

The Law on Extrajudicial Recovery of Debts has been amended to lay down requirements for servicing a non-performing credit agreement

On July 12, 2024, [amendments to the Law on Extrajudicial Recovery of Debts](#) entered into force. These amendments were necessary to ensure the [implementation of the requirements of Directive 2021/2167](#), which had previously been the subject of a case against Latvia by the European Commission.

The directive and the amendments to the law establish a framework for:

- a. **credit servicers** servicing the creditor's rights under a *non-performing credit agreement* on behalf of the credit purchaser or servicing the said agreement itself issued by an EU credit institution;
- b. **purchasers of those credits.**

Non-performing credit agreements mean exposures having certain characteristics, which in fact mean that the borrower is unable or will not be able to repay the loan. The abovementioned laws and regulations impose requirements for cooperation between the provider of debt recovery services, the credit purchaser, the credit seller and the outsourced service provider, as well as determine the content of the information notice to be addressed to the borrower.

Credit buyers are subject to compliance requirements and an information obligation towards both the debt recovery service provider and the supervisory authority.

Currently, a special permit (licence) for already licensed providers of debt recovery services will also cover the servicing of non-performing credit agreements, if the Consumer Rights Protection Centre is informed thereof in accordance with the specified procedures and if the provider fulfils the requirements for the submission of information specified for licensing.



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