

## **DEBT RECOVERY IN TURKEY**

In Turkey, it is not required special licenses for debt collection as there is no special regulations in the issue. Therefore the 2 existing ways of debt collection consists in an **amicable settlement** or **legal procedure**.

**THE AMICABLE SETTLEMENT** consists in trying to resolve the conflict in an informal way.

- In order to begin the amicable procedure, it is needed the power of attorney given by the debtee to the attorney which will also permit to get all the necessary information about the debtor when he is not reachable.
- Sending demand letters first with the indication of a time limit to pay the debt, in case it doesn't work, making collection calls which has the scope of building a relationship of trust in direct contact with the debtor. This step constitutes an important step for resolving the conflict in an informal way where it is explained to the debtor that also in his interest in avoiding the legal procedures. If the debtor remains still reluctant to pay, a final legal notification will be sent.

In these phases and where it seems possible to resolve the conflict in amicable way;

- The debtor is asked to make a written proposal which will be transmitted to the debtee.
- Even though resolving the conflict in amicable way is in the interest of the both parties, sometimes it is not possible because the proposal is unacceptable for the debtee, the debtor refuses to pay or the payment can not be made at an acceptable time.
- In these cases the debt collection will continue by the **LEGAL PROCEDURE** in which it is advised to make a research about the insolvency situation of the debtor. This will tell about the result of the procedure in the meaning of chances in order to collect the debt.
- The expenses are paid by the debtee in advance to start the legal procedure. (legal charges 6% of the main debt, 50% of the legal fee- the second half to be paid when the procedure is completed). At the end of a successful debt collection, the mentioned costs will be paid by the debtor.

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- The legal procedure starts by the request of the attorney to the bailiff Office to send an order of payment to the debtor.
- Once the debtor receives the payment order, he has 2 possibilities; he makes an objection to the debt in one week time or he will pay the debt.
- The debtor can object by saying that the contract between them was a forgery, the term of the contract is not over yet, that he paid already the debt, the debt has been barred by the lapse of time or can accept the debt only partially.
- After the debtor's objection, the debtor has 6 months in courts related to bailiff office and 12 months in ordinary courts to appeal against the objection. The debtor has to prove the existence of the debt in his favor therefore initially pay the court expenses.
- When the objection of the debtor is rejected, the debtor has to pay the court expenses to the creditor, added with a fine of up to 40 %. At this point the debt recovery can be carried out.
- In case that the debtor insists in not paying the debt, his possessions will be sold to the highest offerer in public sale to satisfy his debt and the expenses. For the immovable possessions, it will be needed a report made by an expert.

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