

Community Legal Aid

A non-profit law firm serving the legal needs of low-income individuals and families in central northeast Ohio

www.communitylegalaid.org

What is a creditor?

What is a creditor and can there be different kinds?

A creditor is a company or a person who you owe money to. Creditors are also sometimes called “lenders,” so if you see this term used, don’t get confused. They are one and the same!

There are different kinds of creditors, and they have different rights and responsibilities.

An “original creditor” is the person or company who loaned you money or credit in the first place. Sometimes, the original creditor will try to collect on a debt by themselves, but most of the time they either hire a debt collection agency or sell your account to a debt buyer.

A debt collection agency is a company who is hired by your original creditor to collect your debt. A debt buyer, on the other hand, actually takes on (or “buys”) your debt, meaning you now owe them, instead of the original collector. You will often be able to tell if your debt has been sold, or if your original creditor has hired a collection agency, because the name of the company calling you or sending letters will be different.

Collection agencies and debt buyers may take you to court, but they don’t have as many rights as an original creditor. For example, if you tell a debt collection agency or debt buyer to stop contacting you, they are required by law to do so. You can find more information on how to do this here.

Another difference for collection agencies and debt buyers in court is the “chain of title,” or how the ownership and documents surrounding your debt are transferred. If it is not done correctly and able to be shown to the court, this can be a defense for you.

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