From Recovery to Growth:

Debt Purchase, Collections and Affordable Credit

Perspectives from practitioners across the debt sector.

csa
voice of the collections industry

Contents

Up to

£1.4bn*

potential lending unlocked through debt sales in 2023.

Chris Leslie
CSA CEO

Foreword

Debt purchaser and debt collection firms play an integral role in the UK's financial ecosystem, even if that role can sometimes feel overlooked by Government and regulators. As Credit Services Association member Perch explains, **every £1 their firm invests in debt purchasing has the potential to unlock £3 in new lending capacity.**

This is not insignificant. CSA member data tells us that more than £50 billion of debt is owned by debt purchase members, so the amount of potential new lending capacity facilitated by the sector is enormous. As the essays in this collection demonstrate, debt collection and debt purchase services support not just wider credit availability, but also economic growth and financial resilience across the UK.

Much of the public debate around credit understandably focuses on lending decisions, affordability, access to credit and consumer protection. While there is now a healthy public discourse and policy focus on consumer protection, affordability and helping those in financial difficulties, there is less attention on the importance of resolving non-performing debt obligations to sustain a well-functioning modern credit market and growing economy.

*CSA analysis based on PwC's 2023 market data.

The organisations represented in this publication operate at an important junction between creditors, consumers and the wider economy. Through debt purchase and debt collection, they help recycle capital back into the financial system, support the continued availability of credit, strengthen balance sheets and enable businesses to continue investing, lending and growing. While the sector's importance to the economy can sometimes be forgotten by policymakers, Cabot Credit Management's contribution to this essay collection indicates that the general public does recognise the important role of debt recovery, reporting that 88% of consumers believe repayment is important to the economy.

I was pleased to see that these essays also challenge a number of long-standing misconceptions about debt collection, misconceptions that often contribute to poor quality public debate around the sector. The modern industry is highly regulated and firmly focused on achieving positive customer outcomes. Whether through affordability assessments, vulnerability support, flexible repayment arrangements or partnerships with debt advice organisations, firms across the sector are helping individuals move from financial difficulty towards greater stability and independence.

The contributions brought together here illustrate the breadth of the sector's impact. Of course, there are significant financial impacts – the above-noted figures around credit availability; the contribution from Advantis highlights Government Commercial Agency (GCA) statistics that suggest every £1 spent on private collection services returns £34 to the public sector; and more than £5 billion recovered by CSA members in 2024/25. But these essays also highlight the human impact, for example, Lowell supporting more than 3,000 customers a day to get back on track, and the social impact, such as Cabot Credit Management's education initiative. Collectively, they demonstrate that debt purchase and debt collection are not peripheral functions operating at the end of the credit lifecycle. Rather, they are essential components of a financial system that seeks to balance consumer protection, access to credit and economic growth.

As policymakers continue to consider the future of consumer credit, financial resilience and economic competitiveness, I believe it is crucial that they recognise and understand the essential role of debt resolution to the economy. The evidence set out in these pages shows that when carried out responsibly, debt purchase, debt collection and specialist servicing support not only individual consumers and businesses, but the strength, resilience and inclusiveness of the UK economy as a whole.

Executive summary

The UK's financial system depends on the continuous and efficient flow of capital. Lending is the most visible part of that system, but it is only sustainable where lenders and service providers can manage risk, recover value from non-performing debt and continue making credit, goods and essential services available to consumers and businesses.

Debt purchasers, debt collection agencies and specialist servicing firms play a critical role in making this possible. By purchasing, managing and resolving non-performing portfolios, the sector helps remove impaired assets from lenders' balance sheets, reduce pressure on capital and support the continued flow of lending across the economy.

The impact is significant. Perch Group states that £100 million invested in acquiring portfolios from UK financial institutions in the year to March 2026 could support up to £300 million in additional lending capacity elsewhere in the banking system. PRA Group cites analysis from the CSA's Compliance Conundrum report[1], which indicates that releasing non-performing loans from balance sheets had the potential to unlock up to £1.4 billion in new consumer lending availability. Further, Advantis Credit Ltd states that more than £1.7 billion has been recovered for the public sector since 2004 and that around £270 million is collected annually on behalf of its clients.

This matters because unresolved debt has consequences beyond an individual account. Where lenders are unable to transfer, manage or resolve non-performing debt efficiently, losses remain on balance sheets longer, capital remains tied up and lending becomes more expensive to sustain. In practice, this can mean higher borrowing costs, tighter eligibility criteria and reduced access to mainstream credit. The sector therefore supports not only credit availability, but credit affordability and inclusion.

The contribution is also practical and immediate. NCO Europe reports returning £544.5 million to creditors between January 2025 and June 2026 while supporting 458,837 customers through affordable repayment arrangements. Perch Group reports direct economic contributions including £5.5 million in corporation tax, £1.6 million in National Insurance contributions and approximately £1.7 million in business rates and net VAT contributions.

1. Credit Services Association's 2024 Compliance Conundrum report, chapter 5, page 18

Macro and micro economic benefit matrix

Benefit area	Macroeconomic effect	Microeconomic effect
Capital and credit	Releases capital, supports lending capacity and reduces systemic drag from non-performing loans.	Helps preserve access to regulated credit for households and small businesses.
Public finances	Returns money to the public purse and reduces pressure on taxation or borrowing.	Supports fairness by ensuring unpaid obligations are addressed proportionately.
Consumer outcomes	Strengthens financial inclusion and economic participation.	Provides affordable repayment routes, forbearance and specialist vulnerability support.
Market resilience	Improves confidence across lending, utilities, telecoms, retail and public service markets.	Reduces unmanaged arrears and gives consumers clearer routes to resolution.

Alongside this macroeconomic role, the sector provides a fair, regulated and structured route out of financial difficulty. Modern debt resolution extends beyond recovering balances to include affordability assessments, vulnerability identification, tailored repayment arrangements, forbearance, digital engagement and collaboration with debt advice organisations. These services help individuals move from unmanaged arrears towards sustainable financial recovery.

The sector also contributes to employment, skills and regional growth; contributors highlight hundreds of roles across customer service, compliance, data and operational functions, supported by apprenticeship programmes, professional development pathways and financial education initiatives. Cabot also highlights its Skills 4 Bills programme, designed to improve financial awareness among young people.

Taken together, the evidence demonstrates that debt purchase, debt collection and specialist servicing firms perform a function that extends far beyond debt recovery.

They support lending capacity, strengthen financial resilience, contribute to public finances, help maintain access to affordable credit, and provide structured pathways out of financial difficulty. Without these mechanisms, capital would remain tied up, lending would become more constrained, and the financial system would be less efficient, less inclusive and less resilient.

More than

£1.7bn

recovered for the public sector since 2004.

Sarah-Jane Mulreay

Client Services Director, Advantis Credit Ltd

The Hidden Infrastructure of Public Finance: Why Responsible Debt Collection Matters to the UK Economy

When people discuss the foundations of a strong economy, they typically reference banks, businesses, infrastructure or public services. Rarely is debt collection a consideration. And yet, behind every effective financial system sits a network of organisations working to ensure that money owed is recovered fairly, equitably, responsibly and efficiently. In the public sector particularly, this role is vital. Every year, government departments and public bodies are owed significant sums through unpaid taxes, fines, legal obligations, overpayments and other public debts. Recovering these funds is not simply an administrative exercise; it is an important part of maintaining healthy public finances and ensuring fairness across society.

Advantis has been part of that network since 2004. From our base in Stoke-on-Trent, a team of more than 250 people helps over two million customers each year. We collect for creditors across the sectors that underpin daily life — utilities, telecommunications and consumer credit - and we have spent more than 15 years supporting central government departments, local government and public sector organisations to recover money owed to the public purse.

Recovering public sector money

During that time, we have helped recover more than £1.7 billion for the public sector, now collecting around £270 million annually on behalf of these clients. While these figures are significant, their wider importance lies in what they represent; money returned to public finances that can be used to support essential services, infrastructure and investment. For context, £1.7 billion is a sum equivalent to funding the salaries of 34,000 nurses. Published figures from the Government Commercial Agency which manages the Debt Resolution Services framework used by central government, local authorities, NHS bodies and other public organisations show that for 2024-25 private debt collection services recovered £34 for every £1 spent. A significant return on investment.

Government itself recognises what this means for public finances. As Bim Afolami MP, then Economic Secretary to the Treasury, put it in the government's Debt Fairness Charter[2]:

"Billions of pounds of debt owed to government is collected every year, which is used to pay for vital public services that UK citizens rely on, such as health, welfare, and education.

It is right and proper that people should repay money they owe. But everyone's circumstances are different, and this should be done in a way that is fair, compassionate, and appropriate for those in debt, taxpayers, and the government."

Wider impact

It's also worth noting that government debt is fundamentally different from many other forms of commercial debt. When a public debt remains unpaid, the impact is ultimately borne by taxpayers. Funds that should be available for public services remain outstanding, creating additional pressure on already stretched budgets. Whether the debt relates to unpaid tax, legal aid contributions, vehicle-related charges or other government receivables, the principle remains the same. Recovering what is owed helps ensure that public resources are distributed fairly and that those who meet their obligations are not unfairly subsidising those who do not.

Effective recovery does more than recover money after the event. It provides government with the confidence to extend credit and financial support in the first place. Knowing that there is a fair and proportionate recovery framework allows departments to provide assistance to more individuals and businesses while protecting taxpayers from avoidable losses.

HM Treasury and Government Debt Management Function, Debt Finance Charter 2024

This role becomes particularly important during periods of economic uncertainty. Public finances face increasing demands, while governments must continue investing in growth, supporting vulnerable individuals and delivering high-quality public services. Effective debt recovery helps strengthen fiscal resilience by returning money that is already owed rather than relying solely on increased taxation or additional borrowing. In this way, responsible collections activity contributes directly to the sustainability of public finances. Without it, departments would either become more restrictive, increase eligibility thresholds or absorb larger losses.

Perceptions of our sector

Outdated perceptions of the industry can create an impression that collection activity is focused solely on recovering money, not aided through unqualified and sensationalised stories in the media and on TV. The reality is very different. Modern debt collection is fundamentally about engagement, support and resolution.

Today's collection agencies operate within robust regulatory and governance frameworks and invest heavily in customer support, vulnerability identification, accessibility, and affordability assessments, as well as social value frameworks. Most debt collection agencies, including Advantis, are regulated by the Financial Conduct Authority (FCA) and are also Credit Services Association (CSA) members meaning they work to industry best practice standards and associated legislative instruments.

At Advantis, our objective is not simply just to recover debt but to help customers find sustainable solutions. We work with individuals and businesses facing a wide range of circumstances, including financial hardship, health challenges and other vulnerabilities. Through flexible repayment arrangements, digital self-service options, tailored communications, thoughtful AI adoption and specialist expert support, we seek to achieve positive outcomes for both the customer and the organisation we represent. We take a digital-first approach designed to give customers the agency and flexibility in contacting us in a manner which best suits their needs. Additionally, where a debt is disputed, we also work with the customer and our client to investigate and resolve the matter.

This approach benefits everyone. Customers are able to address outstanding obligations in a manageable way, while government departments achieve improved recovery rates without compromising equitable treatment. For the business debts we work, appropriate forbearance and sustainable repayment arrangements can mean the difference between continuing to trade or failing. That protects jobs, supports economic growth and enables those businesses to continue contributing to the public purse. The result is a system that supports both fiscal responsibility and positive customer outcomes.

Equally significant is what would happen if specialist debt recovery services did not exist.

Government departments would need to build and maintain substantial internal collection operations, requiring significant investment in technology, specialist expertise and operational resources. Recovery rates would likely reduce, administrative costs would increase and valuable public funds could remain unrecovered for longer periods. This would place additional pressure on public finances and ultimately reduce the resources available for essential services.

Societal benefits

Additionally, there is a broader societal impact. Effective debt recovery reinforces confidence in public systems by demonstrating that obligations are applied consistently and fairly. Most individuals and businesses meet their responsibilities every day. A functioning recovery system helps ensure that this commitment is reflected across society as a whole.

For policymakers, this highlights an important point. Debt collection should not be viewed as a peripheral activity that takes place after a financial obligation has arisen. It is an integral part of the wider financial ecosystem. It supports economic resilience, strengthens public finances, protects taxpayers and provides valuable insights into emerging trends in financial vulnerability and consumer behaviour.

As government continues to focus on growth, efficiency and delivering better outcomes for stakeholders, the contribution of the debt collection sector should not be overlooked. Responsible recovery allows public bodies to focus on delivering services while ensuring that money owed to the public purse is returned in a fair, proportionate and customer-focused way.

Debt collection may be one of the least visible parts of the financial system, but it remains one of the most important. By supporting the recovery of public money, promoting fairness and helping customers find sustainable solutions, the sector plays a vital role in supporting both the UK's economy and the society it serves.

87%

of people believe engaging and paying off your debts is the right thing to do. 88% say it's important for the economy.

Paul Jenkins
CEO, Cabot Credit Management

Supporting Financial Freedom - What Consumers Tell Us About Responsible Debt Resolution

Supporting consumers who are actively dealing with financial stress each day is a vital part of our economy.

Without the work performed by debt purchasers and debt collectors in the UK, people would have fewer options to bring themselves back to a place of financial stability and therefore experience hardship and its impacts for a much greater period.

However, I guess you'd expect me to say that as the Chief Executive Officer of one of the UK's largest Debt Collection and Purchasing Companies. That's why I'd like to use this essay to demonstrate that this view is actually that of the people our companies serve, rather than some form of corporate spin on social media or political statement made stood on a soapbox.

Periodically, Encore Capital Group, (Cabot Credit Management's parent company) conducts an Economic Freedom Study which asks general population adults (not customers of Encore / Cabot) about what causes them the most financial stress and the best ways to address their financial challenges. This includes exploring attitudes toward working with debt collection companies to resolve past-due debt and what would make people feel comfortable during what is invariably a very difficult time.

What are people telling us?

> Most U.K. adults who already have a past-due debt say that they are in a chronic debt situation, believing all or most of their debt will take a long time to pay off.

> Nearly all past-due debt holders say they plan to pay off their debts, with significantly more saying they will need help paying it off than claimed that was the case in 2022.

> An increasing percentage of people also say they plan to work with a debt collection company to repay their debt than they did in 2022. It's not seen as a weakness or stigma to engage with and use the support offered by a debt collector in the way it might have been historically.

> Among those who successfully paid off their debt in 2025, significantly more adults say they worked with a debt collection company than in 2022 to achieve it. So, when people engage, the results and outcomes appear to be positive and endorsed by those who needed the help.

These facts, coming directly from the public, instantly show the role debt purchasers and debt collectors are playing. It is one of support, providing different options from those offered by the original creditor, and one that people recognise as necessary, and want to use. Most importantly, it also challenges the perception that the public sees debt collectors as a negative experience and something to avoid. In fact, 87% of people believe that engaging and paying off their debts are important and the right thing to do, and 88% say it is important for the economy.

Offering flexibility

People also tell us that verbal methods (Telephone - 39%, In person - 28%) are desired alongside email (45%) and mobile apps (19%) to give them flexibility. The impact our colleagues have in providing flexibility and driving the humanity behind our technology solutions, again show that the accessibility and different solutions companies can offer - which creditors might not be able to service due to the time they take to complete - are critical in making the cycle function properly.

The public are also telling us that providing flexible payment plans, offering debt forgiveness and having hardship policies and patience help people through unexpected issues. The real position is that the vast majority of people have positive intent to engage, pay off what they owe and don't see a 'Debt collection interaction' as a barrier to this when handled professionally and acknowledging their needs. If you remove the specialist support being provided in a time of need and in turn speed up other tools used to recover outstanding monies, you will alienate people who have positive intent and create a domino effect in other parts of the Credit cycle.

So, whilst there are numerous indisputable economic reasons why debt purchase and debt collection bring value to the credit cycle, the biggest comes in the form of the flexibility, empathy, tailored solutions and forbearance that companies, and most importantly their colleagues, offer to customers. Those customers are telling us that this is what they desperately need to become debt free in the shortest affordable time. The ability to engage and create greater financial freedom through methods people are comfortable with is a critical factor, and one we have a duty to provide and execute well.

Social impact

I'm proud of what Cabot's people achieve every day. Proud of the support they give people who are asking for it and need it to return themselves to a position of greater stability. I'm not afraid to say that to a friend or a customer because I know that in almost every case, we want the same thing. To be debt free. To have financial freedom. To pay off what is owed. We shouldn't be ashamed to champion the benefits of the work our people deliver. By breaking down barriers, meeting customers' needs and finding ways to work with them, we are benefitting everyone. Additionally, by using our position to educate future generations on credit, debt and financial literacy as we do through our Skills 4 Bills® programme, which gives Key Stage 2 (age 9-11) children awareness of the financial commitments and decisions they will face during their lives, we can also continue to build on the positive intent which exists in the people who need our help. Based on the evidence, I find it impossible to believe everything here isn't bringing value for people who need it or that things would be better if those services were not part of the cycle.

If you'd like more detail on what people are telling us, you can read our full Economic Freedom Study here:

https://www.encorecapital.com/articles/encore-announces-findings-of-2025-economic-freedom-study/

"By helping providers manage risk effectively, the collections industry supports the continued growth of innovative financial products".

Ben Calvert
Commercial Director, COEO

Powering the Next Generation of Credit - Why Modern Collections Matter to Buy Now, Pay Later

Buy Now, Pay Later has fundamentally changed consumer finance.

Millions of people now expect instant access to short-term, interest-free credit, embedded seamlessly into the checkout experience. The model has opened access to flexible payment options for consumers and created new growth opportunities for merchants. It has become an important part of the UK's retail economy. Yet every credit product has a lifecycle. While most customers repay on time, some inevitably fall behind. What happens next is just as important as the decision to lend in the first place.

As BNPL continues to grow, so too does the need for a modern, scalable approach to debt resolution.

A different kind of collections

Traditional debt collection was designed around higher value, 'traditional' credit products.

BNPL presents the opposite challenge.

Today's portfolios often consist of millions of lower-value accounts that require fast, intelligent and highly automated engagement. Customers expect digital communication, immediate self-service and personalised support. Manual processes simply cannot operate at this scale while delivering the experience consumers rightly expect.

This is not just a technology challenge. It is a customer outcomes challenge.

Success depends on reaching customers early, understanding their circumstances and making it as easy as possible for them to resolve outstanding balances before financial difficulties escalate.

Technology enables better outcomes

At COEO, we believe technology can improve the experience for everyone involved.

Artificial intelligence, behavioural analytics and digital engagement allow us to communicate with customers through the channels they already use, at the moments they are most likely to engage. Customers can self-serve, arrange payment plans or seek support without lengthy telephone conversations or unnecessary friction.

For lower-value balances, this matters enormously.

When the cost of servicing an account approaches the value of the balance itself, efficiency is not simply a commercial objective. It is what makes fair, personalised treatment possible at scale.

Technology can also enable firms to identify customers who may need additional support, ensuring vulnerability remains central to our decision making while allowing specialist colleagues to focus where human intervention adds the greatest value.

Supporting sustainable lending

Effective debt resolution is an essential part of responsible lending.

For BNPL providers, confidence that accounts can be managed fairly and efficiently throughout the customer lifecycle allows them to continue offering accessible, affordable payment options to millions of consumers. Without this capability, the economics of lower-value lending become significantly more challenging. Providers would need to increase costs, tighten lending criteria or reduce investment in new products and services.

The result would be less choice for consumers and reduced access to flexible credit.

By helping providers manage risk effectively, the collections industry supports the continued growth of innovative financial products that benefit consumers, retailers and the wider economy.

Changing perceptions

The collections industry has evolved significantly over the past decade.

Today's leading firms are technology businesses, data businesses and customer service businesses. Success is measured not only through recovery performance but through customer engagement, regulatory compliance and positive consumer outcomes.

Historically, collections sat at the end of the credit lifecycle. Under the FCA's Deferred Payment Credit (DPC) regime and Consumer Duty, how customers are treated in arrears becomes part of the overall value proposition of the product itself. That means lenders increasingly need collections partners that can demonstrate good customer outcomes, not just recoveries. It's a subtle but important shift, and one that plays directly to the strengths of our sector.

Looking ahead

The future of credit will be increasingly digital, embedded and personalised. Debt resolution must follow the same path.

Artificial intelligence, predictive analytics and automation will continue to improve how we identify vulnerability, personalise engagement and help customers resolve financial difficulties before they become more serious. This is not simply about recovering debt more efficiently. It is about building a financial system that works better for everyone.

The UK's fintech sector has become a global success story because it combines innovation with consumer protection. Modern debt resolution is an important part of that success.

As policymakers consider the future of consumer credit, it is important that the conversation extends beyond how credit is provided to how it is resolved. The ability to manage lower-value, higher-volume lending responsibly is what enables innovative products like BNPL to remain accessible, sustainable and trusted.

Lowell helps

7 million customers

with over 3,000 people each day getting back on track through payment agreements.

John Pears
CEO, Lowell UK

Making Debt Resolution Work for People and the Economy

When people talk about credit, they tend to focus on the beginning of the journey and the point at which money is lent or a service is provided. Less attention is given to what happens when customers run into difficulty and can no longer repay what they owe. But that part of the system is fundamental to the health of the UK economy.

Supporting the availability of affordable credit

Every decision to lend money or provide a service involves a degree of risk. Businesses need confidence that, where debts remain unpaid, there is a fair and effective way of resolving them. Debt purchasing and debt collection are part of the infrastructure that enables lending, investment and essential services to function, not just something that happens at the end of the credit journey.

Without that confidence, businesses become more cautious about who they serve, how much risk they take and where they invest. The result is not a debt-free society. Instead, losses would rise, lending criteria would tighten and the costs would ultimately be passed onto consumers. Access to mainstream credit would become more limited and, in many cases, more expensive. The people most likely to be affected would be those already near the margins of financial resilience.

Supporting a healthy financial ecosystem

This is one of the reasons why responsible debt resolution matters. It supports a healthy financial ecosystem by helping organisations manage risk while giving customers a realistic route out of problem debt.

At Lowell, we work with retail, telecoms, utilities and financial services companies that have already delivered a service or extended credit but have not been paid. We purchase debt and work with customers to find an affordable way forward. That allows our clients to focus on serving existing customers, investing in growth and continuing to provide products and services that millions of people rely on every day.

> **The role of the industry is not just economic; it is also increasingly social.**

What is often described as a cost-of-living crisis increasingly looks more like a longer-term condition. Household financial resilience has been eroding for years, consumers are less able to absorb financial shocks, and more people are likely to experience periods of difficulty. For many, it may also take longer than before to recover.

Against that backdrop, one persistent misconception is that debt recovery is simply about collecting money. In reality, specialist debt purchasers can often provide greater certainty, flexibility and a clearer path towards becoming debt free.

Our sector is built around helping people resolve debt problems in a fair and ethical way. That means investing in training for colleagues, using data to better understand customer circumstances and designing repayment plans around affordability.

Supporting financial stability

The more important question is whether someone can resolve a debt problem and move forward with their life. I think about our role in terms of debt resolution, inherently more flexible, longer term and customer-centric, rather than debt collection. The objective is not simply to recover balances but to help people find a sustainable route to becoming debt free.

We also know that debt can feel daunting. People often delay dealing with it because they are uncertain, overwhelmed or worried about what will happen next. The industry's biggest opportunity is to make that first step easier. Earlier engagement is often the key to helping customers find the right solution.

This is where the sector is changing. Fairness and ethical treatment remain essential, but they are increasingly expected. The next differentiator will come through better engagement, stronger personalisation, deeper use of data and making it easier for customers to navigate difficult situations. Success will come from putting control in the hands of the customer and allowing them to shape their own path to becoming debt free.

Importantly, customer outcomes and commercial outcomes should not be seen as pulling in opposite directions. Our experience is that they are closely linked. When customers are treated fairly, understand their options and are given solutions that reflect their circumstances, they are more likely to engage. Better engagement leads to better outcomes for customers and stronger outcomes for businesses.

Supporting the political landscape

The sector also has an important role to play in political discussions. Public confidence in debt collection is not always where it should be, making engagement harder. At the same time, financial resilience is under pressure, consumer expectations are changing and policymakers face difficult questions about affordability, vulnerability and access to credit.

Those conversations should be informed by practical experience and evidence from organisations that work directly with customers every day. If the sector is overlooked, changes intended to help consumers could ultimately make debt problems harder to resolve. Good policy should protect customers while recognising the role responsible debt recovery plays in supporting lending, investment and economic resilience.

That belief underpins our ‘Fairer Debt, Fairer Society’ campaign, which focuses on fairer council tax debt collection and modernisation of the Consumer Credit Act. Over the past two years, the campaign has driven important progress in both areas. Our Financial Vulnerability Index is another way we support better understanding of financial resilience among policymakers, showing how it varies across the UK and where support is needed most.

The UK benefits from competitive credit, retail, utility and telecommunications markets. Those markets rely on confidence, responsible risk-taking and effective mechanisms for resolving debt when customers’ circumstances change. Debt purchasers and debt recovery firms form an important part of that system. They support future lending and investment, help organisations continue serving customers and provide people with realistic pathways to resolving debt problems.

For me, that is ultimately what good debt recovery should achieve. It should not simply be about collecting money, but empowering people to rebuild their finances, making debt feel less intimidating and supporting a system that works better for consumers, businesses and the wider economy.

£544.5 million

returned to creditors by NCO in January 2025 – June 2026.

Sonya Bilsborough
CEO, NCO Europe Ltd

The Backbone of Responsible Lending: How End-to-End Debt Collections BPO Supports Lenders, Debt Purchasers, and the Consumers They Serve

Every time a consumer falls behind on a payment - whether on a motor finance agreement, a credit facility, or a buy-now-pay-later arrangement - there is a critical moment of decision. How that moment is handled shapes outcomes not only for the customer, but also for the lender, debt purchaser, and the wider availability of credit across the UK economy.

Sustainable repayment

Handled properly, temporary financial difficulty can be resolved through sustainable repayment arrangements and supportive engagement. Handled poorly, the same situation can escalate into complaints, regulatory scrutiny, legal action, and long-term financial harm.

This is where specialist debt collections operations play an essential role. NCO Europe is an FCA authorised debt collections BPO headquartered in Preston, employing approximately 425 UK based agents delivering end-to-end collections, customer care, and complaints management services for lenders and debt purchasers across the UK and Europe.

Importantly, we are not a lender or a debt purchaser. We are the operational and regulatory infrastructure that enables both to operate effectively.

Common misconceptions

Responsible collections are often misunderstood. There remains a perception that debt collection is adversarial or punitive. In reality, professionally managed collections operations are fundamental to good customer outcomes. Responsible collections are not the opposite of consumer protection - they are one of its foundations.

NCO Europe supports lenders and debt purchasers by helping customers resolve outstanding debt through fair, affordable, and sustainable repayment solutions. This enables businesses to recover revenue, maintain lending capacity, and preserve the capital needed to continue offering credit.

Returning money to creditors

The wider significance of this activity is often overlooked. Between January 2025 and June 2026 NCO Europe returned £544.5 million to creditors and supported 458,837 customers through affordable repayment arrangements.

> **It also provided tailored support to 1,336 vulnerable customers, ensuring financial difficulty is addressed in a structured and sustainable way.**

These outcomes help recycle capital back into the credit market, enabling lenders and debt purchasers to continue providing funding to consumers and businesses. At the same time, they help individuals move from unresolved arrears towards manageable repayment solutions, supporting both financial inclusion and economic participation.

This means lenders can place portfolios with confidence that every customer interaction will be managed fairly, compliantly, and professionally.

This has become increasingly important as the UK consumer credit market undergoes significant regulatory change. The FCA's motor finance review, the regulation of BNPL products, and the continued implementation of Consumer Duty expectations are all reshaping the market.

The motor finance sector is already facing growing complaint volumes linked to historic commission arrangements. Firms without the operational capacity to manage complaints effectively face substantial financial and reputational risks. NCO Europe has been supporting clients in preparing for this environment through DISP compliant complaints management services delivered at scale.

Similarly, BNPL providers will soon face new obligations relating to complaints handling, collections, affordability, and Consumer Duty compliance. Many firms will need to establish operational frameworks that do not currently exist. Partnering with an experienced collections BPO provides a faster and lower-risk route to regulatory readiness.

Consumer Duty has also significantly raised expectations across the industry. Firms must now demonstrate not only that customers are treated fairly, but that they consistently achieve good outcomes throughout the customer journey. NCO Europe’s operating model is built around these principles, combining operational performance with clear evidence of compliance.

Supporting fair customer outcomes

The consumer dimension of collections work is often overlooked. Effective early intervention can prevent temporary financial pressure from becoming long-term debt distress. Our agents are trained to identify vulnerability, assess affordability sensitively, and work collaboratively with customers to find realistic and sustainable solutions.

Importantly, fair treatment and commercial performance are not conflicting objectives. Customers who feel listened to and treated fairly are more likely to engage constructively and maintain repayment arrangements. That creates better outcomes for customers, clients, and the wider credit market alike.

The collections and debt purchase sector also plays an important stabilising role within the economy. During periods of economic pressure, specialist collections BPOs help absorb operational strain by managing arrears at scale and supporting customers through financial difficulty in a controlled and compliant manner.

Taken together, these outcomes illustrate how structured collections activity contributes to both consumer financial recovery and the efficient functioning of the wider credit market. More broadly, they demonstrate how responsible collections activity supports capital recovery, responsible lending, and continued access to affordable credit across the wider ecosystem.

Ultimately, responsible collections are not peripheral to the financial services industry. They are one of the mechanisms that allow the credit market to function sustainably. By supporting consumers through financial difficulty, preserving lender capital, and maintaining regulatory standards, specialist collections BPOs perform a vital role within the UK economy.

For more than two decades, NCO Europe has delivered end-to-end collections and complaints management services designed to support lenders, debt purchasers, and consumers alike. Responsible debt collections are not simply about recovering balances. They are about protecting consumers, supporting financial stability, and ensuring the financial system continues to operate fairly and effectively for everyone it serves.

£100 million

invested in acquiring portfolios from UK financial institutions in March 2026.

perch

Powered by technology. Driven by people.

Craig Hinchliffe
Group CEO, Perch

Enabling Credit, Supporting Customers, Strengthening the UK Economy

The UK's financial system depends on the continuous and efficient flow of capital. While lending is the most visible part of that system, it is only sustainable when lenders can actively manage risk, recycle capital, and maintain healthy balance sheets.

Debt purchasers and collections businesses play a critical role in making this possible.

At Perch Group, we operate at the intersection of lenders, customers, and the wider economy. By acquiring non-performing and non-core portfolios from banks, lenders, and utility providers, we help enable continued lending, support customers in financial difficulty, and contribute to economic resilience across the UK.

Enabling Lending Through Capital Recycling

In the year to March 2026, Perch Group invested £100 million acquiring portfolios from UK financial institutions.

This activity is fundamental to the functioning of the lending market. By purchasing non-performing loans, we remove heavily provisioned assets from lenders' balance sheets, reducing risk-weighted assets and freeing up regulatory capital. That capital can then be reassigned into new lending.

The effect is significant. Under standard bank capital rules, each £1 invested in acquiring distressed assets can free sufficient regulatory capital to support up to £3 of new lending capacity elsewhere in the banking system, meaning our activity in the past year alone could support up to £300 million in additional lending across the UK economy.

Without this mechanism, lenders would face greater constraints on their ability to lend, particularly in periods of economic pressure.

Supporting Not Just Credit Availability, But Credit Affordability

The role of debt purchasers and collections firms extends beyond freeing up capital for new lending. It also helps preserve the affordability and accessibility of credit.

When lenders are unable to efficiently transfer or resolve non-performing debt, losses remain trapped on their balance sheets for longer. This increases capital pressure, raises the overall cost of risk, and makes lending more expensive to sustain. In that environment, lenders typically have only a limited number of options: raise the price of borrowing, tighten eligibility criteria, or reduce exposure to customers perceived as carrying moderate risk.

This matters because the consequences are not felt evenly.

Without a functioning secondary market supported by firms like Perch Group, many lenders would likely shift further towards lower-risk prime borrowers while reducing access for near-prime consumers, such as working- and middle-income households with moderate credit risk, who may not have perfect credit profiles but are often financially responsible and rely on fair, regulated credit products.

This could mean:

- Higher interest rates or fees for a broader range of borrowers
- Reduced availability of mainstream credit for near-prime households
- Greater exclusion of working and middle-income households from affordable borrowing options
- More consumers pushed toward financial vulnerability due to fewer regulated choices

By helping lenders manage losses, recycle capital, and maintain healthier balance sheets, debt service providers support a more sustainable credit ecosystem. This allows creditors not only to continue lending, but to do so at more affordable price points and across a broader customer base.

The collections and debt purchase market can help prevent a contraction towards ‘prime-only’ lending. It supports competition, inclusion and balanced risk-taking, helping to ensure that access to credit does not become reserved only for the financially strongest households.

For the UK economy, this is significant. A healthy credit system should not simply maximise lending volume; it should also help preserve fair access to appropriately priced credit for working and middle-income households. By supporting that balance, firms like Perch Group contribute not only to financial system efficiency, but also to broader economic inclusion.

What Happens Without This Market

The role of firms like ours is not optional - it is structural.

Without a functioning debt purchase and collections market:

- Lenders would retain higher volumes of impaired assets on their balance sheets
- Regulatory capital would remain tied up, limiting new lending
- The cost of credit would likely increase for consumers and businesses
- Access to credit, particularly for more marginal or vulnerable borrowers, would reduce

At the same time, customers in financial difficulty would have fewer structured pathways to resolve their debts, increasing the risk of prolonged financial distress.

This is why the secondary market for non-performing loans is a critical enabler of both credit availability and financial inclusion.

Supporting Financial Stability and Resilience

Our role becomes even more important during periods of economic uncertainty.

As arrears increase, the ability of lenders to transfer and manage risk is essential to maintaining stability in the financial system. By providing liquidity and absorbing non-performing exposures, we help ensure that lenders can continue to operate effectively and lend with confidence.

In this way, our activity supports not just individual institutions, but the resilience of the financial system.

Supporting Customers to Recover Financially

Alongside our work with lenders, Perch support around 500,000 customers each month in managing their debts.

Our approach focuses on sustainable, affordable repayment plans that enable customers to:

- Take control of their financial situation
- Reduce immediate financial stress
- Begin rebuilding their credit profiles over time

Debt collection is often misunderstood as a purely extractive activity. Responsible firms play a structured and regulated role in helping individuals stabilise their finances and re-engage with the formal economy.

Without this support, many customers would remain in unmanaged debt cycles, with wider consequences for financial wellbeing and economic participation.

Driving Employment and Regional Growth

Our impact extends beyond financial markets into the real economy.

Perch Group employs over 350 people in the UK, with a strong presence in the Northwest, alongside nearly 250 colleagues in Durban, South Africa. These roles span customer operations, technology, data, and corporate functions.

We are proud to contribute to regional growth by creating skilled employment opportunities outside of traditional financial centres.

Importantly, our business also provides pathways into professional careers. We recruit into entry-level roles, including customer service and operations, and support progression into specialist functions such as technology, HR, marketing, and transformation.

This creates opportunities for individuals from a wide range of backgrounds, including those with limited formal qualifications, to build long-term careers in financial services.

Each role also has a wider impact. In South Africa, for example, a single job can support a household of four to six people, extending the economic benefit significantly.

Perch Group's growth also creates meaningful pathways into long-term professional careers. Over the last 12 months alone, we have hired 49 case managers into frontline operational roles, providing accessible entry points into financial services for individuals beginning or reshaping their careers.

Today, we support six apprenticeship pathways across Levels 4–7, spanning operations management, coaching, business analysis, accountancy, and senior people leadership. These programmes demonstrate how operational and entry-level roles can progress into specialist careers across HR, finance, IT, transformation, and leadership.

We also actively invest in broader professional development, with colleagues currently undertaking external qualifications in legal practice, ethics, and dispute resolution. Together, this reflects our commitment not just to job creation, but to social mobility, skills development, and building future professional capability.

Contributing to the UK Economy

Our contribution is also reflected in our direct economic footprint.

In FY26, Perch Group:

- Paid approximately £5.5 million in corporation tax
- Contributed around £1.6 million in employer and employee National Insurance
- Paid business rates and net VAT contributions totalling ~ £1.7 million
- Engaged with over 400 suppliers, including more than 150 small businesses

These contributions demonstrate the broader role our sector plays in supporting economic activity and public finances.

Why This Sector Matters for Public Policy

Despite its importance, the role of debt purchasers and collections firms is often overlooked in policy discussions.

This creates a risk that regulation does not fully reflect the function the sector performs within the financial system.

For policymakers, recognising this role is essential. A well-functioning secondary market for non-performing loans:

- Supports the continued flow of credit
- Enhances financial stability
- Provides structured support for indebted consumers

Poorly calibrated regulation, or a lack of recognition of the sector's role, could unintentionally constrain these outcomes.

The Risks of Being Overlooked

If the sector is not properly understood or considered, the consequences are tangible:

- Reduced availability of credit across the economy
- Higher borrowing costs for consumers and businesses
- Increased pressure on lenders' balance sheets
- Fewer effective solutions for customers in financial difficulty

At a system level, this would weaken both financial resilience and economic growth.

A Critical Part of the Financial Ecosystem

At Perch Group, we see every day how our work connects lenders, customers, and communities.

Our role is not simply to acquire portfolios. It is to enable capital to flow, to support customers in regaining financial stability, and to contribute to a more resilient and inclusive financial system.

As the UK continues to navigate economic uncertainty, it is essential that the full value of this sector is recognised; because without it, the system becomes less efficient, less inclusive, and less resilient for everyone.

PRA Group has returned billions to creditors over the past 30 years, enabling future lending and customer borrowing.

Tim Kirk
UK Country Operations Director, PRA Group

Supporting a Healthy Credit Lifecycle

At its best, consumer credit helps people manage everyday spending, navigate financial change and plan for the future. A healthy credit market depends not only on responsible lending, but also on effective solutions when customers experience financial difficulty. At PRA Group, we play a vital role in this credit life cycle, helping lenders by purchasing their non-performing loans (NPLs) and supporting customers on their journey back to financial stability. Through this work, we contribute to a more stable, inclusive and effective credit market that benefits lenders, consumers and the wider economy.

Debt collection and debt purchasing is a vital part of the credit life cycle

PRA Group purchases consumer credit accounts that banks and other providers have identified as outside their core lending focus, often when customers have fallen behind on their repayments at an early stage. In doing so, we help lenders reduce the accounts in financial difficulty on their balance sheets and free up capital, liquidity and capacity for new lending.

CSA research has shown that the capital required by a lender on a NPL can be almost double that of a performing loan. While specifics vary from seller to seller, CSA analysis based on PwC's 2023 market data indicates that the release of NPLs from balance sheets had the potential to unlock up to £1.4bn in new consumer lending availability[3].

PwC, European loan portfolio sales: Market Update – Q4 2023 (2024), https://www.pwc.co.uk/financial-services/assets/pdf/european-non-core-asset-market-update-q4-2023.pdf.

Our role in ensuring that losses are managed and recovered wherever possible frees up banks and other creditors to lend more confidently and more widely, reduces their cost to service NPLs and supports the continued availability of credit to households across the UK. Without this, lenders would need to hold more capital against losses, which can raise the overall cost of credit and reduce how much and to whom they can lend.

Our role in supporting the economy

Access to credit underpins economic activity, from everyday purchases to major life moments such as buying a home or financing a car. When loans go unpaid and cannot be effectively resolved, the impact is felt across the economy. At PRA Group, our portfolio purchases have returned billions to creditors over the past 30 years, enabling them to continue expanding financial services to consumers and businesses.

Our role in the economic cycle has also been supported by policymakers and regulators, who recognise that specialist organisations who are able to absorb NPLs are important to financial stability, particularly in times of crisis. As a key partner to banks and other creditors in the UK, we provide an opportunity for our customers to have consistent debt repayment journeys that are overseen by regulators and the originators themselves.

A specialist service to help our customers rebuild their finances

The role of debt purchasers and debt collection firms in the financial ecosystem is about far more than balance sheets. It is about helping people in financial difficulty find a way forward. For example, at PRA Group we take the time to understand our customers' circumstances and work with them to create a personalised and affordable repayment plan.

In the UK, we have a dedicated team to give extra support to our most vulnerable customers, including victims of domestic or economic abuse and those who may be experiencing mental health crises[4].

When people are given the chance to resolve debt in a manageable and respectful way, they are better able to gain stability, rebuild confidence and improve their financial wellness.

Changing the Public Perception of Debt Collection: How PRA Group Puts People First (Morpheus Group, YouTube), March 2025

Good debt resolution is not just good economics; it is about treating people with dignity and helping them recover.

Additionally, our close work with debt advice providers such as StepChange Debt Charity helps ensure customers experience joined-up support rather than disruption, with everyone moving towards the same goal – a sustainable path to financial recovery.

The best results come when lenders, purchasers and debt advice or debt management partners work together to focus on and meet the needs of the customer. Through close partnership with debt advice and debt management organisations, we support recovery that is designed to last.

Advancing financial inclusion and building resilience

More broadly, our sector supports a fairer and more resilient credit market. Our research shows that too often, people who have faced financial difficulty are unable to access fairly priced, affordable credit long after their circumstances have begun to improve. A more thoughtful, partnership-led approach can change that. By helping people resolve their debt and move forward, we support not only financial recovery but also financial inclusion, giving more customers the chance to build resilience and, over time, reconnect with affordable financial services.

In our view, a stronger credit market is one that makes room for recovery and reduces barriers for consumers to rebuild their finances. That's why we've brought key industry stakeholders together in recent years in Parliament to help shape the policies that will enable people to access affordable and appropriate finance at the right point in their journeys.

In the end, responsible debt purchase and collection is about more than resolving accounts, it is about improving outcomes for customers and moving them forward to play an active and important role in a healthy credit life cycle.

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