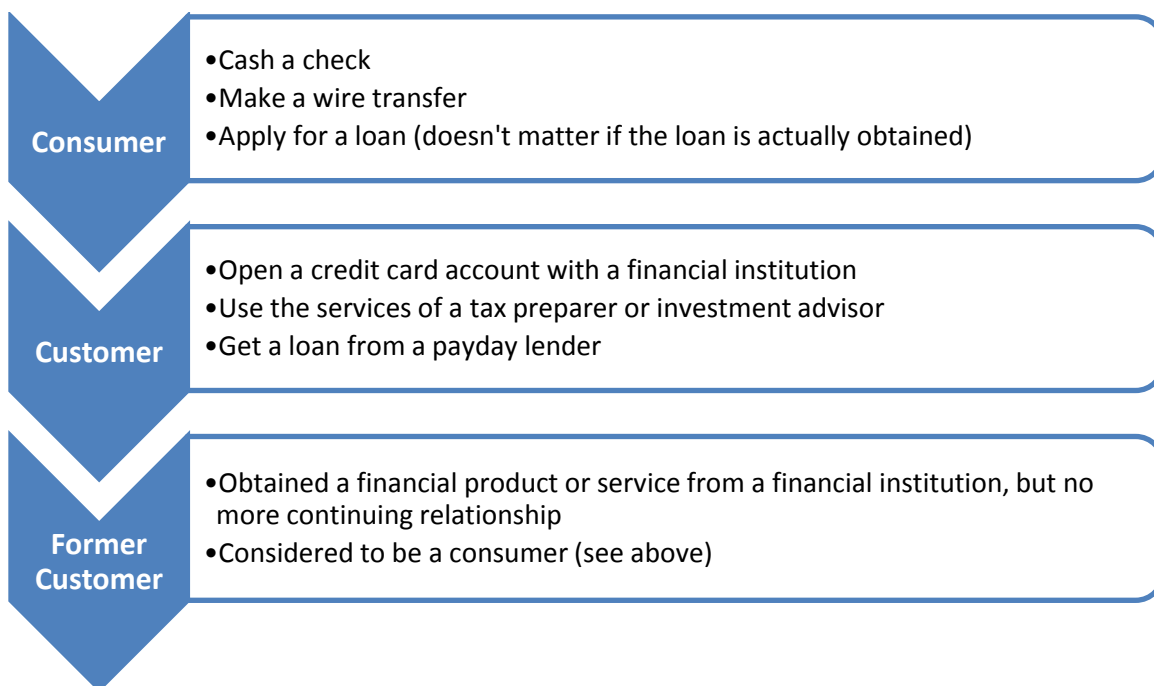


Consumers vs. Customers

In order to comply with GLBA and Regulation P, debt collectors must understand the difference between consumers and customers; they're not as alike as they seem! A **consumer** is a person, or that person's legal representative, who obtains or has obtained a financial product or service from a financial institution, and uses it for personal, family or household reasons. A **customer** is really a sub-category of consumers that have a continuing relationship with the financial institution.

A consumer is NOT ALWAYS a customer, but a customer is ALWAYS a consumer.

Examples:



According to the FTC, if a financial institution originates a loan, then it has a relationship with that customer. This is especially relevant to debt buyers because even if the financial institution sells the loan to a buyer, as long as the financial institution maintains servicing rights it continues to have that customer relationship.

Conversely, if the financial institution transfers the servicing rights to a collection agency, but retains an ownership interest in the loan, then the individual is a "consumer" of the originating institution and a "customer" of the collection agency servicing the account. This change in the customer relationship with the collector means it's the debt collector's primary responsibility to follow GLBA and Regulation P.