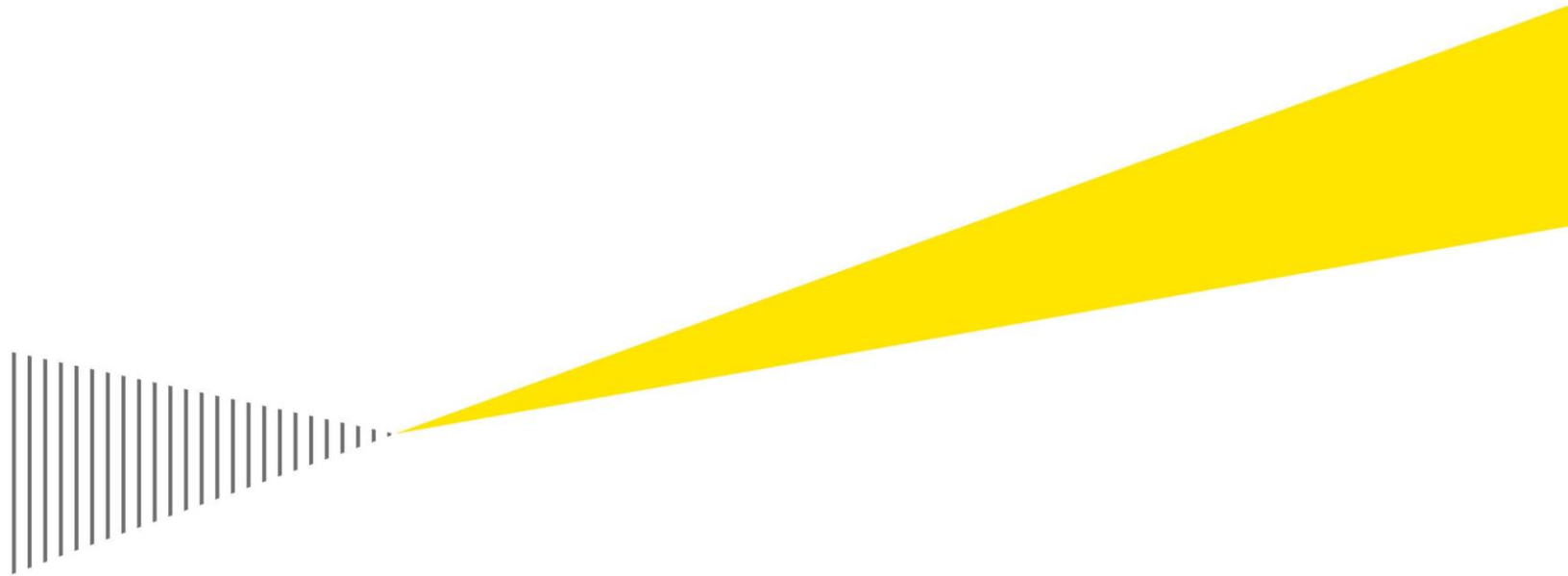


Debt settlement program outcomes, 2016-2025

Prepared for the Association for Consumer
Debt Relief

September 2026



Building a better
working world

Executive summary

EY was commissioned by the Association for Consumer Debt Relief (ACDR) to analyze Debt Settlement Program outcomes in the United States. Specifically, this analysis examines enrollment patterns, Settlement timing, financial outcomes, and Settlement structure. Capitalized words are defined terms (see definitions below).

Overview of Debt Settlement

Debt Settlement is a federally regulated process by which an individual (i.e., a client) enrolls one or more outstanding debts into a structured relief program. Rather than making payments to creditors, the client makes deposits into a dedicated savings account that the client controls. As funds accumulate, Settlements are negotiated by Debt Settlement Companies on behalf of the client with creditors to resolve Enrolled Debts for less than the full outstanding balance. A Settlement is defined as an agreement between the client and the creditor that is negotiated by the Debt Settlement Company on the client's behalf and establishes the Settlement Amount and the terms under which the debt will be considered fully satisfied. Settlements may be paid as a lump sum or through a series of negotiated payments (i.e., a term-based Settlement).

Methodology

This analysis draws on a large sample of clients and accounts enrolled in Debt Settlement Programs between 2016 and 2025, based on data provided by 10 participating companies, including several of the largest Debt Settlement Companies. Specifically, these companies provided EY with data on approximately 2.9 million clients with 19.7 million accounts. This analysis only includes clients residing in states (including the District of Columbia) where "Debt Settlement Services are permitted by law and where no statutory cap exists on the fees that Debt Settlement Providers may charge."¹

To provide context on the approximate size of the total Debt Settlement Program population, data were also obtained from four payment processors representing a large majority of payment processing activity for Debt Settlement Programs. The Debt Settlement Company data were scaled to represent the broader population of Debt Settlement Program participants based on the data from the payment processors and their estimated market share. On this basis, the full sample reflects approximately 8.1 million clients, 54.1 million accounts, and \$195.3 billion in Enrolled Debt between 2016 and 2025.

The outcomes analysis, however, is restricted to clients and accounts that enrolled by 2022 such that all clients and accounts have been enrolled for at least three years. This allows the analysis to be representative of realized outcomes rather than in-progress snapshots. The 2016-2022 subset reflects approximately 4.3 million clients, 30.0 million accounts, and \$106.4 billion in Enrolled Debt. Total Net Savings for this subset are estimated at \$19.8 billion. Unless otherwise noted, all figures presented throughout this report reflect this 2016-2022 scaled population approximation.

¹ This list of states was provided to EY by the ACDR. Appendix A includes more detail on methodology. See section VIII for caveats and limitations.

Debt Settlement client profile

Clients entered Debt Settlement Programs with significant unsecured debt. On average, clients enrolled approximately \$24,920 in debt across 7 accounts (\$3,540 per account). The median credit score at enrollment was 610, with 80% of clients falling in the ranges FICO designates as “Poor” or “Fair.”

How quickly Settlements occurred

On average, the first Settlement was reached within four months. Among clients who ultimately reached a first Settlement, nearly all (96%) did so by the eighth month. Subsequent Settlements followed at regular intervals: a second at an average of eight months after enrollment, a third at eleven, a fourth at fourteen months after enrollment, and a fifth at sixteen months after enrollment. Across the full study population, 72% of clients reached at least one Settlement, 64% reached at least two, and 59% reached at least three.

What Settlements looked like

At the account level, the average Enrolled Debt was \$3,600 per Settled Account. By the time a Settlement was negotiated, the outstanding balance stood at \$4,020. Clients Settled this debt for an average of \$2,010, a reduction of approximately 50% of the balance immediately before Settlement. Fees averaged \$800 per account (22% of Enrolled Debt), and each \$1 in Fees produced \$2.50 in Debt Reduction. After Fees, clients realized average Net Savings of \$1,210 per Settled Account, or on average a 30% reduction (after Fees).

Among clients who reached at least one Settlement, the total outstanding balance across their Settled Accounts averaged \$21,320 immediately before Settlement. On average, these clients Settled that combined debt for \$10,680, yielding Debt Reduction of \$10,640. After total Fees averaging \$4,270, Net Savings per client were \$6,370. These client-level figures are summarized in Table ES-1.

Breadth of outcomes

Clients in the dataset were classified into three groups: Active (currently enrolled, with less than 50% of Enrolled Debt Settled), Completed (50% or more of Enrolled Debt Settled), and Exited (left the program below the 50% threshold). These groups accounted for 2.2 million, 16.5 million, and 11.3 million accounts, respectively.

Average Net Savings among clients with at least one Settled Account varied by group: \$7,570 for Completed Clients, \$1,370 for Active Clients, and \$2,280 for Exited Clients. The differences largely reflected the number of accounts each group Settled rather than differences in per-Settlement outcomes. This can be seen in the ratio of Debt Reduction to Fees, which was broadly stable across groups: \$2.50 per \$1 of Fees for Completed Clients, \$2.30 for Active Clients, and \$2.60 for Exited Clients.

Settlement structure

The large majority of Settlements (90%) were term-based, meaning the Settlement Amount was paid through a series of installments (15, on average) rather than as a single lump sum (10%).

Among term-based Settlements, 90% were completed, 6% were active, and 4% were broken. A broken Settlement generally occurs when a client fails to make a scheduled payment, not because of an action by the Debt Settlement Provider or creditor.

Table ES-1. Average financial outcomes per client, Settled Accounts only

Enrolled Debt	\$19,080
Debt balance immediately before Settlement	\$21,320
Settlement Amount	\$10,680
Debt Reduction	\$10,640
Debt Reduction as a share of debt balance immediately before Settlement	50%
Fees	\$4,270
Fees as a share of Enrolled Debt	22%
Debt Reduction per \$1 of Fees	\$2.50
Net Savings	\$6,370
Net Savings as a share of debt balance immediately before Settlement	30%
% of clients with at least one Settled Account who realize Net Savings	98%

Note: This table presents average characteristics of clients with at least one Settled Account. Figures are rounded.

Source: EY analysis of company data.

Definitions

Enrolled Debt: debt included in a Debt Settlement Program so that a Settlement can be negotiated on the client's behalf.

Settlement: an agreement between the client and the creditor, negotiated by the Debt Settlement Company on the client's behalf, that establishes the Settlement Amount and the terms under which the debt will be considered fully satisfied.

Settlement Amount: the monetary amount the client agrees to pay, and the creditor agrees to accept, in full satisfaction of the debt.

Debt Reduction: the difference between the outstanding debt balance immediately before the Settlement and the Settlement Amount.

Fees: amount charged by Debt Settlement Companies for their services.

Net Savings: Debt Reduction less Fees.

Accounts:

Active Account: an account that is currently enrolled in the Debt Settlement Program and has not yet been Settled or Exited.

Settled Account: an account for which a Settlement agreement was reached, whether active, completed, or broken.

Exited Account: an account that exited the Debt Settlement Program before reaching a Settlement.

Client:

Active Client: a client who has (i) at least one Active Account and (ii) Settled less than 50% of their total Enrolled Debt.

Completed Client: a client who has Settled Accounts representing 50% or more of their total Enrolled Debt.

Exited Client: a client who exited the program without Settling at least 50% of their total Enrolled Debt.

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Debt Settlement Program Outcomes, 2016-2025

I. Introduction

EY was commissioned by the Association for Consumer Debt Relief (ACDR) to analyze Debt Settlement Program outcomes in the United States. Specifically, this analysis examines enrollment patterns, Settlement timing, financial outcomes, and Settlement structure. Capitalized words are defined terms (see definitions below).

This analysis draws on a large sample of clients and accounts enrolled in Debt Settlement Programs between 2016 and 2025, based on data provided by 10 participating companies, including several of the largest Debt Settlement Companies. Specifically, these companies provided EY with data on approximately 2.9 million clients with 19.7 million accounts. This analysis only includes clients residing in states (including the District of Columbia) where “Debt Settlement Services are permitted by law and where no statutory cap exists on the fees that Debt Settlement Providers may charge.”¹

To provide context on the approximate size of the total Debt Settlement Program population, data were also obtained from four payment processors representing a large majority of payment processing activity for Debt Settlement Programs. The Debt Settlement Company data were scaled to represent the broader population of Debt Settlement Program participants based on the data from the payment processors and their estimated market share. On this basis, the full sample reflects approximately 8.1 million clients, 54.1 million accounts, and \$195.3 billion in Enrolled Debt between 2016 and 2025.

The outcomes analysis, however, is restricted to clients and accounts that enrolled by 2022 such that all clients and accounts have been enrolled for at least three years. This allows the analysis to be representative of realized outcomes rather than in-progress snapshots. The 2016-2022 subset reflects approximately 4.3 million clients, 30.0 million accounts, and \$106.4 billion in Enrolled Debt. Total Net Savings for this subset are estimated at \$19.8 billion. Unless otherwise noted, all figures presented throughout this report reflect this 2016-2022 scaled population approximation.

Overview of Debt Settlement

Debt Settlement is a federally regulated process by which an individual (i.e., a client) enrolls one or more outstanding debts into a structured relief program. Rather than making payments to creditors, the client makes deposits into a dedicated savings account that the client controls. As funds accumulate, Settlements are negotiated by Debt Settlement Companies on behalf of the client with creditors to resolve Enrolled Debts for less than the full outstanding balance. Settlements may be paid as a lump sum or through a series of negotiated payments (i.e., a term-based Settlement).

Because Settlements are negotiated and funded on an account-by-account basis, accounts may be resolved at different points during a client’s participation in the program. As a result, program outcomes can vary across both clients and accounts. Some clients Settle all enrolled accounts, while others Settle only a portion of their accounts or do not complete any Settlements before exiting the program. Debt Settlement may not be suitable for all individuals facing financial

difficulties. As such, Debt Settlement Companies conduct eligibility screenings to assess program suitability before enrolling a client.

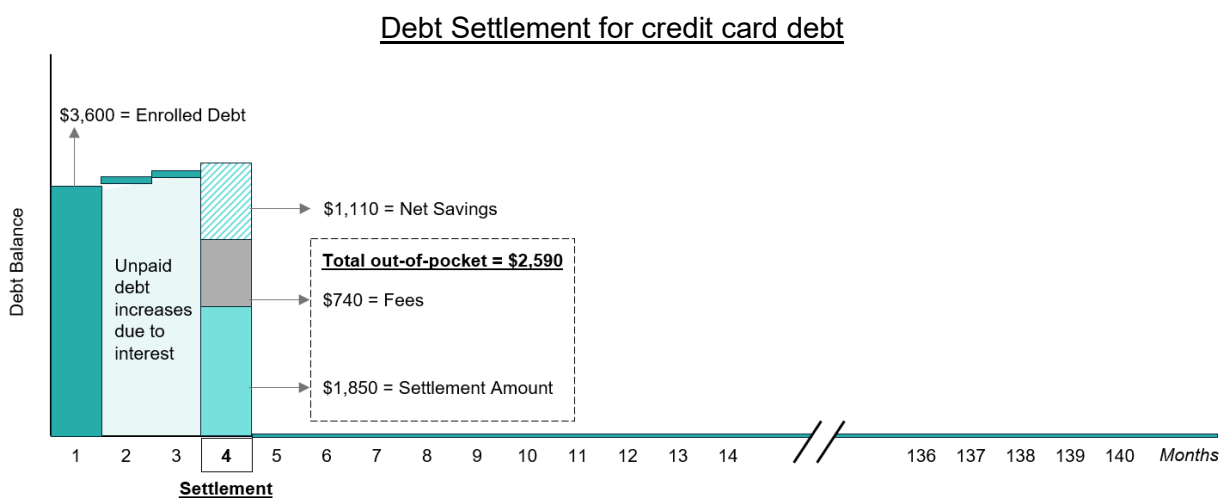
Illustrative case study: Credit card debt

The illustrative case study below compares two paths for resolving a single account: Debt Settlement versus minimum monthly credit card payments. Both paths use assumptions generally informed by data provided by Debt Settlement Companies, including a starting balance of \$3,600, an interest rate of 11%, and an average 4-month Settlement timing for a first Settlement. The minimum payment path assumes monthly payments equal to the greater of 1% of the outstanding balance plus accrued interest and fees, or \$35.

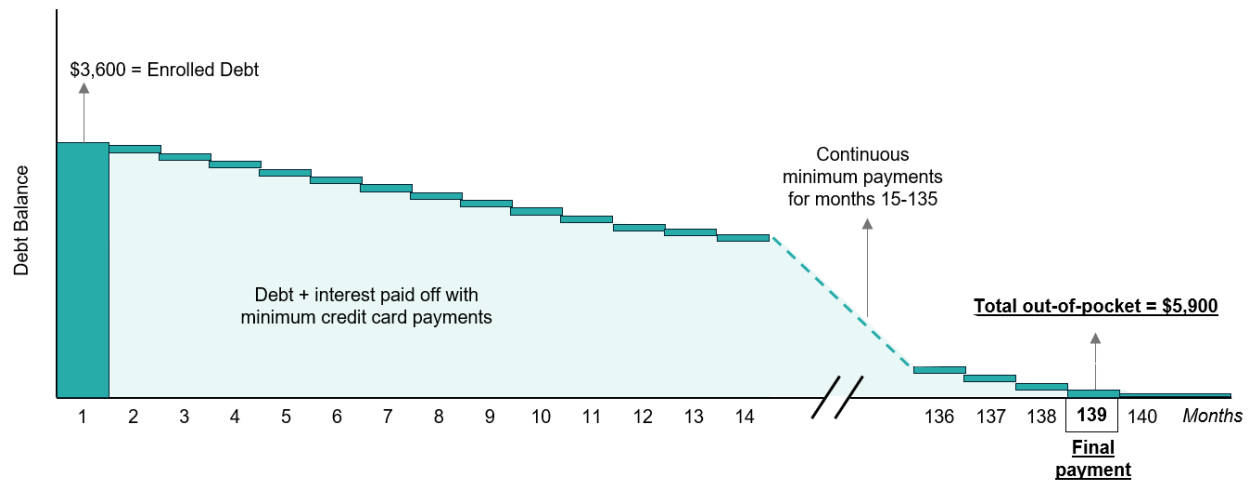
As shown in Figure 1, Debt Settlement resolves the account faster, with a total out-of-pocket cost of approximately \$2,590 (Settlement Amount + Fees), while minimum monthly credit card payments require nearly 12 years and a total out-of-pocket cost of \$5,900 (Enrolled Debt + accrued interest).

Note that this illustrative comparison is limited to direct financial costs and does not account for other factors that may differ between the two paths, such as credit score impacts, tax implications of forgiven debt, or collection activity during the Settlement period. Additionally, other alternatives such as balance transfer cards, debt consolidation loans, credit counseling, debt management plans, or bankruptcy are not evaluated here. See Appendix C for an alternative illustrative case study using a 22% APR.²

**Figure 1. Illustrative Debt Settlement vs
minimum monthly payments for credit card debt**



Minimum monthly payments for credit card debt



Note: This illustrative case study is based on a stylized fact pattern and does not represent any specific individual. Results are based on the average time to first Settlement (4 months), which differs from the average time to reach any Settlement (13 months). Figures are rounded.

Source: EY analysis.

Scope of analysis

This analysis is limited to clients and accounts that (i) have made at least one payment to their dedicated savings account; (ii) enrolled in a Debt Settlement Program between 2016 and 2022; and (iii) involve a Settlement with a Debt Settlement Provider in a state (or the District of Columbia) defined by the ACDR as where “Debt Settlement Services are permitted by law and where no statutory cap exists on the fees that Debt Settlement Providers may charge.” Client outcomes are available through 2025; accordingly, all clients in the underlying data have been in a Debt Settlement Program for at least three years. Appendix A includes more information on methodology and the list of states included in the analyses.³

Definitions

The following defined terms are used throughout this report:

- **Enrolled Debt:** debt included in a Debt Settlement Program so that a Settlement can be negotiated on the client’s behalf.
- **Settlement:** an agreement between the client and the creditor, negotiated by the Debt Settlement Company on the client’s behalf, that establishes the Settlement Amount and the terms under which the debt will be considered fully satisfied.
- **Settlement Amount:** the monetary amount the client agrees to pay, and the creditor agrees to accept, in full satisfaction of the debt.
- **Debt Reduction:** the difference between the outstanding debt balance immediately before the Settlement and the Settlement Amount.⁴
- **Fees:** amount charged by Debt Settlement Companies for their services.

- **Net Savings:** Debt Reduction less Fees.
- **Accounts:**
 - **Active Account:** an account that is currently enrolled in the Debt Settlement Program and has not yet been Settled or Exited.
 - **Settled Account:** an account for which a Settlement agreement was reached, whether active, completed, or broken.
 - **Exited Account:** an account that exited the Debt Settlement Program before reaching a Settlement.
- **Client:**
 - **Active Client:** a client who has (i) at least one Active Account and (ii) Settled less than 50% of their total Enrolled Debt.
 - **Completed Client:** a client who has Settled Accounts representing 50% or more of their total Enrolled Debt.
 - **Exited Client:** a client who exited the program without Settling at least 50% of their total Enrolled Debt.

II. Sample characteristics

Client- and account-level data for this analysis were provided to EY by 10 Debt Settlement Companies, covering approximately 2.9 million clients from 2016 through 2025. To provide context on the approximate size of the total Debt Settlement Program population, data were also obtained from four payment processors representing a large majority of payment processing activity for Debt Settlement Programs. The client company-level data in this analysis were scaled to represent the broader population of Debt Settlement Program participants based on the estimated market share of these four participating processors. Table 1 shows that, on this basis, the analysis reflects approximately 8.1 million clients, 54.1 million accounts, and \$195.3 billion in Enrolled Debt between 2016 and 2025. On average, clients have 6.7 accounts with an average debt of \$24,150 per client (\$3,610 per account).

However, the primary analysis in this report is restricted to enrollment cohorts from 2016 through 2022. The 2016-2022 scaled subset reflects approximately 4.3 million clients, 30.0 million accounts, and \$106.4 billion in Enrolled Debt. This subset of clients exhibits a similar distribution of characteristics to the broader 2016-2025 population. Table 1 below shows that, on average, clients in this subset have 7.0 accounts with an average debt of \$24,920 per client (\$3,540 per account). Note that all outcome figures presented throughout this report for Debt Settlement from 2016-2025 reflect the scaled population for clients who enrolled in Debt Settlement during 2016-2022.

Table 1. Dataset summary

	2021	2022	2023*	2024*	2025*	2016-2025	Study subset 2016-2022*
Enrolled clients	0.4m	0.8m	1.2m	1.4m	1.2m	8.1m	4.3m
Enrolled accounts	2.9m	5.3m	8.0m	8.6m	7.1m	54.1m	30.0m
Total Enrolled Debt	\$10.9b	\$17.0b	\$28.0b	\$32.1b	\$27.8b	\$195.3b	\$106.4b
Total Settled Debt	\$5.6b	\$8.8b	\$14.4b	\$14.1b	\$7.0b	\$102.2b	\$66.2b
Total Net Savings	\$1.5b	\$2.4b	\$3.9b	\$3.7b	\$1.8b	\$29.3b	\$19.8b
Average client and account characteristics							
Accounts per client	6.8	7.0	6.6	6.3	5.9	6.7	7.0
Debt at enrollment per client	\$25,460	\$22,390	\$23,270	\$23,420	\$23,070	\$24,150	\$24,920
Debt at enrollment per account	\$3,730	\$3,210	\$3,500	\$3,720	\$3,900	\$3,610	\$3,540

*As noted in the text, the outcomes analysis is restricted to clients and accounts that enrolled by 2022 such that all clients and accounts have been enrolled for at least three years. This allows the analysis to be representative of realized outcomes rather than in-progress snapshots. Accordingly, the value of the total Settled Debt and total Net Savings for the 2023-2025 client enrollment cohorts are too recent to reflect mature cohort outcomes. These amounts are expected to increase as clients have more time to progress through their Debt Settlement Programs.

Note: Settled Debt is debt balance immediately before Settlement for Settled Accounts. Figures are rounded.

Source: EY analysis of company data.

Distribution by status

Clients may be Active, Completed, or Exited. Each client group exhibits a different composition of account outcomes, reflecting the extent to which enrolled accounts have progressed through

the Settlement process. Client outcomes are available through 2025; accordingly, all clients in the underlying data have been in a Debt Settlement Program for at least three years.

- ▶ **Active Clients (2.2 million accounts):** This includes clients that have (i) at least one Active Account and (ii) Settled less than 50% of their total Enrolled Debt. Active Clients have mostly Active (86%) Accounts, as well as some Settled (10%) and Exited Accounts (4%).
- ▶ **Completed Clients (16.5 million accounts):** This includes clients that have Settled Accounts representing 50% or more of their total Enrolled Debt. Completed Clients have predominantly Settled (89%) Accounts with some Exited (8%) and Active (2%) Accounts.
- ▶ **Exited Clients (11.3 million accounts):** This includes clients that exited the program without Settling at least 50% of their total Enrolled Debt. Exited Clients predominantly have Exited Accounts (87%), with 13% of their accounts Settled.

Client FICO scores at enrollment

Table 2 shows the distribution of client credit scores at enrollment. The large majority of clients (80%) had a credit rating in the ranges FICO designates as “Poor” or “Fair,” with 36% in the Poor range (below 580) and 44% in the Fair range (580-669). Only 20% of clients had “Good” or higher credit scores at enrollment. The median reported credit score is 610.

Table 2. Share of clients by FICO score range

FICO score	Share of clients
Poor (<580)	36%
Fair (580-669)	44%
Good (670-739)	18%
Very Good (740-799)	2%
Exceptional (800+)	<0.5%

Note: Figures are rounded.

Source: EY analysis of company data.

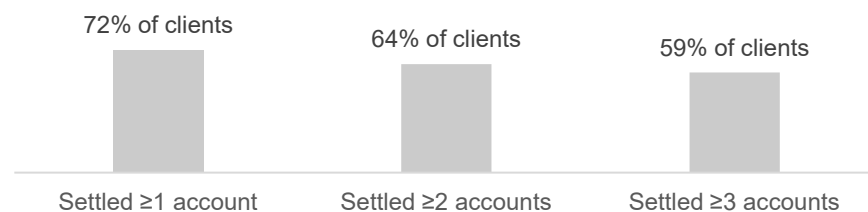
III. Settlement characteristics

This section examines Settlement characteristics at both the client and account levels, as outcomes vary by each. Settlements are negotiated and funded on an account-by-account basis, while client-level measures provide a broader view of overall program progression.

Client-level Settlement characteristics

Client-level metrics provide a broader view of program performance by examining the extent to which Clients reach Settlements across some or all of their enrolled accounts. Figure 2 shows the share of clients who Settled at least one, two, or three accounts. Across all enrollment cohorts in the study subset, 72% of clients reached at least one Settlement, 64% reached at least two, and 59% reached at least three.

Figure 2. Share of clients Settling ≥ 1 , ≥ 2 , or ≥ 3 of their accounts

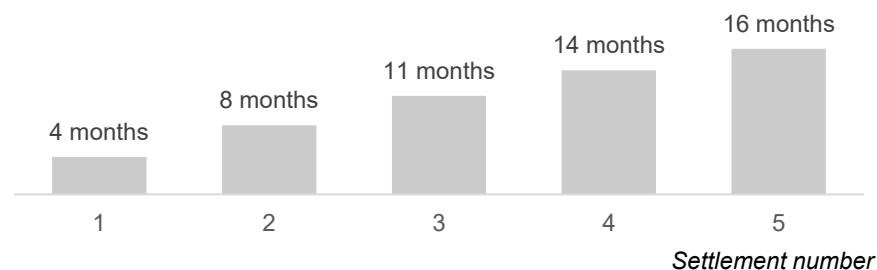


Note: Figures are rounded.

Source: EY analysis of company data.

As seen in Figure 3, on average, a first Settlement was reached within four months for clients that ultimately reached a first Settlement. Subsequent Settlements followed at regular intervals for clients reaching them: a second at an average of eight months, a third at eleven, a fourth at fourteen months, and a fifth at sixteen months after enrollment.

Figure 3. Average time to reach each Settlement

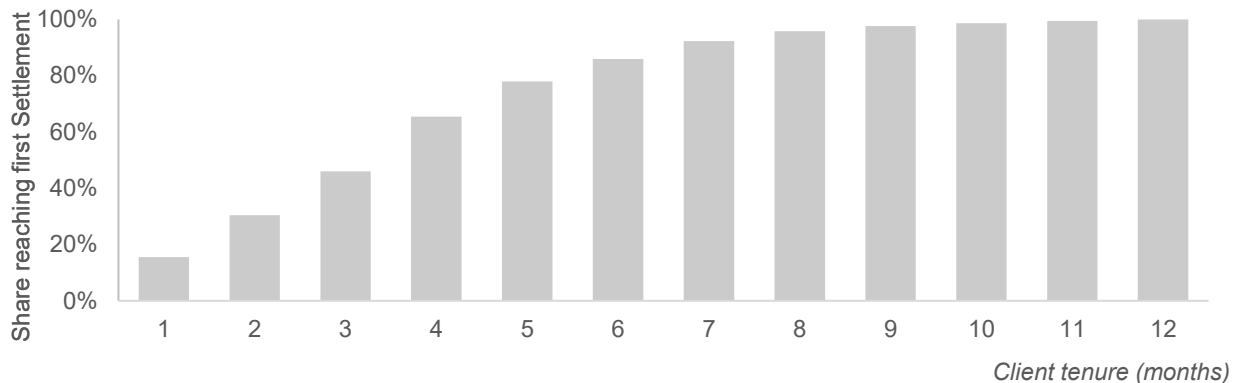


Note: Figures are rounded.

Source: EY analysis of company data.

Although the average time to reach the first Settlement is 4 months, Figure 4 examines the distribution of first Settlement timing among clients who ultimately do reach a first Settlement. The likelihood of achieving a first Settlement increases steadily with program tenure, from 16% in the first month to 96% in the eighth month. That is, for clients that do reach a first Settlement, nearly all of them do so by the eighth month.

Figure 4. Distribution of first Settlement timing among clients who ultimately do reach a Settlement



Note: Figures are rounded.
Source: EY analysis of company data.

Account-level Settlement characteristics

This section examines Settlement outcomes at the account level, focusing on how Settlement rates vary by program tenure and baseline account characteristics. To assess whether observable differences across accounts at enrollment are associated with Settlement outcomes, accounts were grouped by two baseline dimensions: Enrolled Debt balance and total number of accounts enrolled by a client.

To evaluate whether Enrolled Debt is associated with Settlement outcomes, accounts were grouped into quartiles based on Enrolled Debt. Quartiles divide the sample into four equal groups ranked by Enrolled Debt, with the first quartile representing accounts with Enrolled Debt $\leq$ \$949, the second quartile representing accounts with Enrolled Debt between \$949-\$1,967, the third quartile representing accounts with Enrolled Debt between \$1,967-\$4,306, and the fourth quartile representing accounts with Enrolled Debt $>$ \$4,306. Settlement rates across Enrolled Debt quartiles ranged from 50% for the lowest quartile to 57% for the highest quartile, indicating relatively little variation in Settlement outcomes despite substantial differences in Enrolled Debt. This suggests that Enrolled Debt levels are not strongly associated with the likelihood of achieving a Settlement.

Similar to the results by Enrolled Debt quartile, Settlement rates are broadly consistent across account-count groups. The Settlement rate ranges from 49% to 57% for groups spanning 1 to 10+ accounts, indicating only slight variation.

IV. Client-level financial outcomes (Settled Accounts only)

This section analyzes financial outcomes of Settled Accounts at the client level. The section provides results for clients with at least one Settled Account. Table 3 shows average Debt Reduction characteristics for clients with at least one Settled Account, segmented by client status.

- Completed Clients have the highest average debt balance (\$25,450 immediately before Settlement), Settlement Amount (\$12,790), total Debt Reduction (\$12,660), Fees (\$5,090), and Net Savings (\$7,570) across their Settled Accounts.
- Active Clients have the lowest average debt balance (\$4,780 immediately before Settlement), Settlement Amount (\$2,380), total Debt Reduction (\$2,400), Fees (\$1,030), and Net Savings (\$1,370) across their Settled Accounts.
- Exited Clients have the second highest average debt balance (\$7,270 immediately before Settlement), Settlement Amount (\$3,520), total Debt Reduction (\$3,750), Fees (\$1,470), and Net Savings (\$2,280) across their Settled Accounts.

The differences largely reflect the number of accounts each group Settled rather than differences in per-Settlement outcomes. This can be seen in the ratio of Debt Reduction to Fees, which was broadly stable across groups: \$2.50 per \$1 of Fees for Completed Clients, \$2.30 for Active Clients, and \$2.60 for Exited Clients. Put differently, the higher average amount for Completed Clients is in large part a result of client group definitions, as a Completed Client is defined as a client who has Settled Accounts representing 50% or more of their total Enrolled Debt. Both Active Clients (currently enrolled, with less than 50% of Enrolled Debt Settled) and Exited Clients (left the program below the 50% threshold) can have Settled Accounts and Debt Reduction.

Table 3. Average Debt Reduction characteristics for Settled Accounts, by client type⁵

Client status	Active Client	Completed Client	Exited Client	Overall
All accounts per client				
Debt balance at enrollment	\$20,880	\$25,390	\$25,050	\$24,920
Characteristics for Settled Accounts only				
Debt balance at enrollment	\$4,240	\$22,780	\$6,500	\$19,080
Debt balance immediately before Settlement	\$4,780	\$25,450	\$7,270	\$21,320
Settlement Amount	\$2,380	\$12,790	\$3,520	\$10,680
Debt Reduction	\$2,400	\$12,660	\$3,750	\$10,640
Fees	\$1,030	\$5,090	\$1,470	\$4,270
Debt Reduction per \$1 of Fees	\$2.30	\$2.50	\$2.60	\$2.50
Net Savings	\$1,370	\$7,570	\$2,280	\$6,370
% of clients who realize Net Savings	99%	98%	97%	98%

Note: Debt Reduction characteristics are only shown for clients with at least one Settled Account. Figures are rounded.
Source: EY analysis of company data.

Settlement characteristics for Completed and Exited Clients by months since enrollment

This section examines Settlement outcomes for clients whose programs have reached a final outcome, either through Completion or Exit. By restricting the analysis to Completed and Exited Clients, the figures below reflect realized outcomes rather than in-progress snapshots. Tables 4 and 5 report cumulative Settlement metrics at successive program tenure milestones (12, 24, 36, 48, 60, and 72 months since enrollment), showing how debt Settlement accumulates over time for each group.

Among Completed Clients, an average of 52% of Enrolled Debt had been Settled within the first 12 months of enrollment, rising to 91% by month 72. Similarly, the share of Settled Accounts rose from 51% to 89% over the same period. Average Net Savings increased from \$4,690 at 12 months to \$8,170 at 72 months.

Table 4. Average client outcome by months since enrollment, Completed Clients only

Months since enrollment	Average Net Savings (\$)	% of Enrolled Debt Settled	% of accounts Settled
12	4,690	52%	51%
24	6,320	73%	72%
36	7,110	84%	81%
48	7,700	88%	86%
60	7,970	90%	88%
72	8,170	91%	89%

Note: The client population varies across rows because each duration threshold requires a corresponding minimum time since enrollment. For example, clients enrolled in 2022 would be included in the 12-month figure but not the 72-month figure, as 72 months have not yet elapsed since their enrollment. Figures are rounded.

Source: EY analysis of company data.

Similar to Completed Clients, Table 5 shows positive average Net Savings for Exited Clients. Specifically, among Exited Clients, an average of 8% of Enrolled Debt had been Settled within the first 12 months of enrollment, rising to 11% by month 72. Similarly, the share of Settled Accounts rose from 11% to 14% in the same period. Average Net Savings increased from \$2,030 at 12 months to \$2,530 at 72 months.

Table 5. Average client outcome by months since enrollment, Exited Clients only

Months since enrollment	Average Net Savings (\$)	% of Enrolled Debt Settled	% of accounts Settled
12	2,030	8%	11%
24	2,210	9%	12%
36	2,270	10%	13%
48	2,420	10%	13%
60	2,500	10%	14%
72	2,530	11%	14%

Note: Debt Reduction characteristics are only shown for clients with at least one Settled Account. The client population varies across rows because each duration threshold requires a corresponding minimum time since enrollment. For example, clients enrolled in 2022 would be included in the 12-month figure but not the 72-month figure, as 72 months have not yet elapsed since their enrollment. Figures are rounded.

Source: EY analysis of company data.

The definition of a Completed Client used in this analysis, a client who has Settled at least 50% of total Enrolled Debt, is one of many possible definitions of program completion. To examine the sensitivity of the results to this threshold, Tables 6 and 7 replicate the analysis in Tables 4 and 5 using a higher completion threshold of 75% of total Enrolled Debt. Under this definition, clients who Settled between 50% and 75% of Enrolled Debt are reclassified from Completed to Exited.

Among Completed Clients under the 75% threshold, an average of 55% of Enrolled Debt had been Settled within the first 12 months of enrollment, rising to 96% by month 72. Similarly, the share of Settled Accounts rose from 54% to 94% over the same period. Average Net Savings increased from \$4,870 at 12 months to \$8,590 at 72 months.

Table 6. Average client outcome by months since enrollment, Completed Clients only
Based on Completed Client definition of $\geq 75\%$ of Enrolled Debt Settled

Months since enrollment	Average Net Savings (\$)	% of Enrolled Debt Settled	% of accounts Settled
12	4,870	55%	54%
24	6,610	77%	76%
36	7,470	89%	87%
48	8,090	94%	91%
60	8,370	95%	93%
72	8,590	96%	94%

Note: The client population varies across rows because each duration threshold requires a corresponding minimum time since enrollment. For example, clients enrolled in 2022 would be included in the 12-month figure but not the 72-month figure, as 72 months have not yet elapsed since their enrollment. Figures are rounded.

Source: EY analysis of company data.

Table 7 shows average Net Savings for Exited Clients under the alternative Completed Client definition. Specifically, among Exited Clients, an average of 14% of Enrolled Debt had been Settled within the first 12 months of enrollment, rising to 20% by month 72. Similarly, the share of Settled Accounts rose from 16% to 24% in the same period. Average Net Savings increased from \$2,650 at 12 months to \$3,670 at 72 months. Because the higher threshold reclassifies some clients from Completed to Exited, this group now includes clients who Settled a larger share of their debt, resulting in higher average outcomes relative to Table 5.

Table 7. Average client outcome by months since enrollment, Exited Clients only
Based on Completed Client definition of $\geq 75\%$ of Enrolled Debt Settled

Months since enrollment	Average Net Savings (\$)	% of Enrolled Debt Settled	% of accounts Settled
12	2,650	14%	16%
24	3,150	18%	20%
36	3,330	19%	22%
48	3,520	19%	23%
60	3,630	20%	24%
72	3,670	20%	24%

Note: Debt Reduction characteristics are only shown for clients with at least one Settled Account. The client population varies across rows because each duration threshold requires a corresponding minimum time since enrollment. For example, clients enrolled in 2022 would be included in the 12-month figure but not the 72-month figure, as 72 months have not yet elapsed since their enrollment. Figures are rounded.

Source: EY analysis of company data.

V. Account-level financial outcomes (Settled Accounts only)

This section analyzes financial outcomes associated with Settlements at the account level, examining only accounts that reached Settlement.

Table 8 presents average descriptive statistics for Settled Accounts. On average, Settled Accounts reach a Settlement within 13 months. The average debt balance is \$3,600 at enrollment and \$4,020 immediately prior to Settlement. The average Settlement Amount is \$2,010, and the average Debt Reduction is \$2,010, which is approximately 50% of debt immediately before Settlement. With average Fees of \$800 (22% of Enrolled Debt), each \$1 of Fees generates a Debt Reduction of \$2.50, and a Net Savings amount of \$1,210 (30% of debt immediately before Settlement).

Table 8. Average account-level descriptive statistics for Settled Accounts⁶

Months to Settlement	13
Enrolled Debt	\$3,600
Debt balance immediately before Settlement	\$4,020
Settlement Amount	\$2,010
Debt Reduction	\$2,010
Debt Reduction as a share of debt immediately before Settlement	50%
Average Fees as a share of Enrolled Debt	22%
Average Fees	\$800
Debt Reduction per \$1 of Fees	\$2.50
Net Savings	\$1,210
Net Savings as a share of debt immediately before Settlement	30%

Note: Figures are rounded.

Source: EY analysis of company data.

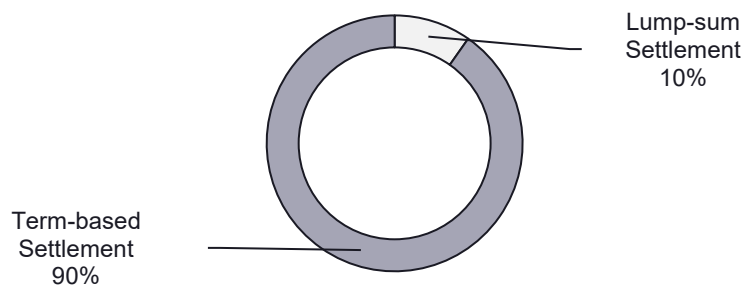
Note that the table above reflects average account-level financial outcomes for Settled Accounts, not the specific results of any individual account.⁷

VI. Settlement structure

Settlements may be paid as a lump sum or through a series of negotiated payments (i.e., a term-based Settlement). This section examines the prevalence of different Settlement types and the completion status of term-based Settlements.

Figure 5 shows the share of Settlements that are lump-sum versus term-based. The large majority of Settlements are completed through term-based Settlements (90%), while a smaller share are resolved through single-payment lump-sum Settlements (10%).

Figure 5. Share of term-based vs lump-sum Settlements



Note: Figures are rounded.

Source: EY analysis of company data.

Table 9 compares Settlement outcomes for lump-sum and term-based Settlements. Lump-sum Settlements take an average of 16 months to reach Settlement and Settle for an average amount of \$1,940. Term-based Settlements reach Settlement somewhat faster, averaging 13 months, and Settle for a somewhat higher average amount of \$2,020, paid over an average of 15 installment payments.

Table 9. Average Settlement characteristics by Settlement structure

Structure	Settlement Amount	Number of payments	Time to Settlement
Lump-sum	\$1,940	1	16 months
Term-based	\$2,020	15	13 months

Note: Figures are rounded.

Source: EY analysis of company data.

For these term-based Settlements, the majority (90%) were completed, and a smaller share were active (6%). Around 4% of term-based Settlements were broken.

VII. State-level data

Table 10 shows the distribution of clients and accounts by state. California, Texas, Florida, and New York have the four highest shares of clients in the dataset.

Table 10. Summary statistics by state

State	Number of clients (thousands)	Number of accounts (thousands)	Settled Debt (Only Settled Accounts, \$)	Net Savings (Only Settled Accounts, \$)
Alabama	103k	711k	1,343m	405m
Alaska	13k	77k	230m	67m
Arizona	140k	980k	2,173m	646m
Arkansas	64k	466k	972m	291m
California	676k	4,666k	10,822m	3,250m
Colorado	82k	502k	1,248m	380m
District of Columbia	8k	53k	135m	43m
Florida	448k	3,223k	6,848m	2,070m
Indiana	122k	881k	1,850m	543m
Kansas	6k	36k	95m	26m
Kentucky	76k	540k	1,003m	298m
Louisiana	92k	641k	1,229m	366m
Maryland	133k	896k	2,168m	638m
Massachusetts	110k	744k	1,934m	569m
Michigan	160k	1,142k	2,476m	745m
Mississippi	49k	327k	623m	191m
Missouri	123k	873k	1,866m	548m
Nebraska	37k	253k	588m	170m
Nevada	60k	435k	932m	285m
New Mexico	50k	351k	763m	224m
New York	376k	2,617k	6,346m	1,896m
North Carolina	200k	1,361k	2,904m	870m
Oklahoma	76k	531k	1,133m	331m
Pennsylvania	251k	1,795k	4,168m	1,246m
South Dakota	15k	95k	254m	75m
Tennessee	118k	852k	1,555m	460m
Texas	568k	4,207k	8,846m	2,641m
Utah	38k	246k	526m	154m
Wisconsin*	76k	538k	1,182m	352m
Total	4,268k	30,041k	\$66,214m	\$19,780m

Note: Settled Debt is debt balance immediately before Settlement for Settled Accounts. Figures are rounded.

Source: EY analysis of company data.

VIII. Caveats and limitations

This report's estimates of Debt Settlement Program outcomes in the United States are based on the data and assumptions described elsewhere in the report. Readers should be aware of the following limitations of this analysis:

- ▶ **The data used in this analysis were provided by Debt Settlement Companies and were not independently verified by EY.** EY relied on the data as received from participating companies without performing independent procedures to confirm the accuracy of the underlying records. While EY reviewed the data for internal consistency and reasonableness (and removed outliers), no validation against source systems or reconciliation to third-party records was conducted. Errors or omissions in the source data could affect the results presented in this report.
- ▶ **The results show a snapshot of clients and accounts in Debt Settlement Programs.** The analysis presents outcomes observed as of the end of 2025 for clients and accounts with enrollment dates between 2016 and 2022. Active Clients and Active Accounts have not yet reached final outcomes, and their eventual Settled, Completed, or Exited status remains unknown. As a result, the reported Settlement rates, Completion rates, and financial outcomes for these clients and accounts may change as additional Settlements are negotiated and additional time elapses.
- ▶ **The sample analyzed does not include all participants in Debt Settlement Programs.** This analysis is limited to clients and accounts that (i) have made at least one payment to their dedicated savings account; (ii) enrolled in a Debt Settlement Program between 2016 and 2022; and (iii) involve a Settlement with a Debt Settlement Provider in a state (including the District of Columbia) defined by the ACDR as a state where "Debt Settlement Services are permitted by law and where no statutory cap exists on the fees that Debt Settlement Providers may charge."
- ▶ **The analysis does not measure long-term financial benefits or consequences of Debt Settlement participation.** The report focuses on Settlement activity, Debt Reduction, Fees, and Net Savings. It does not measure other outcomes that may be relevant to a comprehensive assessment of Debt Settlement, including the effect on client credit scores, potential tax liability arising from cancelled debt, litigation risk from creditors during the Settlement process, or the long-term financial health of clients after program participation.
- ▶ **The definition of a Completed Client as one who has Settled at least 50% of Enrolled Debt is only one possible definition of program completion.** This threshold was specified by the ACDR for purposes of this analysis and reflects Settlement of a majority of Enrolled Debt. As there is no fixed definition of a Completed Client, this reflects a methodological choice, and alternative completion thresholds may yield different results.

Appendix A. Methodology

Unit of observation. The dataset is a compilation of account-level data provided by Debt Settlement Companies. The underlying data contain one row per enrolled account. Each account belongs to a single client, identified by a unique client identifier. Account-level analyses use each account as the unit of observation; client-level analyses aggregate across all accounts belonging to a given client.

Scope. The analysis only includes clients and accounts that:

- Have made at least one payment to their dedicated savings account.
- Enrolled in Debt Settlement Programs between 2016 and 2022 (although financial outcomes are available through 2025).
- Enrolled in Debt Settlement with a Debt Settlement Provider.
- Resided in a state shown in Figure A-1.

Debt Settlement data cleaning. All datasets contain outliers, and appropriate treatment of these observations is necessary for analytical integrity. This is because such outliers likely reflect data coding or capture errors rather than actual outcomes. The following describes steps taken for data cleaning in this analysis:

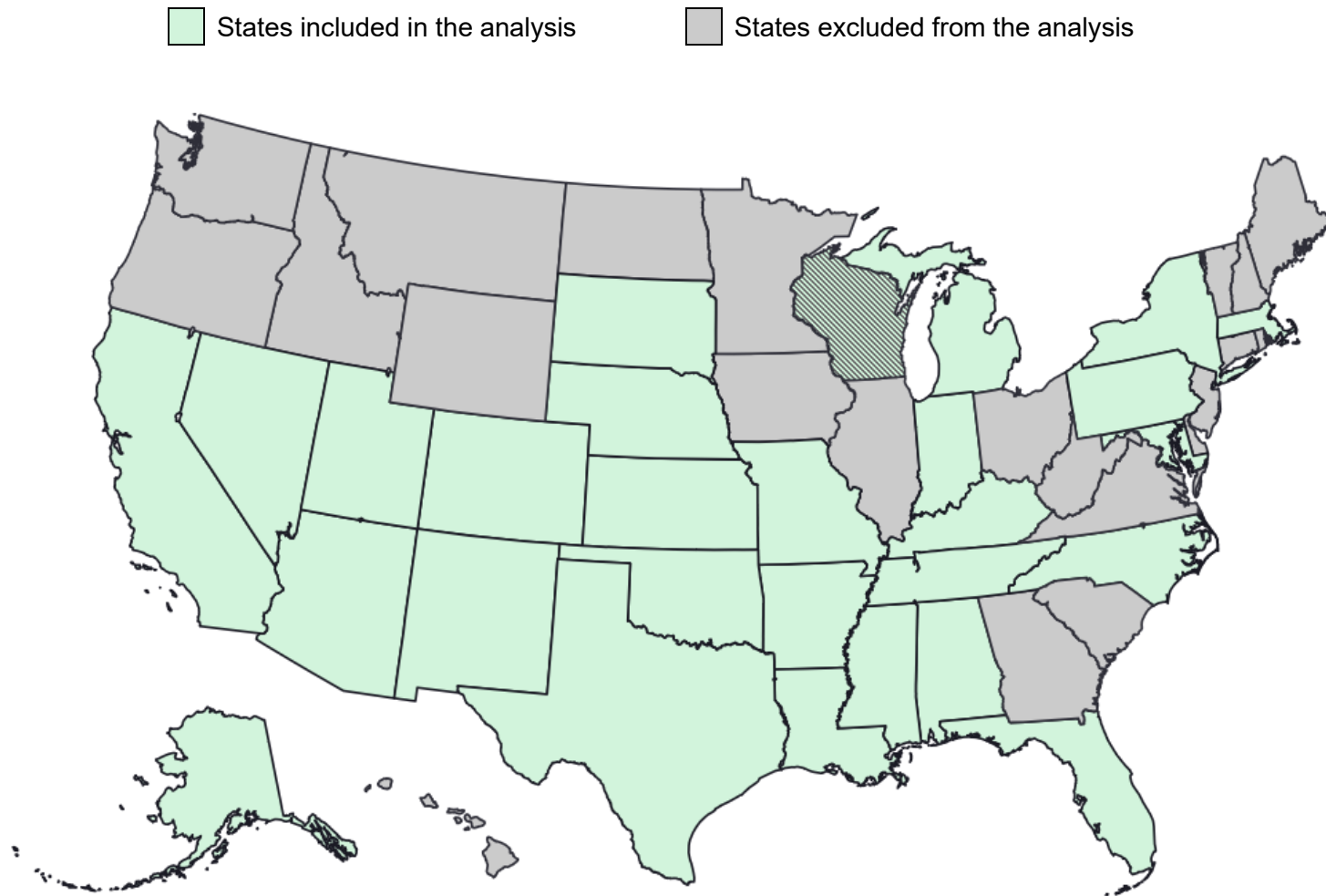
- **Accounts excluded from the analysis.** Accounts are dropped from the sample if they meet one of the following conditions:
 - The account end date occurs before the account start date, as this reflects an invalid sequence where an account appears to finish before it began.
 - The account is missing a start date, which indicates either a data coding error or that the account was never enrolled.
- **Account Settlement status.** The company-reported account status field sometimes classified accounts as “Active” or “Exited” even when the account record contains evidence of a completed Settlement, such as a Settlement date and Fee billed. To ensure consistent treatment of Settled Accounts across the analysis, these accounts are classified as “Settled” if they have data that indicates Settlement activity.
- **Client program status.** The analysis adjusts the company-reported client status to reflect the share of Enrolled Debt Settled based on the definitions presented in the report.
- **Financial characteristics data cleaning.** FICO score at enrollment data are subject to additional cleaning beyond the general rules described above. Namely, observations are excluded from the financial characteristics analysis if they are identified as outliers. For FICO scores, this includes any data below 300 or above 850.

Data availability. Not all data fields are populated for every account in the dataset. Where a calculation requires a specific data element (such as Fees or Settlement Amount), accounts missing that element are excluded from the relevant computation. As a result, the underlying population may differ across reported statistics.

Client location. This analysis only includes clients residing in states (including the District of Columbia) where “Debt Settlement Services are permitted by law and where no statutory cap

exists on the fees that Debt Settlement Providers may charge.” This list of states was provided to EY by the ACDR.

Figure A-1. States included in analysis



Note: Wisconsin is included in the analysis through October 2025, the period during which the state met the ACDR definition: "Debt Settlement Services are permitted by law and where no statutory cap exists on the fees that Debt Settlement Providers may charge." Figures are rounded.
Source: EY analysis of company data.

Appendix B. State-level data (2016-2025)

Table B-1 presents key metrics by state for 2016 through 2025. The main analysis is restricted to 2016-2022 enrollment cohorts to allow sufficient time for Settlements to progress, as Settlements occur on an account-by-account basis over the course of a client's participation.

Table B-1. Summary statistics by state (2016-2025)

State	Number of clients (thousands)	Number of accounts (thousands)	Settled Debt (Only Settled Accounts, \$)	Net Savings (Only Settled Accounts, \$)
Alabama	195k	1,303k	2,099m	606m
Alaska	23k	134k	333m	94m
Arizona	279k	1,848k	3,423m	978m
Arkansas	121k	847k	1,468m	422m
California	1,220k	7,984k	16,326m	4,716m
Colorado	157k	897k	1,999m	580m
District of Columbia	16k	93k	211m	63m
Florida	905k	6,169k	11,055m	3,191m
Indiana	237k	1,630k	2,861m	804m
Kansas	31k	172k	384m	104m
Kentucky	148k	1,001k	1,581m	449m
Louisiana	163k	1,098k	1,823m	527m
Maryland	250k	1,592k	3,318m	940m
Massachusetts	203k	1,291k	2,935m	835m
Michigan	312k	2,123k	3,816m	1,090m
Mississippi	104k	665k	1,038m	299m
Missouri	229k	1,557k	2,854m	803m
Nebraska	67k	435k	873m	244m
Nevada	126k	857k	1,544m	455m
New Mexico	87k	584k	1,102m	314m
New York	694k	4,551k	9,740m	2,777m
North Carolina	375k	2,450k	4,372m	1,268m
Oklahoma	144k	969k	1,734m	487m
Pennsylvania	449k	3,069k	6,233m	1,800m
South Dakota	27k	168k	382m	109m
Tennessee	228k	1,559k	2,427m	695m
Texas	1,092k	7,699k	13,707m	3,941m
Utah	76k	465k	879m	245m
Wisconsin*	129k	906k	1,688m	490m
Total	8,085k	54,116k	\$102,207m	\$29,327m

* Wisconsin is included in the analysis through October 2025, the period during which the state met the ACDR definition of in-scope states: "Debt Settlement Services are permitted by law and where no statutory cap exists on the fees that Debt Settlement Providers may charge."

Note: Settled Debt is debt balance immediately before Settlement. Figures are rounded.

Source: EY analysis of company data.

Table B-2 presents key metrics by state for clients that enrolled in 2025.

Table B-2. Summary statistics by state (Client enrollment year 2025 only)

State	Number of clients (thousands)	Number of accounts (thousands)	Settled Debt (Only Settled Accounts, \$)	Net Savings (Only Settled Accounts, \$)
Alabama	32k	192k	160m	42m
Alaska	4k	19k	21m	5m
Arizona	45k	269k	254m	66m
Arkansas	18k	115k	98m	25m
California	159k	890k	982m	256m
Colorado	20k	91k	142m	36m
District of Columbia	2k	11k	13m	3m
Florida	153k	923k	872m	224m
Indiana	37k	221k	197m	50m
Kansas	8k	40k	57m	15m
Kentucky	23k	138k	119m	30m
Louisiana	23k	141k	126m	33m
Maryland	36k	202k	219m	56m
Massachusetts	29k	159k	184m	46m
Michigan	47k	287k	257m	65m
Mississippi	18k	105k	88m	22m
Missouri	34k	208k	191m	48m
Nebraska	9k	55k	53m	13m
Nevada	20k	119k	122m	33m
New Mexico	12k	71k	69m	18m
New York	96k	543k	608m	152m
North Carolina	58k	342k	304m	81m
Oklahoma	22k	137k	120m	30m
Pennsylvania	60k	356k	375m	96m
South Dakota	4k	22k	24m	6m
Tennessee	36k	220k	192m	50m
Texas	178k	1,121k	990m	255m
Utah	12k	65k	69m	17m
Wisconsin*	10k	79k	72m	19m
Total	1,207k	7,142k	\$6,976m	\$1,796m

* Wisconsin is included in the analysis through October 2025, the period during which the state met the ACDR definition of in-scope states: "Debt Settlement Services are permitted by law and where no statutory cap exists on the fees that Debt Settlement Providers may charge."

Note: Settled Debt is debt balance immediately before Settlement. Figures are rounded.

Source: EY analysis of company data.

Table B-3 presents key metrics by state for clients that enrolled in 2024.

Table B-3. Summary statistics by state (Client enrollment year 2024 only)

State	Number of clients (thousands)	Number of accounts (thousands)	Settled Debt (Only Settled Accounts, \$)	Net Savings (Only Settled Accounts, \$)
Alabama	33k	209k	296m	78m
Alaska	4k	19k	40m	10m
Arizona	49k	308k	495m	131m
Arkansas	20k	136k	193m	51m
California	205k	1,256k	2,226m	590m
Colorado	29k	155k	285m	76m
District of Columbia	3k	14k	29m	8m
Florida	165k	1,069k	1,673m	444m
Indiana	41k	262k	383m	98m
Kansas	9k	50k	110m	29m
Kentucky	25k	165k	227m	58m
Louisiana	24k	157k	224m	61m
Maryland	43k	254k	464m	122m
Massachusetts	34k	198k	392m	103m
Michigan	54k	349k	520m	133m
Mississippi	19k	117k	161m	42m
Missouri	38k	245k	391m	100m
Nebraska	11k	64k	114m	30m
Nevada	24k	153k	246m	68m
New Mexico	13k	80k	125m	33m
New York	118k	714k	1,358m	349m
North Carolina	62k	388k	581m	157m
Oklahoma	24k	154k	233m	60m
Pennsylvania	72k	453k	803m	217m
South Dakota	5k	26k	51m	13m
Tennessee	39k	249k	333m	90m
Texas	177k	1,171k	1,826m	495m
Utah	14k	78k	135m	35m
Wisconsin*	19k	134k	169m	46m
Total	1,370k	8,625k	14,082m	3,729m

* Wisconsin is included in the analysis through October 2025, the period during which the state met the ACDR definition of in-scope states: “Debt Settlement Services are permitted by law and where no statutory cap exists on the fees that Debt Settlement Providers may charge.”

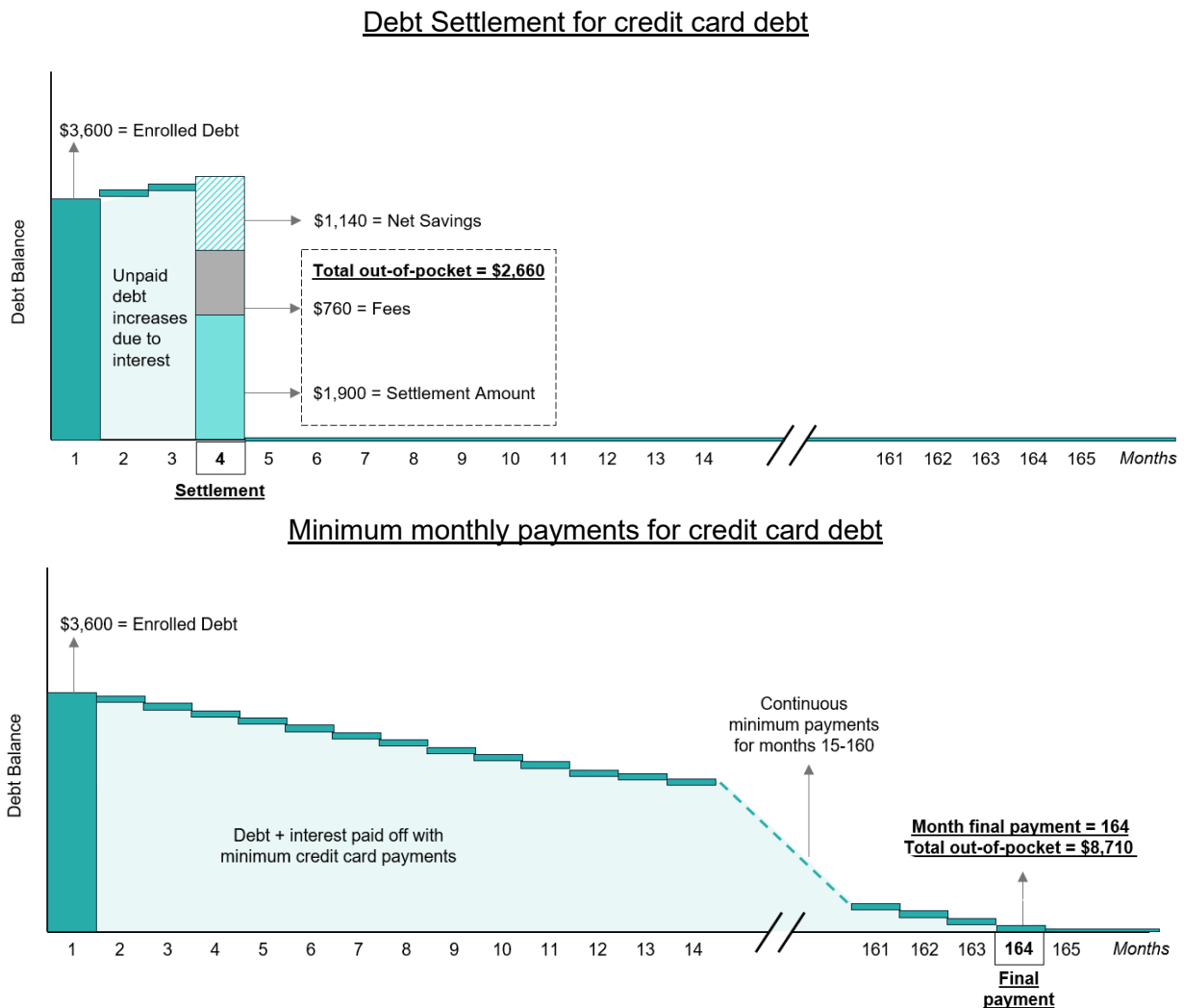
Note: Settled Debt is debt balance immediately before Settlement. Figures are rounded.

Source: EY analysis of company data.

Appendix C. Illustrative case study: Credit card debt

The illustrative case study below compares two paths for resolving a single account: Debt Settlement versus minimum monthly credit card payments. Both paths begin with the same starting balance of \$3,600. The case study assumes a credit card APR of 22%.⁸ The Debt Settlement path uses the average 4-month Settlement timing observed in the data for a first Settlement. The minimum payment path assumes monthly payments equal to the greater of 1% of the outstanding balance plus accrued interest and fees, or \$35. As shown in Figure C-1, Debt Settlement resolves the account faster, with a total out-of-pocket cost of approximately \$2,660 (Settlement Amount + Fees), while minimum monthly credit card payments require nearly 14 years and a total out-of-pocket cost of \$8,710 (Enrolled Debt + accrued interest).

Figure C-1. Illustrative Debt Settlement vs minimum monthly payments for credit card debt



Note: This illustrative case study is based on a stylized fact pattern and does not represent any specific individual. Results are based on the average time to first Settlement (4 months), which differs from the average time to reach any Settlement (13 months). Figures are rounded.

Source: EY analysis.

Note that this illustrative comparison is limited to direct financial costs and does not account for other factors that may differ between the two paths, such as credit score impacts, tax implications of forgiven debt, or collection activity during the Settlement period. Additionally, other alternatives such as balance transfer cards, debt consolidation loans, credit counseling, debt management plans, or bankruptcy are not evaluated here.

Endnotes

¹ This list of states was provided to EY by the ACDR.

² Appendix C uses 22% APR, which is based on common credit card minimum repayment plans.

³ This list of states was provided to EY by the ACDR.

⁴ An alternative approach measures Debt Reduction using Enrolled Debt rather than the debt balance immediately prior to Settlement. These results are included in the report endnotes.

⁵ Using Enrolled Debt as the baseline for Debt Reduction measurement, average Debt Reduction per \$1 of Fees would be \$1.80 for Active Clients, \$2.00 for Completed Clients, \$2.00 for Exited Clients, and \$2.00 overall.

⁶ Using Enrolled Debt as the baseline for Debt Reduction measurement, average Debt Reduction would be \$1,590 per account, average Net Savings would be \$790, Debt Reduction as a share of Enrolled Debt would be 44%, and Debt Reduction per \$1 of Fees would be \$2.00.

⁷ Overall, 96% of Settlements result in a Debt Reduction that exceeds Fees.

⁸ Illustrative credit card minimum payments based on common credit card minimum repayment plans.