Text consolidated by Valsts valodas centrs (State Language Centre) with amending laws of:

6 June 2019 [shall come into force on 3 July 2019];

15 June 2021 [shall come into force on 12 July 2021].

If a whole or part of a section has been amended, the date of the amending law appears in square brackets at the end of the section. If a whole section, paragraph or clause has been deleted, the date of the deletion appears in square brackets beside the deleted section, paragraph or clause.

The *Saeima*1 has adopted and

the President has proclaimed the following law:

**Law on Extrajudicial Recovery of Debt**

**Chapter I**

**General Provisions**

**Section 1. Terms Used in the Law**

The following terms are used in the Law:

1) **debt** – payment obligations which have not been fulfilled within the deadline specified in a lawful transaction or legal act;

2) **debtor** – a natural person who has not fulfilled the payment obligations undertaken thereby under a lawful transaction or specified in legal acts within the deadline specified in the lawful transaction or legal act, and who is operating beyond the scope of the economic or professional activities thereof;

3) **provider of debt recovery services** – a person who recovers debts in the name of or on behalf of a creditor within the scope of commercial activities or professional activities thereof;

4) **creditor** – a person who has lawful relations with a debtor and who, on the basis of a lawful transaction or legal act, has the right to request the fulfilment of payment obligations;

5) **debt recovery** – an aggregate of extrajudicial activities used by a creditor or provider of debt recovery services inviting a debtor to voluntarily fulfil the delayed payment obligations.

**Section 2. Purpose of the Law**

The purpose of this Law is to:

1) govern the rights and obligations of a creditor and a provider of debt recovery services in the field of debt recovery;

2) ensure justice, commensurability and rationality during the recovery process;

3) facilitate voluntary payment of a debt;

4) promote the opportunity for third parties to assess the fulfilment of payment obligations by a natural person.

**Section 3. Scope of Application of the Law**

(1) This Law shall govern the operation of providers of debt recovery services and prescribe the requirements for a creditor and provider of debt recovery services in respect of debt recovery and the creation of a debt history database.

(2) The norms of this Law shall not be applicable to the debt recovered by a State or local government institution in the field of public law.

(3) This Law shall not affect the right of a creditor, provider of debt recovery services or debtor to turn to a court or an arbitration court. A court or an arbitration court shall examine civil legal disputes arising from this Law in accordance with the procedures specified by the Civil Procedure Law.

(4) The norms of this Law regarding the reminder of a creditor shall be applicable insofar as is not specified otherwise by the Civil Law.

(5) The rights and obligations of a creditor specified in Chapter III of this Law shall be applicable if the creditor is the performer of economic or professional activities.

(6) If the recovery of a debt is directed against a guarantor who is a natural person and operates beyond the scope of economic or professional activities thereof, the norms of this Law governing recovery of a debt from a debtor shall be applicable.

(7) A cessionary shall effect the recovery of a debt in compliance with the rights and obligations of a creditor provided for in this Law. If the cessionary has acquired the right to claim on the basis of a cession within the scope of its economic or professional activities, the cessionary shall be subject to the rights and obligations of a provider of debt recovery services provided for by this Law.

**Section 4. Supervisory Authorities**

(1) The Consumer Rights Protection Centre (in respect of the protection of consumer rights) and the Data State Inspectorate (in respect of the protection of the data of natural persons), as well as other supervisory and control authorities shall supervise the compliance with this Law in accordance with the competence specified in laws and regulations.

(2) When supervising the compliance with this Law, the Consumer Rights Protection Centre is entitled to request the information necessary for the performance of its functions from a debtor, creditor or provider of debt recovery services, and specify the deadline for the submission thereof.

(3) If the Consumer Rights Protection Centre establishes that the non-compliance with this Law has caused or could cause harm to the interests of consumer groups (collective interests of consumers), it is entitled to take a decision, by which it assigns the creditor or provider of debt recovery services to terminate the violation of this Law or to rectify the violation allowed and determine the deadline for the performance of the necessary activities. The procedures by which the Consumer Rights Protection Centre shall take decisions and the procedures for appealing these decisions shall be determined by the Consumer Rights Protection Law and the Unfair Commercial Practices Prohibition Law.

**Chapter II**

**Operation of a Provider of Debt Recovery Services**

**Section 5. Special Permit (Licence) for Debt Recovery**

(1) A provider of debt recovery services is entitled to recover a debt in the name of or on behalf of a creditor, if it has registered as a merchant or a performer of professional activities and has received the special permit (licence) for debt recovery (hereinafter – the special permit (licence)).

(2) The special permit (licence) shall be issued by the the Consumer Rights Protection Centre.

(3) The requirement referred to in Paragraph one of this Section shall not apply to sworn advocates and the administrator in accordance with the provision of the Covered Bonds Law.

(4) The Cabinet shall determine the requirements to be complied with in order for a provider of debt recovery services to receive the special permit (licence), as well as the procedures for the issuance, use, suspension of operation, re-registration and cancellation of the special permit (licence).

(5) A provider of debt recovery services shall pay the State fee for the issuance and re-registration of the special permit (licence). The amount of the State fee and procedures for its payment shall be determined by the Cabinet.

[*15 June 2021*]

**Section 6. Reimbursement of Debt Recovery Expenses**

(1) A debtor has an obligation to reimburse the provider of debt recovery services the expenses incurred thereby in recovering the debt if their reimbursement is requested and there is no dispute regarding the existence of the debt.

(2) The debt recovery expenses must be commensurate and objectively justified. The debt recovery expenses shall be considered to be commensurate if they correspond to the permissible amount of debt recovery expenses specified by the Cabinet (except for those expenses which the Cabinet has deemed to be non-reimbursable).

(3) The Cabinet shall determine the permissible amount of debt recovery expenses and the non-reimbursable expenses.

**Chapter III**

**Communication to be Implemented during Debt Recovery**

**Section 7. Obligation to Provide True and Complete Information**

(1) When commencing debt recovery, a creditor or provider of debt recovery services shall notify the debtor in writing of the existence of a debt and invite him or her to voluntarily fulfil the delayed payment obligations. The following information shall be provided in such notification:

1) regarding the creditor – a legal person – the firm name (name), registration number, legal address, telephone number, electronic mail address and other contact information; regarding the creditor – a natural person – the given name, surname, personal identity number, address, telephone number, electronic mail address and other contact information;

2) regarding the provider of debt recovery services – a legal person – the firm name (name), registration number, special permit (licence) number, legal address, telephone number, electronic mail address and other contact information; regarding the provider of debt recovery services – a natural person – the given name, surname, personal identity number, special permit (licence) number, address, telephone number, electronic mail address and other contact information;

3) the legal grounds on which the provider of debt recovery service has acquired the right to recover the debt – the type of transaction and the date of entering into the transaction;

4) the legal grounds for the creditor’s claim – the type of transaction entered into by the creditor and the debtor, the date of entering into the transaction and the subject-matter of the transaction;

5) the amount of the debt, including the amount of the principal debt, the interest on allocation of the amount of money or other fungible property, the contracted or lawful interest and the amount of a fine;

6) the debt recovery expenses (if any);

7) the procedures and deadline for the repayment of debt;

8) information regarding the possibility to express justified written objections against the existence of a debt, its amount and payment deadline, providing that at least 21 days from the day of receipt of the notification are allotted for the expression of objections.

(2) If a creditor or provider of debt recovery services sends a written notification by mail or the debtor sends written objections by mail, it shall be deemed that the information has been received on the seventh day after its handover at the post office, even if the addressee has actually received the consignment sooner.

(3) During the time period specified for the expression of objections by a debtor, the creditor and provider of debt recovery services shall not be permitted to take debt recovery activities (to include information regarding the debtor and his or her debt in the debt history database or to take activities which increase the expenses of debt recovery, etc.), which may cause unfavourable consequences for the debtor.

**Section 8. Obligation to Co-operate and Expression of Objections Regarding a Debt**

(1) A debtor has the obligation to co-operate with a creditor and provider of debt recovery services.

(2) If a debtor admits a debt in its entirety or partially but is unable to repay it according to the procedures or within the time period specified by the creditor or provider of debt recovery services, the debtor is entitled, by justifying why the fulfilment of payment obligations is not possible, to offer his or her procedures and time period for settling the payment obligations.

(3) A creditor or provider of debt recovery services shall examine the proposal of a debtor referred to in Paragraph two of this Section for settling the payment obligations and give the debtor an answer.

(4) Upon receipt of the objections of a debtor against the existence of a debt or the amount thereof, the creditor or provider of debt recovery services shall justify in writing the existence of the debt and the amount thereof and, if requested by the debtor, issue copies of the documents justifying the existence of the debt and the amount thereof.

**Section 9. Communication with Third Parties**

(1) In communication with third parties, a creditor and a provider of debt recovery services are not entitled to disclose information regarding a debtor without the consent of the debtor.

(2) In communication with third parties, a creditor and a provider of debt recovery services are entitled to provide only the following information regarding themselves during the debt recovery process:

1) the given name and surname of the person who is implementing the communication;

2) the name (firm name) or given name and surname of the creditor or the provider of debt recovery services;

3) the contact information of the creditor or the provider of debt recovery services.

**Section 10. Communication Culture**

(1) In communication with a debtor, it is prohibited:

1) to use aggressive means of communication (including expression of threats and taking activities which prejudice gender, age, race or ethnicity and safety, religious, political or other beliefs, disability, social background and financial or family status, as well as sexual orientation);

2) to communicate with the debtor in a manner offensive to his or her dignity or honour;

3) to visit the debtor at his or her place of employment, place of the performance of work or place of residence without prior consent of the debtor;

4) to provide false or misleading information regarding the consequences of non-payment of the debt.

(2) In communication with a debtor, the creditor and provider of debt recovery services have a duty to observe commensurability.

(3) Communication shall be considered to be incommensurable if it:

1) takes place on Sundays or on public holidays determined by Law;

2) takes place between the hours of 21.00 and 8.00 or without prior consent of the debtor between the hours of 21.00 until 23.00;

3) encumbers the ability of the debtor to use the relevant electronic means of communication for daily communication.

**Section 11. Means of Communication**

(1) Unless otherwise prescribed by Law, communication with a debtor shall take place using the means of communication and contact information indicated in the lawful transaction entered into between the creditor and the debtor.

(2) If a debtor is not reachable by using the means of communication and contact information referred to in Paragraph one of this Section, or if it has been requested by the debtor himself or herself, the creditor and the provider of debt recovery services are entitled to use the contact information which has become known to them or used for communication with the debtor during previous co-operation.

(3) If a debtor is not reachable using the means of communication and contact information referred to in Paragraph one or two of this Section, communication with the debtor shall be implemented in writing, sending the necessary information to the address of the declared place of residence of the debtor.

**Chapter IV**

**Debt History Database and Entry of Information Therein**

**Section 12. Debt History Database**

(1) The debt history database is an aggregate of data regarding a debtor and his or her debt, which is recovered in the name of or on behalf of a creditor, or has been recovered by a provider of debt recovery services.

(2) The holder of the debt history database shall be the provider of debt recovery services.

(3) The purpose of the debt history database is to provide information to a third party so that it could assess the ability of a natural person to fulfil the payment obligations.

(4) The provider of debt recovery services is entitled to create a debt history database including information therein regarding the debtor and the debt thereof, if one of the following conditions is in effect:

1) the debtor has not expressed objections in writing against the existence of a debt or the amount thereof;

2) the debtor has expressed objections in writing against the existence of a debt or the amount thereof, but the court or arbitration court has recognised the claim of a creditor or provider of debt recovery services for the fulfilment of obligations as justified and the judgment has entered into legal effect;

3) the debtor has expressed objections in writing against the existence of a debt or the amount thereof, but the provider of debt recovery services has justified in writing the existence of the debt and the amount thereof and issued copies of the documents justifying the existence of the debt and the amount thereof to the debtor.

**Section 13. Inclusion of Information in the Debt History Database**

(1) Information regarding a debtor and his or her debt shall be included in the debt history database if all the following conditions have been met:

1) fulfilment of the payment obligations specified in a transaction or legal act has been delayed by more than 60 days;

2) the period for the expression of objections by a debtor specified in the notification of the provider of debt recovery services has expired, and the debtor has not paid his or her debt within this period.

(2) The following information shall be included in the debt history database regarding a debtor and his or her debt:

1) the given name, surname, personal identity number of the debtor;

2) the date when the information was included in the debt history database;

3) the amount of the debt, including the amount of the principal debt, the interest on allocation of the amount of money or other fungible property, the contracted or lawful interest and the amount of a fine;

4) the paid part of the debt;

5) the debt repayment duration;

6) the status of debt recovery (whether or not debt recovery is taking place; the date on which debt recovery was terminated; if debt recovery has been terminated – the reason for the termination – whether or not there is a dispute regarding the existence of a debt or the amount thereof);

7) if the creditor is the performer of economic activities – the sector in which the creditor of the debtor operates in accordance with Regulation (EC) No 1893/2006 of the European Parliament and of the Council of 20 December 2006 establishing the statistical classification of economic activities NACE Revision 2 and amending Council Regulation (EEC) No 3037/90 as well as certain EC Regulations on specific statistical domains.

(3) The provider of debt recovery services shall notify the debtor in writing of the inclusion of information into the debt history database. The information included therein shall be made available to third parties no sooner than 30 days after sending of the notification to the debtor.

(4) A third party is entitled, on the basis of a written contract with the holder of the debt history database, to receive the information referred to in Paragraph two of this Section entered in the debt history database on the debtor and his or her debt if the debtor has given his or her consent thereto in accordance with the procedures specified by the Personal Data Protection Law. If the debtor alleges that he or she has not given consent to the transfer of information entered in the database to the third party, the person who alleges that the consent has been given has the obligation to prove the existence of such consent.

(5) If the provider of debt recovery services itself or pursuant to information provided by a debtor or other person establishes that the information included in the database of debt history is inaccurate, incomplete or false, the provider of debt recovery services has an obligation to immediately rectify these shortcomings and notify accordingly the third parties who have received the relevant information. The refusal of the provider of debt recovery services to rectify the relevant shortcomings may be contested to the Data State Inspectorate in accordance with the procedures specified by the Personal Data Protection Law.

(6) Information in the debt history database shall be stored for three years from the day of payment of the debt or from the day when the obligations were extinguished in accordance with the procedures specified by law. If a debt is not repaid, information regarding the debt of the debtor shall be stored in the debt history database until the day when right to claim has expired.

**Section 14. Information to be Received in the State Information System Regarding a Debtor**

In order to implement the requirements of Section 7 of this Law, the provider of debt recovery services and the creditor who has received the permit (licence) for the provision of crediting services or which is a credit institution is entitled to acquire the following information from the Population Register:

1) the declared place of residence of a debtor;

2) a confirmation regarding the death of a debtor.

**Chapter V**

**Administrative Liability in the Field of Extrajudicial Recovery of Debt and Competence in the Administrative Offence Proceedings**

[*6 June 2019 /* *This Chapter shall come into force on 1 July 2020.* *See Paragraph 6 of Transitional Provisions*]

**Section 15. Administrative Liability in the Field of Extrajudicial Recovery of Debt**

For the provision of extrajudicial debt recovery services without the special permit (licence) which is required by this law or continuing the provision of extrajudicial debt recovery services after the special permit (licence) has been suspended or cancelled, or its term of validity has expired, a fine from fifty-six to four hundred units of fine shall be imposed on a natural person or member of the board with or without depriving the member of the board of the right to hold certain offices for a period of up to five years.

[*6 June 2019 /* *Section shall come into force on 1 July 2020.* *See Paragraph 6 of Transitional Provisions*]

**Section 16. Competence in the Administrative Offence Proceedings**

The administrative offence proceedings for the offence referred to in Section 15 of this Law shall be conducted by the Consumer Rights Protection Centre.

[*6 June 2019 /* *Section shall come into force on 1 July 2020.* *See Paragraph 6 of Transitional Provisions*]

**Transitional Provisions**

1. Section 5, Paragraphs two, three, four and five, as well as Section 6 of this Law shall come into force on 1 February 2013.

2. Section 5, Paragraph one of this Law shall come into force on 1 May 2013.

3. The Cabinet shall issue the regulations referred to in Section 5, Paragraphs four and five, as well as Section 6, Paragraph three of this Law by 31 January 2013.

4. A provider of debt recovery services is entitled to obtain the information referred to in Section 14 of this Law from the Population Register when he or she has fulfilled the requirement specified in Section 5, Paragraph one of this Law and received the special permit (licence) for debt recovery.

5. A provider of debt recovery services who has commenced debt recovery from a debtor until the day of the coming into force of this Law is entitled to enter information on a debtor and his or her debt in the debt history database if both of the following conditions have been met:

1) the debtor has not expressed objections in writing against the existence of a debt or the amount thereof;

2) the provider of debt recovery services has legally acquired the data on the debtor and his or her debt.

6. Chapter V of this Law shall come into force concurrently with the Law on Administrative Liability.

[*6 June 2019*]

This Law has been adopted by the *Saeima* on 8 November 2012.

President A. Bērziņš

Riga, 27 November 2012