

The New Legal Framework for the Management and Assignment of Non-Performing Loans (NPLs)

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On 11 September 2025, [Decree-Law no. 103/2025, of 11 September](#) (the “Decree-Law”) was officially published in the Portuguese Official Gazette (*Diário da República*), transposing Directive (EU) 2021/2167 (the “Directive”) into Portuguese law. The Directive harmonises, at European level, the rules governing access to, and the exercise of, credit servicing activities (management of non-performing loans, “NPLs”), while also establishing requirements applicable to the purchasers of such loans.

This reform creates two fundamental regimes:

1. **Legal Framework on the Assignment of Bank Loans and Credit Servicing Activities (RCGCB)** – defining the rules applicable to the transfer and subsequent management of bank loans, in particular NPLs;
2. **Central Credit Register (CRC)** – reinforcing the centralisation of information on bank customers’ credit liabilities.

In essence, the new legal framework is structured around three pillars:

- the assignment of credits;
- the management of assigned credits, regulating the activity of credit servicers and establishing access and supervisory requirements;
- the centralisation of information through the strengthening of the Central Credit Register.

1. Assignment of Credits

The new regime goes beyond the provisions of the European Directive. Instead of being limited to the assignment of credits by credit institutions (*e.g.*, banks), it also covers the transfer of credits or contractual positions arising from credit agreements granted by other entities.

This is because, in Portugal, it is not only banks that grant credit: financial companies, payment institutions and electronic money institutions may also do so. The regime therefore applies to the following entities (the “Institutions”):

- Institutions with their head office in Portugal;

- Foreign institutions with a branch in Portugal; or
- Institutions authorised to grant credit in Portugal under the freedom to provide services.

Whenever these entities assign their credits or contractual positions, or carry out credit servicing activities, they fall within the scope of the Decree-Law.

The regime also applies to:

- Credit Alternative Investment Funds (“Credit AIFs”); and
- the assignment of credits for securitisation purposes, where specific regimes apply.

When can credits be assigned?

- Credits with instalments overdue for more than 90 days; or
- Credits granted to companies (SMEs or large enterprises) classified as “*unlikely to be fulfilled*” for at least 12 months (for example, for credit cards, the period is counted from the due date of the minimum payment.).

It should be emphasised that the transfer does not exempt the prior application of the PARI and PERSI schemes, where applicable (Article 5(2) of the Decree-Law).

The principle of neutrality

In line with the Directive, the Decree-Law reinforces the principle of neutrality of the assignment (Article 6 of the Decree-Law). This means that the purchaser of the credit (the “*Credit Purchaser*”) fully assumes all rights and obligations associated with the credit agreement, even if it is not the original creditor.

1.1. Obligations of Assignors

The Decree-Law establishes a set of duties for the entities that assign credits (the “**assignors**”), ensuring transparency and regulatory oversight. The main obligations include:

- Communication to the Bank of Portugal (Article 9 of the Decree-Law): Assignors are required to submit, on a semi-annual basis, information such as:
 - identification of the credit purchaser;
 - total outstanding balance;
 - the number of assignment operations carried out during that period.
- Communication to the CRC - Whenever a credit is assigned, this information must be reported to the CRC (article 10 of the Decree-Law).

1.2. Obligations of Credit Purchaser

The new regime also addresses entities that acquire credits or contractual positions assigned by institutions. These entities (the “**Credit Purchaser**”) play a central role in the legal framework now adopted.

In Portugal, credit purchasers are subject to a stricter rule than that laid down in the European Directive: they are always required to appoint an authorised credit servicer to manage the acquired credits (Article 11 of the Decree-Law).

In practice, this means that it is the credit servicer, and not the credit purchaser, who assumes the obligations associated with credit servicing.

There are, however, exceptions:

- where the credit purchaser itself is authorised as a credit servicer;
- where the credit institution directly manages the credits it holds.

The credit servicing agreement

The relationship between the credit purchaser and the credit servicer must be formalised in a written contract, which shall meet minimum requirements, including:

- a clear description of the credit servicing activities;
- the rules governing the credit servicer’s remuneration;

- confirmation that the credit servicer is vested with powers of representation vis-à-vis the debtor.

It is important to note that, pursuant to Article 7(2) of the Decree-Law, the effectiveness of the assignment under the new regime is subject to two additional conditions:

(i) Execution of a credit servicing agreement:

If the credit purchaser is not itself authorised to carry out credit servicing activities and does not intend to assume such activities, the assignment will only become effective once the credit purchaser has concluded a credit servicing agreement with an entity duly authorised by the Bank of Portugal.

In practice, this requirement means that an assignment may not automatically produce effects upon the signing of the assignment agreement. Rather, the prior execution of the credit servicing agreement is necessary. This represents a material departure from other assignment regimes, as it introduces a suspensive condition of effectiveness, aimed at ensuring that the credit is managed by a regulated entity subject to specific conduct obligations.

(ii) Notice of the assignment to the debtor within 10 days, thereby safeguarding the debtor's protection.

General duties of credit purchasers

Even where they do not directly perform credit servicing activities, credit purchasers remain subject to general duties, including:

- acting in a loyal, transparent and professional manner;
- duly respecting the interests of the debtor;
- ensuring that information provided is clear, objective and accurate.

2. Credit servicing activities

Credit servicing is now considered a regulated activity, subject to prior authorisation by the Bank of Portugal.

This activity covers a number of essential functions, including:

- collecting amounts due;
- negotiating payment arrangements with debtors;
- providing clear and transparent information to debtors;
- establishing and operating a complaints-handling system.

2.1. Authorisation as a Credit Servicer

To act as a credit servicer, you must obtain authorisation from the Bank of Portugal. This authorisation is subject to compliance with various structural and organisational requirements, including:

- Corporate form: the entity must be incorporated as a private limited liability company (*sociedade por quotas*) or a public limited liability company (*sociedade anónima*);
- Registered office: the head office and effective management must be located in Portugal;
- Governance: members of the management body must have adequate knowledge, skills and experience, and must comply with the applicable fit and proper requirements;
- Shareholders: holders of qualifying holdings must also meet the fit and proper requirements;
- Internal control: adequate internal control mechanisms must be established, including sound accounting procedures and effective risk management processes;
- Compliance policies: the entity must adopt policies ensuring compliance with the applicable laws and regulations, in particular with regard to the protection of debtors and their fair and diligent treatment;

- Complaints handling: effective complaints-handling procedures must be in place for the assessment and resolution of complaints submitted by debtors.

Bank of Portugal decision deadlines

The Bank of Portugal has **45 days** to verify whether the application for authorisation is complete and may request additional information or clarifications.

The final decision must be taken within **90 days** from the receipt of the application (or of the additional information, where applicable).

2.2. Duties of the Credit Servicer

The credit servicer is subject to a wide range of duties, aimed at ensuring transparency, the protection of the debtor, and the proper conduct of the credit servicing process.

General duties

The credit servicer shall at all times act with:

- loyalty and due regard to the interests of debtors, credit purchasers, institutions and other credit servicers;
- diligence, care, and professional competence.

Compulsory communication to the debtor

Within 10 days of the credit agreement being assigned (and in any event before the first collection), the credit servicer shall provide the debtor with clear and objective communication containing at least the following information:

- the fact and the date of the assignment;
- the identity and contact details of the credit servicer and of the credit purchaser;
- the contact details, prominently indicated, of the designated point of contact of the credit servicer;
- evidence of the credit servicer's authorisation;

- the outstanding amounts, including interest, fees, commissions and any other charges;
- the identification of the competent authority in the Member State where the debtor may lodge a complaint (in Portugal, Bank of Portugal).

Obligations on behalf of the credit purchaser

When servicing the credit, the credit servicer must comply with all applicable legislation, including:

- providing periodic information to the debtor during the term of the credit agreement;
- ensuring the debtor's right to early repayment of credit agreements;
- issuing and sending to the debtor, free of charge, the documents required to release the security interest in the event of definitive default or acceleration;
- monitoring and managing risk situations, arrears and out-of-court settlement;
- respecting the statutory limits on default interest and charges under the PARI regime (*Plano de Ação para o Risco de Incumprimento*);
- reporting subsequent transfers to the CRC.

Other duties of the credit servicer

Other obligations include:

- recording and retaining documents, such as signed contracts, correspondence exchanged, instructions from the credit purchaser, and subcontracting agreements, where applicable;
- implementing effective procedures for the handling and analysis of complaints.

3. Supervision

Institutions, both in their capacity as assignors and as authorised entities carrying out credit servicing activities, as well as credit purchasers and credit servicers, are subject to the supervision of the Bank of Portugal.

Penalties

The administrative offence regime provides for three levels of seriousness: (i) minor, (ii) serious, and (iii) very serious. The applicable fines vary depending on whether the offender is a natural or a legal person, and may reach up to €1,000,000 in the case of very serious administrative offences.

By way of example, it constitutes a very serious administrative offence to perform acts or carry out credit servicing activities without the required authorisation.

Ancillary penalties

In addition to fines, ancillary sanctions may also be imposed, including:

- loss of the economic benefit derived from the offence;
- disqualification from holding corporate office;
- disqualification from holding administrative, management or leadership positions in entities subject to the supervision of the Bank of Portugal.

4. Creation of a New CRC Regime

The Central Credit Register (CRC) plays a fundamental role in collecting and centralising financial, accounting and risk information on credit liabilities arising from operations carried out by participating entities.

The new regime introduces significant changes, namely:

- broadening the scope of participating entities to include not only credit institutions, but also:
 - entities authorised to carry out credit servicing activities;
 - entities operating in Portugal under the freedom to provide services;

- crowdfunding service providers;
- extending the purposes for which CRC information may be used, allowing its use also for the performance of public duties;
- updating the sanctions regime, including a review of the classification of administrative offences and their respective categories.

Entry into force

The Decree-Law enters into force 90 days after its publication. Generally, it applies only to assignments executed after that date.

However, a transitional regime is provided for in the following cases:

(i) subsequent assignments of credits initially assigned by institutions as from 30 December 2023; and

(ii) assignments of credits issued on or after 1 July 2018 that become non-performing after 28 December 2021, for the purposes of completing the data template set out in the Decree-Law.

Abreu Advogados' APDFin team is available to assist the entities covered by this new regime, including in the process of applying for authorisation and in adapting to the new legal and regulatory requirements.



Thinking about tomorrow? Let's talk today.

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