit issuer wants to find itself in a situation that leads to a consent order. Every organization needs to know they have straightforward solutions in place that will enable them, and their debt buyers, to prevent future regulatory entanglements and consumer harm. Today, email and Excel workbooks are insufficient tools for tracking the lifecycle of direct pays across multiple accounts. As collection activities come under increased regulatory scrutiny, companies need robust solutions in order to remain compliant and to promote responsible consumer treatment. By deploying Convoke's platform – which uses a central hub for loading and tracking direct pay data – credit issuers and debt buyers alike can be confident that they are in compliance and treating consumers fairly.

