



## **The Fair Debt Collections Practices Act (“FDCPA”) Applies Only to Third Party Debt Collectors**

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The Fair Debt Collections Practices Act (“FDCPA”), 15 U.S.C. §§ 1692-1692p, is a federal law that was instituted to regulate the collection practices of debt collectors and to protect consumers from abusive debt collection practices. However, it is important for businesses to note that this law generally does not apply to a business collecting its own outstanding accounts receivable.

A debt collector under the FDCPA is defined as “any person who uses any instrumentality of interstate commerce or the mails in any business the principal purpose of which is the collection of any debts, or who regularly collects or attempts to collect, directly or indirectly, debts owed or due or asserted to be owed or due another.” However, the FDCPA specifically exempts “*any officer or employee of a creditor* while, in the name of the creditor, collecting debts for such creditor” from the definition of a debt collector. These persons are treated as a “creditor” under the FDCPA, and thus they do not have to comply with the FDCPA. In addition, the FDCPA only applies to consumer debts which are defined as debts “*primarily* for personal, family or household purposes.”

Therefore, the FDCPA generally does not apply to a business collecting its own outstanding accounts receivable. It is when the account is referred to a third party for collection, such as a collection agency or attorney’s office, that the FDCPA would apply to the third party’s collection actions.