

**DEBT RECOVERY IN FINLAND**  
**Pontus Lindberg & Co.**

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## Introduction

Unless the debtor voluntarily has paid the debt he owes to a creditor, despite demand letters sent by the creditor, it is advisable to turn to a Finnish law office (preferably a member of the Finnish Bar Association) in order to get assistance in collecting its receivables in Finland. The attorney will send a request for payment to the debtor before taking legal action.

## Court Proceedings

A claimant initiates a civil action by drafting an application for a summons and then delivering it to the local Court at the domicile of the respondent. The case becomes pending and the preparation begins when the application arrives at the Court. An application for a summons shall contain the specific nature of the claimant's claim; the detailed grounds for the claim, and if possible, the evidence which the claimant intends to present, and what that evidence is intended to prove; a possible claim for recovery of litigation costs; and the grounds for the Court's jurisdiction if it is not otherwise known.

If the case concerns receivables of a certain amount and the claimant claims that the receivables are undisputed, the application may be simpler in content. This special and simpler form of procedure is referred to as the summary procedure.

If the respondent concedes the claimant's action the Court will decide the case by allowing the action and there are no further proceedings. If the respondent does not respond within the given time limit or denies the claim by giving either no grounds or clearly irrelevant grounds, the Court may issue a judgement by default allowing the claimant's action. Also in this case there are no further proceedings, but the respondent may appeal within a set time limit by bringing up the case for a second time in the same local Court.

If the respondent has given an appropriate response denying the claim, the preparation continues orally in a preliminary hearing. The purpose of the preparation is to clarify the case before the main hearing. The Court usually pronounces its judgement within two weeks from the main hearing. A discontented party may appeal to the Court of Appeal.

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## Enforcement

Unless the losing party voluntarily fulfils the obligation imposed upon him in the judgement, the winning party has to apply for enforcement of the judgement from executive authorities.

The local Court judgements are normally immediately enforceable but the receivables are not rendered before the judgement has gained legal force. The duty of enforcement belongs to special executive authorities. An application for enforcement is normally sent by mail to an execution officer with territorial competence. The most important type is distraintment, which is used in collecting monetary receivables. The distrainted property, if other than money, is normally sold at a compulsory auction.

Finland is a signatory to the Lugano Convention, which is the most important international agreement regarding enforcement of foreign judgements in Finland. In addition, the Nordic countries have agreed separately on the enforcement of judgements concerning civil claims.

## Litigation costs

According to the main rule in the Procedural Code, the losing party is obliged to pay the necessary litigation costs to the winning party in full. The recovery of the litigation costs, however, is not ordered ex officio, but only if the parties so demand. There are several exceptions to this main rule, though, which means that quite often the claimant has to pay at least some of his legal expenses himself. If the respondent turns to be indigent, the claimant has to pay all his own legal expenses.

If the case concerns clear and undisputed receivables and it can be dealt with in a summary procedure, the Court may issue a judgement by default and the litigation costs will remain in a stage of approximately 350 to 550 EUR depending on the character of the case, the amount of the debt and necessary costs. The legal expenses of a case, which is dealt with in a normal civil procedure with preliminary and main hearings, are difficult to predict. The costs depends on the amount of work required, the preparation of the trial and other costs caused by the litigation at the Court, e.g. witness fees etc.

## Further information

For further information about debt recovery in Finland, please contact our law office:

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