



The debt industry has, for many years, existed on a diet of repeated placements (referred to as 'recycling') at increasing commission levels and reducing expectations. This very simplistic approach does not lead to desired consumer treatment, nor does it optimise performance or cost to collect.

At TDX Group, we are looking to reinvent the recycling process by better utilising customer data to make the best decisions possible.

The core TDX Group consumer model is comprised of ten segments based on indicators of a consumer's circumstances. By using all available data to get a view on the consumer's situation, we are then able to select the most appropriate treatment or 'best next action', selecting from over twenty different treatment paths.



Warning signs

Two treatment paths perhaps not commonly used in the wider debt industry are 'return to client' and 'do not place'. We use these treatment paths in circumstance where we might believe the consumer could benefit from some breathing space, which could be permanent or temporary, for example by taking the consumer out of the placement process for a specified period of time after which their situation can be reassessed. This approach also enables our clients to proactively direct selected consumers into tailored 'vulnerable' and 'financial difficulty' treatment paths.

Not only is this in the consumer's interest, but it is also a commercially sound approach. It is perhaps no surprise that where the consumer is showing signs of financial distress, for example being in default across numerous accounts, they will generate significantly lower returns. If this data and insight is ignored and the accounts are recycled, as they are in a more standard approach, they will often generate negative financial returns where the cash collected will not cover the cost of the collection activity.

Taking action

While pausing or stopping collections activity on some accounts where forbearance is deemed most appropriate, the same principles of granularity and flexibility should still apply to those who are likely to be able to pay. One example of this is accounts with, what we refer to as, 'unresolved prior contact'. This is where contact was made with the consumer but this didn't lead to a satisfactory conclusion, and therefore any subsequent activity should be tailored accordingly.

Previous confirmed interactions can take many forms (queries, disputes, complaints, payments, confirmed contact or even a refusal to pay). TDX Group has analysed and understood each potential interaction to understand the best treatment to use during the next interaction with the consumer that ensures the best outcome.

It is perhaps no surprise that an account with an unresolved prior contact is more than three times as likely to lead to a successful resolution than an account with no prior contact. Tellingly this differential becomes stronger the deeper into a consumer lifecycle you go. The key challenge is that the collections agent should be made aware of the prior contact and have the training and tools needed to be able to overcome the remaining hurdle.

The future?

In summary, TDX Group is challenging the typical linear progression of placements by appraising each consumer at every touchpoint throughout the recoveries lifecycle with the aim to improve consumer treatment and strive for a fairer outcome for both the consumer and the creditor.

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