



# Cyprus Property Loans

## ARREARS, ENFORCEMENT & YOUR OPTIONS

A practical guide for UK-based owners of  
Cyprus property financed by a Cyprus bank

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# I AM IN ARREARS - WHAT HAPPENS NEXT?

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If you fall behind on a Cyprus mortgage, the bank will usually begin a **standard recovery process**, which may include:

- arrears letters;
- telephone or email contact; and
- referral to debt collectors.

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At this stage, matters are normally handled by the **local bank branch**. These communications are often automated and do **not** mean that legal action is imminent.

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Once arrears persist, the account may be transferred to the bank's **recoveries department**, from where legal proceedings can be commenced.

# ARREARS LETTERS - SHOULD I WORRY?

In many cases, **no**.

We have established working arrangements with several Cyprus banks under which:

- arrears letters may continue to be sent due to internal bank processes; but
- legal action is not progressed without notice to us.

However:

- arrangements vary by bank; and
- we cannot control unilateral action by lenders.

If you are in arrears, **protective steps in both England and Cyprus are essential.**

## WHAT ABOUT UK DEBT COLLECTORS?

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Cyprus banks sometimes instruct UK-based debt collection agencies. These letters are usually procedural.

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If you receive one:

- do not respond directly;
  - send it to us.
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We will notify the sender that we are instructed and require all correspondence to be directed to us. This is usually sufficient to stop further action at that stage.

# WHAT IF I RECEIVE COURT PAPERS FROM CYPRUS?

This is a critical moment.

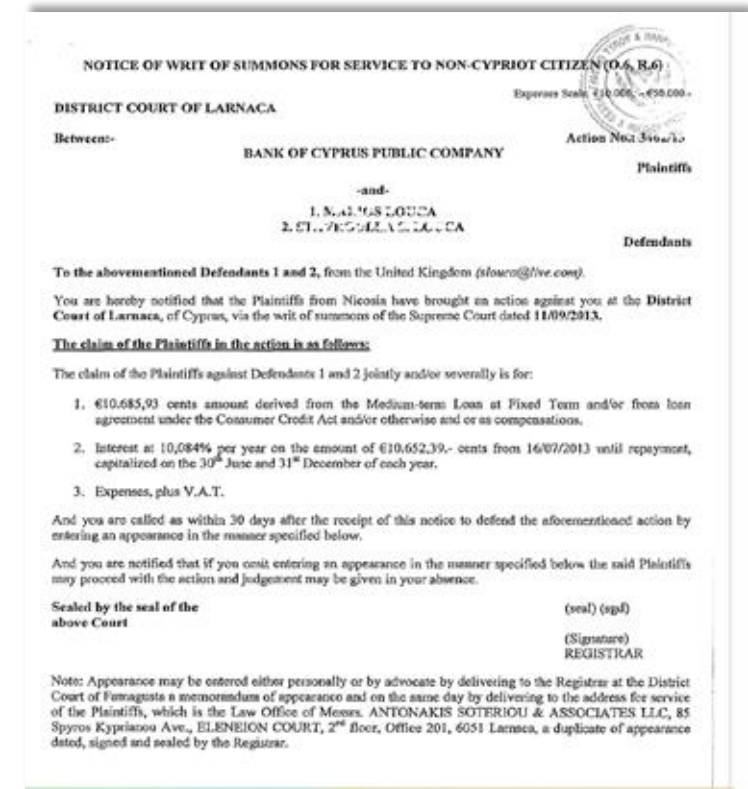
If you are served with a **writ issued in Cyprus**, strict deadlines apply (often 30 days). Failure to respond can result in a **default judgment**.

Default judgments:

- are difficult and expensive to reverse; and
- can be enforced against **UK assets** in appropriate circumstances.

Early legal involvement allows us to:

- file protective responses;
- prevent default judgments; and
- control the litigation timetable.



# WHAT IF MY LOAN IS SOLD OR ASSIGNED?

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Cyprus banks increasingly transfer non-performing loans to **servicing or credit management companies** (such as doValue or Baker Tilly).

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If this happens:

- your obligations under the loan remain;
- the servicer may pursue you directly, with or without the bank; and
- enforcement is often more commercially driven and procedurally robust.

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This is where **delay becomes risky** - and where early legal strategy can materially change outcomes.

# ENFORCEMENT RISK IN THE UK

Cyprus judgments may, in certain circumstances, be:

- recognised in England & Wales; and
- enforced against UK-based assets.

Doing nothing is rarely a safe strategy.

Our involvement often allows proceedings to be **stayed while negotiations take place**, reducing cost, risk and pressure.



## OUR APPROACH

Where we are instructed early, we typically aim to:

stabilise the position;  
prevent default judgments;  
manage proceedings strategically; and  
pursue a structured, negotiated resolution.

This approach protects leverage and avoids unnecessary escalation.

# KEY TAKEAWAYS

- Arrears letters alone are rarely decisive.
- Ignoring formal proceedings is dangerous.
- Loan assignment materially increases risk.
- Early, coordinated legal advice makes a real difference.

If you are in arrears, have received correspondence, or are concerned about enforcement against UK assets, timely advice is critical.

## **Important note**

This guide is general information only. It does not constitute legal advice and does not seek to summarise Cyprus law or procedure in full. Each case turns on its own facts and specialist advice should be taken at an early stage.

**Email us at [info@clplegal.london](mailto:info@clplegal.london) and one of our experienced team members will be in touch shortly to provide clear and practical advice.**