



Five reasons why you should consider debt enforcement in Germany

1. Prospects are good that the debtor holds assets in Germany

Germany is among the countries importing and exporting the most goods and services worldwide. Therefore, many internationally operating companies hold assets in Germany, particularly in the form of goods or receivables such as, for example, bank balances and pecuniary claims against their customers. If an internationally operating company owes money it presumably holds assets in Germany which creditors may access.

2. Creditors and debtors do not need have a business location in Germany for debt enforcement in Germany

To commence compulsory enforcement in Germany it is sufficient that the debtor holds assets there or that, at least, the creditor assumes this to be the case. It is irrelevant whether the debtor has a business location in Germany. The creditor does not have to have any connection to Germany either.

3. No German title of execution is required for compulsory enforcement in Germany

Compulsory enforcement can also be commenced based on foreign titles of execution in Germany. Owing to international regulations and agreements many foreign titles of execution are directly executable in Germany; otherwise first an associated order for enforcement will be granted by a German court on application.

4. Debt enforcement in Germany is fast and efficient and pays also in case of small claims

Experience has shown that the attachment of claims of the debtor against its debtor, the so-called garnishee, is particularly effective. Here, the garnishee designated by the creditor is instructed by court order to no longer pay to the debtor but to the creditor. Typical cases are, for example, the attachment of the debtor's bank accounts with financial institutions and the attachment of purchase price payment claims of the debtor against its customers.

With a so-called temporary freezing of payments the lawyer can freeze the claims against the garnishee within a few days even prior to the judicial seizure. In this way the claims are protected from other orders to the benefit of the creditor; in particular, the garnishee may no longer render payments to the debtor.

All costs incurred in connection with the compulsory enforcement have to be paid by the debtor. The compulsory enforcement therefore pays off even in case of small claims.

5. The commencement of the debt enforcement may motivate the debtor to pay quickly

Particularly the attachment of claims is associated with specifically critical inconvenience for the debtor. For example, by blocking the debtor's bank account its further participation in business and payment transactions involving the bank in question is considerably impaired. Since it is at the creditor's discretion to re-enable a bank account blocked by its debtors are generally very interested in settling the outstanding debt as soon as possible. In our experience many debtors whose bank account was blocked by a creditor will pay within an extremely short period of time to be solvent again.

For many debtors it is also very unpleasant when so-far unconcerned third parties, e.g. own customers, learn about the debts as it will definitely be the case in the event of the attachment of claims. Particularly when the debtor is concerned about its good reputation it will be specifically motivated to settle the matter as soon as possible. Just recently our law firm had attached from a German garnishee for a French client after the Italian debtor did not pay irrespective of the decision of the French court. However, after the garnishee had received the temporary freezing of payments and confronted its Italian contractual partner with it the situation obviously became so uncomfortable for the latter that it immediately settled the entire claim.

Please feel welcome to contact us if you need any further information.

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The core of our activities is to provide our clients with comprehensive advice on all legal issues related to doing business on the German market. All over Germany, we advocate the cause of our clients both in and outside court. In doing so, we focus on individual and personal assistance. We can address all our clients' needs individually, while offering excellent responsiveness and reachability.

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