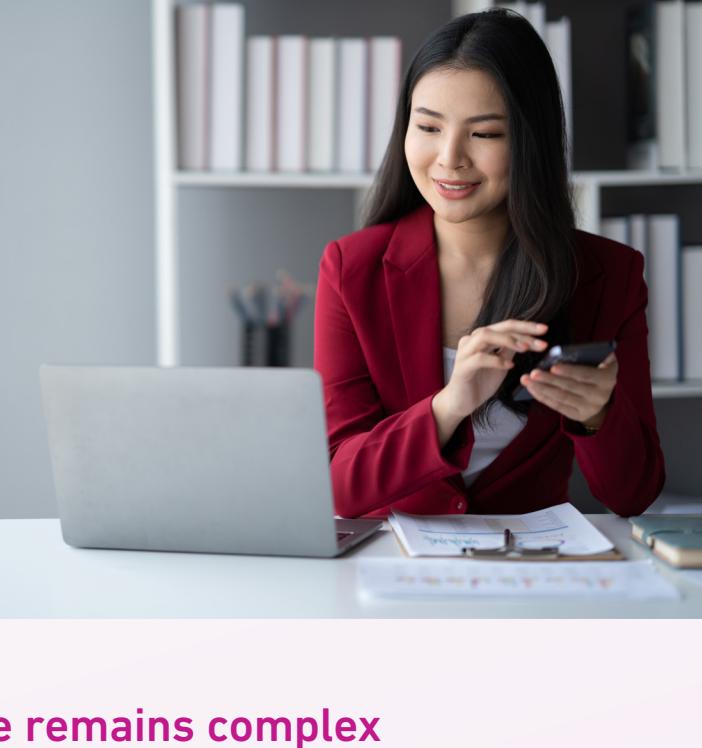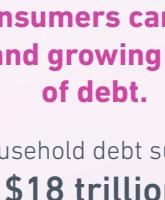# Driving smarter recoveries with ability-to-pay insights

Recoveries hinge on knowing who can pay, not just who owes. But as consumer debt and financial stress grow, debt buyers and collections agencies may find it harder to identify signals of true payment capacity.
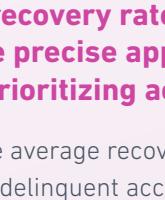
The consumer debt landscape remains complex

Consumers carry a high and growing burden of debt.

U.S. household debt surpassed **$18 trillion** in Q3 2025.[1]

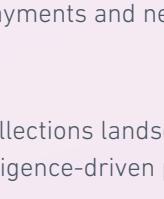**As accounts age, their collectability drops significantly.**

The average age of debt in collections is **~3.5 years.**[2]

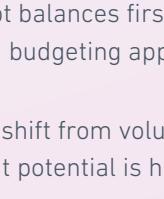**Low recovery rates call for more precise approaches to prioritizing accounts.**

The average recovery rate on delinquent accounts is **~20%.**[3]

At the same time, broader financial stress persists

Nearly 1 in 4 U.S. adults report having unmanageable debt, describing it as constant stress.[4]

Many are forced to choose between debt payments and necessities.

Consumers are taking steps to manage tight cash flow and financial strain.

36% took on a side hustle, 26% paid off smaller debt balances first and 23% used budgeting apps.[5]

As the economic and collections landscapes evolve, debt buyers and agencies must shift from volume-driven approaches to intelligence-driven prioritization, focusing effort where repayment potential is highest.

Key strategies to consider

Maximizing recoveries requires a sharper focus on consumers' ability to pay. Here are a few strategies to consider:

Get a better view of ability to pay.

Assessing ability to pay takes more than a credit snapshot. Blending credit, alternative data and predictive insights helps you identify recovery potential, predict payment outcomes and prioritize the right accounts.

Understand true payment capacity.

Credit-based income models offer a comprehensive view of total household income, capturing wages, rental income, investments and other sources of cash flow. With a clearer picture of a consumer's financial situation, you can better assess their ability to pay, target accounts with greater income and debt capacity, and develop appropriate repayment plans that align with actual affordability.

Act when capacity improves.

A consumer's ability to pay changes with life events. Combining trended attributes, which show how financial behavior evolves over time, with real-time alerts tied to triggers, like new employment or credit activity, allows you to prioritize accounts and act at the right time with confidence.

Smarter insights, higher recoveries

The future of collections belongs to those who leverage deeper intelligence to guide every decision. At Experian, we offer data-driven debt collections solutions that help you:

Focus collections efforts where repayment potential is highest.

Align recovery strategies with real-world affordability.

Improve recovery outcomes with greater efficiency.
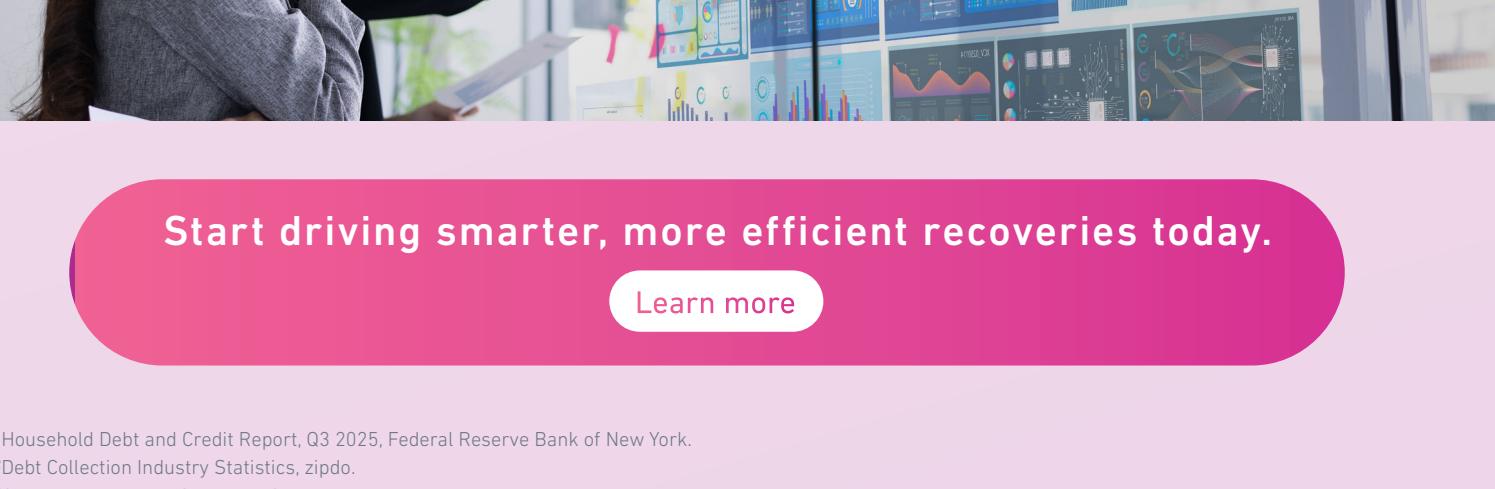
Start driving smarter, more efficient recoveries today.

Learn more