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Debt & Collection — Dunning Procedures, Counseling and Personal Bankruptcy

What to do about debt? Understand dunning procedures, use free debt counseling, and personal bankruptcy after 3 years.

Deutsche Begriffe: Schulden | Inkasso | Mahnverfahren | Schuldnerberatung | Privatinsolvenz | Pfändung | Mahnbescheid

Debt in Germany

Debts can accumulate quickly — through job loss, illness, or unexpected costs. In Germany, there are clear rules and **free help**.

Dunning Procedure — What happens with unpaid invoices?

- 1. 1st Notice** (Payment reminder) — usually free
- 2. 2nd Notice** — Setting deadline, possibly dunning fee (approx. 2-5 €)
- 3. 3rd Notice** — final deadline, threat of collection/legal dunning procedure
- 4. Collection Agency:** The creditor hires a collection agency — additional costs (collection fees according to RVG)
- 5. Court Dunning Notice:** The district court sends a **dunning notice** — you have **2 weeks** to object
- 6. Enforcement Order:** Without objection → enforcement proceedings (garnishment)

Collection — Your Rights

- Collection fees must comply with **attorney fee regulations (RVG)**
- **Unjustified claims:** Raise objections in writing!
- Collection agencies **must not threaten, harass, or deceive**
- Carefully verify the claim — collection fraud is common (e.g., via email)

- Registration requirement: Legitimate collection agencies are registered in the legal services registry

Free Debt Counseling

If you have debt problems, you are entitled to **free counseling**:

- **Caritas, Diakonie, AWO**: Free debt counseling centers in every city
- **Consumer Centers**: Advice on debt and collection issues
- **Municipal Counseling Centers**: Through social services or job centers
- **Online**: [meine-schulden.de](https://www.meine-schulden.de) (Caritas)

Counseling helps with:

- Getting an overview of all debts
- Negotiating with creditors (installments, partial forgiveness)
- Creating a debt settlement plan
- Preparing for personal bankruptcy

Personal Bankruptcy (Consumer Insolvency Procedure)

When debts become unbearable:

- 1. Attempt out-of-court settlement** (with debt counseling)
- 2.** If unsuccessful → **File for personal bankruptcy** at the district court
- 3. Good conduct phase: 3 years** (shortened since 2020, previously 6 years)
- 4.** Afterwards: **Debt discharge** — all remaining debts are forgiven
- 5. Garnishment exemptions** protect your subsistence minimum (2026: approx. 1,491 €/month net for single persons)

Garnishment Protection

- **P-Account** (Protected account): Protects at least **1,491 €/month** from garnishment
- Apply at your bank — free of charge
- Everyone is entitled to **one** P-Account

Important Tips

- **Don't ignore notices** — costs escalate quickly
- **Debt counseling** is free and confidential
- Personal bankruptcy is not failure — it's a **legal fresh start**

--- As of: March 2026. All information without warranty.

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