ACT OF 13 MAY 1988 NO. 26 ON DEBT COLLECTION AND OTHER RECOVERY OF OVERDUE PECUNIARY CLAIMS (DEBT COLLECTION ACT)

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Chapter I. Scope, definition and contracting out

§ 1  The Scope of the Act

The Act shall apply to the recovery of overdue pecuniary claims. Legal aid in the event of disputed money is not reckoned as recovery. The Act will be subject to provisions in or pursuant to other acts.

The King may decree that the Act shall apply to Svalbard¹ and Jan Mayen.

1 See the Act of July 17th 1925 No. 11 § 1 second part

§ 2  Definitions

Debt collection means commercial or continual recovery¹ of pecuniary claims for others.² In addition the purchase of pecuniary claims and recovery of these for one’s own account is also covered by the act. The debt collector means a person or firm conducting debt collection.

0 Amended by the Act of March 16th 2001 (in force from January 1st 2002 pursuant to Resolution of March 16th 2001 No. 1493)
1 See § 1 second part
2 See § 7

§ 3  Contracting out

The provisions in or pursuant to Sections 9 to 11, Section 17, first paragraph and Section 19 may be dispensed with by a contract between the creditor and debtor, but without prejudice to a debtor who has taken the obligation upon himself in his capacity as a consumer. The provisions in or pursuant to Sections 14, 15 and 16 may be dispensed with by a contract between the creditor and the debt collector.¹ The Act may not be otherwise be contracted out of.

0 Amended by the Act of June 11th 1993 No. 83
1 Cf. § 2

Chapter II Terms for debt collection¹ etc.

1 See § 2

§ 4  Terms and conditions for debt collection

Debt collection¹ may only² be conducted by business entities³ that are registered in the register of business and are licenced unless otherwise stipulated of the third and fourth parts.

Debt collection licences shall be restricted to either the recovery of pecuniary claims for others or the purchase of and recovery of own due pecuniary claims. Companies with limited liability carrying out debt collection activities, shall be sufficient, which means that the value of the company’s assets must exceed the total liabilities of the company. The same applies when the debt collection activities are carried out by a general partnership⁴ in which one or several partners is/are a company with limited
liability, or by a limited partnership in which one or several of the partners are a company with limited liability.

Debt collection in connection with commercial or continual recovery of pecuniary claims for others may also be conducted pursuant to a Norwegian licence to practice Law.

Debt collection in connection with the purchase of and pecuniary claims can also be carried out without a licence by institutions that are licenced to operate financial activities pursuant to the Act of June 10th 1998 No. 40 on financing operations and financial institutions (financial activities act).

§ 5 Terms and conditions for debt collection licences

A Debt collection licence for commercial or continual recovery of pecuniary claims for others can be granted by application to a company when:

(a) the person or persons in charge of the professional management of the debt collection business is/are licensed to collect debts pursuant to the second part.

(b) the debt collection business is conducted from a permanent place of business in Norway

(c) surety has been furnished as declared in Section 29

A debt collection licence pursuant to the first part letter a shall be granted on application to persons who are considered fit to be professional managers of debt collection activity for companies engaged in the commercial or continual recovery of pecuniary claims for others and who also:

(a) prove they have at least three years' practical experience in the recovery of pecuniary claims during the last ten years, and

(b) show a police certificate of good conduct and otherwise provide proof of their record of good conduct. The company or entity shall inform the Banking, Insurance and Securities Commission of any change in management.

A licence to operate the purchase of and recovery of pecuniary claims for one’s own account can be only be granted to companies/entities that are run from a permanent business address in Norway, and that are in fact managed by one or more persons who can provide a police certificate of good conduct, and otherwise provide proof of their record of good conduct. Special terms and conditions can be attached to the licence.
The company or entity shall inform the Banking, Insurance and Securities Commission of any change in management.

The Banking, Insurance and Securities Commission can demand as a pre-condition for a debt collection licence pursuant to the first part demand that the company/entity is a member of a mediation arrangement as described under section 22. The Banking, Insurance and Securities Commission can also demand that companies/entities that have already been granted a licence conform to such terms and conditions.

The King may issue further regulations on the conditions for the granting of debt collection licences.

§ 6 Obligations for holders of a debt collection licence and for lawyers

The holder of a debt collection licence shall ensure that the requirements of Section 4, first paragraph, are met when debt collection is conducted pursuant to the licence. The holder of the licence shall also ensure that debt collection is conducted pursuant to the provisions of Sections 8 to 12, that any order pursuant to Section 24, third paragraph, is followed, and that the business is otherwise conducted in legal manner.

The King may issue regulations concerning the duty to keep the debt collection supervisory authorities for debt collection informed of the debt collection business conducted pursuant to the licence.

Lawyers shall ensure that the debt collection business conducted pursuant to their licence to practice law is conducted in accordance with the provisions of Sections 8 to 12, and is otherwise conducted in a legal manner.
§ 7 Recovery of own pecuniary claims

The King may decree that Sections 4 and 5 in its entirety or in part shall apply to creditors who continually recover their own pecuniary claims of a specified type. This may be provided in a regulation¹ for special groups of creditors, or by a single resolution² for specific creditors. The King shall also decree which of the Act's other provisions shall apply to recovery.

0 Amended by the Act of March 16th 2001 No. 8 (in force from January 1st 2002 pursuant to the resolution of March 16th 2001 No. 1493).
1 Cf. The Act of February 10th 1967 §2 and chapter VII.
2 Cf. The Act of February 10th 1967 §2

Chapter III General Clause on generally accepted debt collecting practice

§ 8 Generally accepted debt collection practice

Debt collection¹ activity¹ shall² be conducted in accordance with generally accepted debt collection practice. The same shall apply in the case of occasional recovery³ for others and in the recovery of one's own pecuniary claims.

It is contrary to good debt collection practice to use debt collection methods which expose anyone to unreasonable pressure, harm or inconvenience.

1 Cf. §2
2 Cf. §26
3 Cf. §1 second point.

Chapter IV Further rules on the debt collector's relationship to the debtor

§ 9¹ Debt collection warning and deadline for payment

Before a debt collector² may implement debt collecting measures, the creditor or debt collector shall³:

(a) after the claim has fallen due, send the debtor written notice that debt collection will be implemented, and

(b) have notified the debtor therein of a time limit for payment which must have been exceeded without the amount having been paid.

The time limit for payment pursuant to the first paragraph shall be at least fourteen days after the warning has been sent. Payment shall be considered made before the deadline if a payment order has been delivered to the post office or bank before the deadline.

1 Cf. §3 and §12.
2 Cf. §2.
3 Cf. §26.
§ 10\(^1\) *Payment demand*

When a claim has been received for debt collection and the deadline for payment pursuant to Section 9 has been exceeded the debt collector\(^3\) shall\(^2\) send the debtor a written demand (demand for payment) to either pay or submit objections to the claim within 14 days. Section 9, second paragraph shall be given corresponding application. Circumstances giving grounds to doubt the legality of the claim shall be assessed before a payment demand is sent.

The payment demand shall state:

(a) the name of the creditor,

(b) what the claim is for,

(c) the amount of the claim with specification of principal amount and additional claims such as interest on late payment\(^4\) and compensation for recovery costs,

(d) the rate used for any interest on late payment, the date the interest is calculated from,

(e) that non-payment may lead to legal recovery and further costs for the debtor, and

(f) the right to have the matter put to mediation pursuant to § 22

Complete information as described in paragraph 2, c and d need not be given if the calculation of the claim is particularly extensive. The total claim must nevertheless be stated, and information must be given that a complete specification will be provided on request.

Notification that legal recovery as stated in paragraph 2 e will be instigated may instead to be sent as a subsequent and separate warning with its own time limit of at least 14 days. Section 9, second paragraph shall be given corresponding application.

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1 Cf. §3 and §12 .
2 Cf. §26.
3 Cf. §2.
4 Cf. The Act of December 17th 1976 No. 100.

§ 11\(^1\) *Obligations before legal recovery*

Before a debt collector\(^2\) initiates legal recovery proceedings, the debt collector must\(^3\) have sent the debtor a payment demand with notification of the initiation of legal recovery proceedings, see Section 10. The payment deadline set for the debtor must also have been exceeded, and the debt collector shall have evaluated the legality of the claim.
If more than six months have elapsed since the demand for payment was sent, the debt collector may not initiate legal recovery proceedings before the deadline of a new payment demand pursuant to Section 10 has been exceeded.

1 Cf. §3 and §12.
2 Cf. §2.
3 Cf. §26.

§ 12 Exemption from the obligation to issue notifications etc.

The provisions of Sections 9 to 11 shall not apply for the recovery of money claims which are linked to a bill of exchange¹ or a cheque².

If it is obvious that the debtor is trying to evade payment, or there are other particular circumstances, the provisions of Sections 9 to 11 may be deviated from insofar as there is a danger of the chance of coverage being entirely or partially lost.

If a pecuniary claim is disputed, the question of the legality of the claim may be brought up for a judicial decision without the provisions of Sections 9 to 11 having been followed first.

1 See the Act of May 27th 1932 No. 2.
2 See the Act of May 27th 1932 No. 3.

§ 13 Debt collector's authorisation

The debtor may be released from his debt by making payment to a debt collector¹ who has been assigned the task of recovering the claim. Objections submitted to the debt collector shall have the same effect as objections raised vis-à-vis the creditor. The creditor shall be bound by the repayment arrangement the debt collector agrees with the debtor. The debtor's right pursuant to this Section shall be independent of knowledge of the debt collector's right vis-à-vis the creditor.

1 Cf. §2.

Chapter V Further rules concerning the debt collector's¹ relationship to the Creditor

1 Cf. §3.

§ 14¹ The debt collector's right of disposition

A debt collector shall be entitled vis-à-vis the creditor to implement on the creditor's behalf those measures which are naturally connected to the debt collection assignment. However, the debt collector may only implement legal recovery proceedings other than the issuing of a summons to appear before the conciliation board³ or suing for distraint, attachment or distress⁴.

0 Amended by the Act of June 26th 1992 No. 86.
1 Cf. §3.
2 Cf. §2.
3 See the Civil Procedures Act §§ 272 following.
4 See the Enforcement of Claims Act Article 7.
§ 15¹  The debt collector's duty to inform

A debt collector² shall keep the creditor informed of the debt collection developments. When the task is completed, the debt collector shall hand the creditor a written statement showing what has been claimed from the debtor, what the debtor has repaid, the debt collector's fee for his work and expenses.

1 Cf. §3.
2 Cf. §2.

§ 16¹  Handling of collected outstandings and other client funds

The debt collector² shall pay the collected monies to the creditor as soon as possible. The debt collector may retain an amount corresponding to his fee.

The debt collector is obliged to keep collected monies and other client funds separate from own funds and funds not belonging to the clients.

The King may issue regulations³ on the handling of collected monies and on the right to interest on such monies.

Amended by the Act of June 11th 1993 No. 83.

1 Cf. §3.
2 Cf. §2.
3 Cf. The Act of February 10th 1967 §2 and Article VII.

Chapter VI.  Debtor's obligations to pay compensation etc.

§ 17  Debtor's liability for costs incurred in connection with out of court recovery

The debtor shall be obliged to compensate the creditor's necessary costs incurred in connection with out of court recovery. This applies to the both costs of engaging a debt collector¹ and the costs of enforcing the claim oneself².

Compensation for the costs cannot be claimed if the debtor had objections there were reasonable grounds for considering before the recovery proceedings were initiated. This applies even if the costs were incurred before the objections were raised, unless the debtor ought to have raised them earlier.

The creditor cannot claim compensation for payment to a debt collector¹ if the debtor has paid within the payment deadline given in a collection warning under Section 9.

Nor shall the debtor be obliged to compensate the costs if the creditor, a debt collector¹ or others who have assisted the creditor, have behaved in a manner incompatible with generally accepted debt collection practice³ vis-à-vis the debtor, see Section 8, or a debt collector has neglected to follow instructions in relation to debtors under Section 30, third paragraph. Compensation for payments made to a debt collector cannot be claimed if the rules of Sections 9 to 11, Cf. Section 12, have been violated.
§ 18  Costs incurred in issuing statements

In consumer matters, fees or other compensation for issue and despatch of a first statement may only be claimed to the extent that such compensation could have been claimed before due date. No claim may be made for statements after due date than is permitted under Sections 17, 19 and 20.

§ 19¹ Regulations governing compensatory fees

The King may stipulate the size of the fee that the creditor may demand of a debtor who is liable to pay compensation through the issuance of regulations.²

(a) when after due date of the claim a written reminder is sent, or warning of collection under Section 9, and

(b) when the creditor himself has sent a demand for payment that satisfies the requirements of Section 10.

The King may through a directive² also lay down higher amounts that a creditor may claim from a liable debtor as compensation for costs in connection with collecting the claim even when a lawyer who has guaranteed pursuant to section 22 and the law courts act, has the professional management of the collection.

The figures set may vary according to the size of the pecuniary claim.

Subject to the restrictions resulting from Section 20, a creditor who has incurred greater costs by recovering the claim himself may claim re-imbursement of these costs instead of the figures fixed pursuant to the first and second paragraphs.

§ 20  Regulations governing maximum compensatory fees

The King may issue regulations¹ to determine the maximum fees for compensation the creditor can demand of a debtor for the costs of engaging a debt collector³ or for other costs incurred in out of court collection³. The fees may vary according to the size of the pecuniary claims.

§ 21  Costs of legal debt collection
For costs of legal debt collection, the rules of the Legal Procedures Act on case costs¹ shall apply.

¹ Cf. The Civil Procedures Act 13 Chapter.

Chapter VII. Mediation in connection with disputes in debt collection cases

0 This chapter added pursuant to the Act of December 20th 2002 No. 106 (in force from January 1st 2003 pursuant to the resolution of December 20th 2002 No. 1616).

§22. Right to mediation etc.

Through agreements between organisations that operate debt collection activities, and the Consumer Council or other organisations or institutions that represent debtors, one or more mediating bodies can be established that handle disputes concerning the obligations pursuant to this act between debtors and organisations that operate debt collection activities.

The parties may put the agreements before the King for approval. If the King has approved the mediating body’s articles, the regulations stipulate in the third and fourth parts and §§ 23 to 27 apply.

A debtor can demand that all and any dispute(s) be put before a mediating body where the said body has jurisdiction, if the debtor has a professional interest in obtaining the said body’s comments on the case.

If the debtor has incurred liabilities or obligations in his capacity as consumer, the debtor cannot renounce the right to demand hearing by a mediating body.

0 Added pursuant to the act of December 20th 2002 No. 106 (in force from January 1st 2003 pursuant to the resolution of December 20th 2002 No. 1616).

§23. Relationship to the ordinary courts of law

For as long as the dispute is under hearing by a mediating body, it cannot be brought before an ordinary court of law. If the dispute concerns the creditor’s demand for re-imbursement of costs incurred in debt recovery, it can, this notwithstanding be brought before the ordinary courts of law pursuant to the Civil Procedures Act together with the principal claim. A dispute is considered to be under hearing from the date the petition for mediation was received by the mediating body.

A case that the mediating body has heard on its merits can be brought directly before the municipal courts.

0 Added pursuant to the Act of December 20th 2002 No. 106 (in force from January 1st 2003 pursuant to the resolution of December 20th 2002 No. 1616).

§24. Reporting to the Banking, Insurance and Securities Commission

The mediating bodies shall submit their comments regarding contravention of the Debt Collection Act to the Banking, Insurance and Securities Commission.

0 Added pursuant to the Act of December 20th 2002 No. 106 (in force from January 1st 2003 pursuant to the resolution of December 20th 2002 No. 1616).
§25. **Liability for the mediating body’s costs**

In cases of contravention of the requirement for good debt recovery practice in §8, the mediating body can order the debt collector to pay the said body’s costs incurred in the case in question.

0 Added pursuant to the Act of December 20th 2002 No. 106 (in force from January 1st 2003 pursuant to the resolution of December 20th 2002 No. 1616).

§26. **Break in statute bar limitations**

Statutory time bar limitations are broken pursuant to the Limitation Act §16 No. 2 when a dispute concerning a claim the mediating body is competent to handle (cf. §22 first part), is brought for ruling before the mediating body. Time barring of the principle claim is not broken when a dispute is brought before a mediating body.

0 Added pursuant to the Act of December 20th 2002 No. 106 (in force from January 1st 2003 pursuant to the resolution of December 20th 2002 No. 1616).

§27. **Regulations**

The King can issue regulations concerning the extension and implementation of the regulations in this chapter, and the regulations stipulated under §10 second paragraph letter f.

0 Added pursuant to the Act of December 20th 2002 No. 106 (in force from January 1st 2003 pursuant to the resolution of December 20th 2002 No. 1616).

Chapter VIII. **Confidentiality, furnishing of surety, supervisory authority and sanctions.**

0 Added pursuant to the Act of December 20th 2002 No. 106 (in force from January 1st 2003 pursuant to the resolution of December 20th 2002 No. 1616, chapter number changed from chapter VII)

§28 **Confidentiality**

A debt collector, his employees and other assistants, and members of the mediating body pursuant to §22 and others who perform tasks for the said body, have the mandatory obligation to preserve confidentiality towards third parties on whatsoever knowledge they may gain in connection with their work on any persons personal circumstances or business circumstances. This does not apply if no justifiable interest indicates confidentiality.

The first paragraph does not preclude that information is passed on to or legally used in credit information services that are operated in accordance with the Act on the Protection of Privacy.

0 Amended pursuant to the Act of April 14th 2000 No. 31 (in force from January 1 2001 pursuant to the resolution of June 30th 2000 No. 641), December 20th 2002 No. 106 (in force from January 1st 2003 pursuant to the resolution December 20 2002 No. 1616, amended pursuant to paragraph number from §22)

1 See §2 second paragraph.
2 Cf. §26.
3 The Act of April 14th 2000 No. 31.
§ 29. **Furnishing of surety**

A debt collector¹ conducting¹ commercial or continual recovery of pecuniary claims¹ for others, shall furnish surety. The security relates to the liability incurred by the debt collector vis-à-vis creditors and debtors in the conduct of his debt collection activity.

The King shall issue detailed regulations² for the provision of surety.

0 Amended pursuant to the Act of June 19 1997 No. 79. (in force from December 1997 1st 2003 pursuant to the resolution of November 7th 1997 No. 1149), March 16th 2001 No. 8 (in force from January 1st 2002 pursuant to the resolution of March 16th 2001 No. 1493) December 20th 2002 No.106 (in force from January 1st 2003 pursuant to the resolution of December 20th 2002 No. 1616 paragraph number changed from §23).
1 Cf. §2.
2 Cf. The Act of 1967 §2 and chapter VII

§ 30. **Licensing and supervision authority**

Supervision of debt collection¹ carried out under the scope of a debt collection licence pursuant to Section 5 shall be conducted by the Norwegian Banking, Insurance and Securities Commission pursuant to the Act of 7 December 1956, no. 1 on the supervision of banking, insurance and securities.

The Banking, Insurance and Securities Commission shall grant and revoke debt collection licences, see Sections 5 and 31.

The Banking, Insurance and Securities Commission may order² debt collectors¹ conducting debt collection under a licence pursuant to Section 5 to change any practice which involves a danger of violation of this Act or the Act on Banking, Insurance and Security Supervision³.

The Banking, Insurance and Securities Commission may prohibit the debt collection activities if one or several of the terms in sections 4 and 5, first, third and fourth paragraphs, are not fulfilled with regard to the debt collection activities being carried out in accordance with the debt collection licence pursuant to section 5. The Banking, Insurance and Securities Commission may instead impose on the debt collector a time limit to fulfil these terms.

1 Cf. §2.
2 Cf. §26.
3 Act of December 7th 1956 No. 1.

§ 31. **Revocation of licence**

A debt collection licence pursuant to Section 5 may be revoked if it is inadvisable to allow debt collection activities¹ to be conducted pursuant to the licence because:

(a) the licence-holder has not fulfilled his obligations pursuant to Section 6, or
(b) the conditions for granting the licence no longer apply, or

(c) the debt collection company/entity does not comply with the terms and conditions stipulated concerning membership in a mediation arrangement within the stipulated time limit or,

(d) there are other special grounds.

Amended pursuant to the Act of December 20th 2002 No. 106 (in force from January 1st 2003 pursuant to the resolution of December 20th 2002 No. 1616, paragraph number changed from §25).

Cf. §2.

§ 32. Penalties

Fines¹ or a prison sentence of maximum 3 months, or both², may be imposed on anyone intentionally violating or being accessory to the violation of:

(a) Sections 4, 5, 6, 28, regulations pursuant to Sections 6 or 20, or orders pursuant to Section 30, third paragraph or banned activities pursuant to section 30 fourth part or

(b) Sections 8, 9, 10 or 11, if these provisions are violated on several occasions or if the violation is gross.

Whosoever negligently contravenes or contributes to a contravention as described in the first paragraph shall be punished by a fine.


Cf. the Penal Code §27 and Chapter 3 a.

Cf. the Penal Code §26 a.

Chapter IX. Entry into force, transitional provisions and changes in other Acts.

Amended pursuant to the Act of December 20th 2002 No. 106 (in force from January 1st 2003 pursuant to the resolution of December 20th 2002 No. 1616, chapter number changed from VIII).

§ 33. Entry into force

The Act shall enter into force from the time decreed by the King¹.

Amended pursuant to the Act of December 20th 2002 No. 106 (in force from January 1st 2003 pursuant to the resolution of December 20th 2002 No. 1616, paragraph number changed from §27).

From October 1st 1989 pursuant to resolution of July 14th 1989 No. 553.

§ 34. Transitional provisions

The Act shall apply to the recovery of money claims that fall due after the entry into force of the Act. The Act shall also apply to the recovery of pecuniary claims that a debt collector¹ is given the job of recovering after the entry into force of the Act.

Amended pursuant to the Act of December 20th 2002 No. 106 (in force from January 1st 2003 pursuant to
§35. Repealed acts and amendments to other acts

From the time the Act comes into force the following amendments shall come into force in other acts: - - -.

Amended pursuant to the Act of December 20th 2002 No. 106 (in force from January 1st 2003 pursuant to the resolution of December 20th 2002 No. 1616, paragraph number changed from §29)