

## Debt Collection in Thailand



Debt collection refers to the pre-litigation process by which a creditor pursues repayment of overdue amounts through formal demands and negotiations, whether conducted directly or through an authorised agency or law firm.

In Thailand, the primary legislation in this area is the Debt Collection Act B.E. 2558 (2015), which applies exclusively to individual debtors – whether Thai nationals or foreign nationals residing in Thailand. Debt collection against corporate debtors is not separately regulated; creditors must rely on general legal and commercial practice, typically comprising formal demand letters, bilateral negotiations and, where agreed, mediation.

Should pre-litigation efforts prove unsuccessful, a creditor may pursue its claim through civil litigation under the Civil Procedure Code B.E. 2477 (1934) (as amended), seek enforcement of a foreign judgment or arbitral award in Thailand, or consider insolvency-related remedies under the Bankruptcy Act B.E. 2483 (1940) (as amended).

This practice note provides a structured overview of the available options and key stages in debt recovery in Thailand, covering pre-litigation demand and out-of-court collection, judicial proceedings, enforcement of foreign titles, and insolvency procedures.

## I. Debt Collection against Individuals in Thailand

With the introduction of the Debt Collection Act B.E. 2558 (the “**Debt Collection Act**”) in 2015, a legal framework for pre-litigation recovery against individual debtors in Thailand has been established.

Under the Debt Collection Act, only three parties are permitted to carry out out-of-court debt collection on a creditor’s behalf:

- the creditor in person;
- a debt-collection business licensed by the Ministry of Justice; or
- a lawyer registered with the Lawyers’ Council of Thailand.

The Debt Collection Act imposes relatively strict requirements on the timing and manner of contact, requiring that collectors disclose their identity, the creditor’s identity, the amount claimed, and prohibits any disclosure of the debtor’s financial information to third parties. Failure to comply may result in administrative fines or criminal penalties.

Debt collection under the Debt Collection Act can be outlined as follows:

### 1. Written Demand

The creditor or its authorised agent must serve a written notice on the debtor, clearly identifying the collector, the creditor, the amount claimed and the due date for payment.

### 2. Negotiation

The debt collector may engage the debtor in settlement discussions, provided all communications comply with the Act’s restrictions on timing, location and manner of contact.

### 3. Additional Notice

If the debtor fails to pay by the initial deadline, the debt collector may serve one further notice, again observing the mandatory disclosure requirements.

### 4. Assessment of Judicial Action

Should out-of-court efforts fail, the collector will advise the creditor on filing a claim in the Civil Court under the Civil Procedure Code B.E. 2477 (1934) (as amended).

Throughout, the debtor benefits from the Debt Collection Act’s protective measures, including prohibitions on harassment, strict privacy rules and mandated transparency, aimed at ensuring fair treatment at every stage.

The Debt Collection Act has not been materially amended since its introduction. However, the Bank of Thailand’s responsible lending framework has introduced greater emphasis on early debtor engagement and debt restructuring, with creditors increasingly expected to seek an amicable resolution before initiating legal proceedings.

## II. Debt Collection against Juristic Persons in Thailand

Where a creditor seeks debt recovery from a corporate debtor in Thailand, Thai law does not provide a specific regulatory framework equivalent to the Debt Collection Act. Debt collection against corporate debtors therefore follows general legal and commercial practice, with the objective of applying sufficient pressure to expedite repayment while maintaining legal compliance and building a robust basis for any future proceedings.

Cost and time considerations are critical, particularly for foreign creditors pursuing recovery against a Thai company, for whom a realistic, case-specific strategy is essential.

The key steps are as follows:

### 1. Formal Demand Letter(s)

A formal demand letter serves both as a professional courtesy and as a procedural requirement for any subsequent litigation.

In practice, the letter should be issued on the creditor’s official letterhead or by a law firm acting on the creditor’s behalf, and must:

- identify the underlying claim by reference to the relevant invoices, contract clauses or statutory provisions;
- specify the total amount due in Thai Baht, including accrued interest or fees;
- set a firm payment deadline — typically 7 to 14 days, expressed as an absolute date — underscoring the creditor’s seriousness and establishing the boundary for out-of-court resolution; and

- state clearly that failure to pay will result in the creditor pursuing all available remedies, including civil litigation and recovery of interest, costs and legal fees.

Where the debtor is a Thai-owned company, issuing the demand in Thai, or in a bilingual Thai/English version, is advisable to reinforce formality and ensure clarity.

## 2. Negotiations

Upon receipt of the demand, the debtor may engage in discussions to explore payment arrangements. Depending on the circumstances, an instalment plan, bank guarantee or upfront partial payment may be discussed and agreed at this stage.

## 3. Mediation (optional)

If direct negotiations stall but both parties remain committed to an out-of-court resolution, mediation through a recognized institution (e.g. the Thai Arbitration Institute) may be considered.

In general, mediation offers a confidential framework to resolve disputes, preserve commercial relationships and reduce both time and costs compared to litigation.

## 4. Default Notice

Should demand letters and any negotiations or mediation fail, the creditor may issue a formal default notice declaring its intent to commence proceedings. In practice, this notice often constitutes a final settlement proposal.

Absent payment or an acceptable agreement, the creditor must proceed with civil litigation or, where appropriate, insolvency proceedings under the Bankruptcy Act B.E. 2483 (1940) (as amended).

# III. Court Proceedings

## 1. Initiating Civil Litigation

Where pre-litigation efforts do not yield a resolution, the creditor may file a civil action in the competent Civil Court under the Civil Code B.E. 2468 (1925) and the Civil Procedure Code B.E. 2477 (1934) (both as amended).

Proceedings commence with the submission of the claim, setting out the facts giving rise to the debt, the contractual or statutory basis for the claim, and the relief sought (principal, accrued interest, costs and legal fees).

All supporting documents – contracts, invoices, correspondence – must be translated into Thai by a certified translator and annexed to the claim. Certain foreign documents may also require notarisation and legalisation by the Thai embassy in the relevant jurisdiction. These formalities can add time and cost and should be factored into the litigation strategy.

The claim must be filed at the court with jurisdiction over the debtor's registered address or place of performance.

Once accepted, the court issues a fee notice; the creditor has seven days to pay the filing fee, failing which issuance of the summons is delayed. Upon payment, the court issues the summons and arranges service on the debtor.

Service triggers a 15-day period for the debtor to file a written answer, admitting or denying each allegation, asserting any counterclaims and submitting supporting evidence (also translated into Thai). Failure to respond entitles the court to proceed in the debtor's absence and may result in judgment by default.

## 2. Enforcing a foreign judgment in Thailand

Thailand does not allow for the direct recognition or enforcement of foreign court judgments. A creditor holding a foreign judgment must therefore initiate fresh civil proceedings before the competent Thai court, in which the foreign judgment may be submitted as evidence but is not binding on the Thai court.

To support such proceedings, creditors must usually submit:

- a certified Thai translation of the foreign judgment;
- proof that the judgment is final and no longer subject to appeal; and
- a power of attorney in favour of the Thai law firm or litigator.

The court will consider whether the foreign court had jurisdiction under Thai conflict-of-laws principles, whether the judgment is final, and whether enforcement would be contrary to Thai public policy.

### 3. Initiating bankruptcy procedures

A creditor whose claim against a juristic person exceeds THB 2 million (or THB 1 million in the case of an individual debtor) may petition for bankruptcy under Section 9 of the Bankruptcy Act B.E. 2483 (1940) (as amended).

A debtor is presumed unable to pay its debts if any of the circumstances set out in Section 8 of the Bankruptcy Act are established. In practice, the most commonly invoked ground is the debtor's failure to pay following a written demand, without reasonable cause — creditors typically issue at least two formal written demands before filing to demonstrate the debtor's non-payment.

If the court accepts the petition, it issues an Absolute Receivership Order, vesting the debtor's entire estate in the Official Receiver. Prior to the first creditors' meeting, the debtor may submit a composition plan for creditors' consideration. If creditors holding at least 75% of the total value of admitted claims approve the plan, it becomes binding and the bankruptcy petition is stayed.

If the required approval is not obtained, the court declares the debtor bankrupt and opens liquidation proceedings, in which the debtor's assets are realised by public auction in statutory order of priority. Liquidation often yields only partial recovery, particularly for unsecured or smaller creditors, but remains the principal mechanism for secured creditors to enforce their security interests.

Bankruptcy proceedings also serve as a strategic tool — the prospect of insolvency can pressure a debtor with liquidity into settlement. Separately, a debtor may apply for court-supervised reorganisation under the business reorganisation provisions of the Bankruptcy Act, which operates as an automatic stay on parallel bankruptcy or dissolution petitions and permits the negotiation and court approval of a restructuring plan.

### IV. Enforcement of a Thai Judgment

Once a final and enforceable judgment has been obtained, the creditor must file an enforcement petition with the issuing court, attaching a certified copy of the writ of execution and proof of service. The Judicial Execution Officer may then attach the debtor's assets – movable and immovable property, bank accounts, receivables and other rights – by physical seizure or garnishment.

Seized assets are sold by public auction following publication of notice in the Royal Gazette and a local newspaper.

Where the debtor challenges an attachment as improper (e.g., on grounds of exemption or procedural defect), an objection may be filed before the auction date for the court's determination.

Auction proceeds are applied first to enforcement costs (court fees, execution officer's fees and auction expenses), then to secured creditors in order of priority, with any surplus distributed pro rata among unsecured judgment creditors.

Enforcement may take several months, due to mandatory notice periods, potential objections and auction scheduling. Enforcement costs advanced by the creditor are recoverable as part of the judgment debt. Where a judgment debtor holds assets outside Thailand, the creditor must seek separate enforcement of the Thai judgment in the relevant foreign jurisdictions.

### V. Our Services

In conclusion, recovering debts from a Thailand-based debtor (either individual or corporate entity) involves both pre-litigation and post-litigation pathways, with the optimal strategy depending on the case-specific circumstances. Engaging local expertise at an early stage to assist in developing an effective debt-collection strategy, as well as supporting its execution, is therefore critical.

Our team of Thai and international lawyers is uniquely positioned to advise on every stage of the recovery process, from the development of the most effective strategy, pre-litigation demands through judicial enforcement, while ensuring full compliance with Thailand's legal and tax requirements.

Should you have any questions regarding Thailand's legal and tax landscape, please do not hesitate to contact us by email ([thailand@luther-services.com](mailto:thailand@luther-services.com)) or by telephone (+66 2210 0036).

We are happy to assist with debt collection matters as well as standard corporate services, such as accounting, payroll, company secretarial services and tax compliance, as well as general legal and tax advice.

## VII. Your Contacts in Thailand



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