10 Years of successful practice in Russia

TPG-Legal, Law Firm

2026

WHAT TO DO IF

A RUSSIAN BUYER FAILS TO PAY

A step-by-step algorithm for debt recovery

CLAIM • JURISDICTION • GOVERNING LAW • COURT • ENFORCEMENT

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FLOWCHART

General action plan

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1 Pre-trial claim

Procedure under the contract and the law, and the timeframe and conditions for pre-trial dispute resolution. Risk: the claim may be left without consideration if the pre-trial procedure is not followed

2 Jurisdiction and governing law

Arbitration clause, exclusive court jurisdiction, and applicable substantive law

Option 1 · Foreign court / arbitration

Option 2 · Russian court

3 Enforcement of the judgment — recovering the funds

Through the Federal Bailiff Service (enforcement proceedings) or directly to the debtor's bank under a writ of execution

Option 1 · Enforcement proceedings with the Federal Bailiff Service (a state authority)

Option 2 · Writ of execution submitted directly to the debtor's bank

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STEP 1

Pre-trial dispute resolution: law and contract

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Procedure under the law

Default rule (parties may agree otherwise)

- For claims arising from a transaction or unjust enrichment, a lawsuit may be filed after 30 calendar days from the date the claim was sent
- The law does not prescribe a specific method of dispatch — what matters is proof of the fact and date of sending (a letter to the defendant's registered address is recommended)
- The pre-trial procedure is not required in bankruptcy cases, corporate disputes, writ (summary) proceedings, and a number of other case categories
- Consequences of non-compliance — the court leaves the claim without consideration, rather than dismissing it on the merits

Procedure under the contract

The contract's terms take priority

- The contract often sets a different response period for the claim — e.g., 10, 15 or 20 days instead of 30
- The contract may specify a particular address and method of dispatch: courier service, a designated person's e-mail, or registered mail
- The contract may either exclude the pre-trial claim procedure altogether or extend it to non-monetary claims
- Always check the current text of the contract — standard terms may have been amended by the parties

Practical recommendation

It is important to keep evidence that the claim was sent — the postal receipt and inventory of enclosures, the courier's waybill and delivery confirmation, or proof that it was sent to the e-mail address specified in the contract. This is the only evidence of compliance with the procedure if the defendant raises objections in court.

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STEP 2

Jurisdiction and governing law

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1	**Contractual clause**	Check whether the contract contains an arbitration clause or an agreement on choice of a specific state court (a prorogation agreement).
2	**Exclusive jurisdiction of Russia**	Disputes over real estate, RF state property, and the registration of patents/trademarks and legal entities involving foreign persons fall within the exclusive jurisdiction of Russian commercial courts — this cannot be changed by agreement of the parties.
3	**General grounds for jurisdiction of Russian courts**	The defendant, its property, branch or representative office is located in Russia; the contract is to be performed in Russia; the harm occurred in Russia; and other grounds.
4	**Applicable substantive law**	The parties to the contract may choose the governing law themselves . If this is not stated in the contract, it is determined by law.
5	**Sanctions clause**	If foreign sanctions have been imposed on the Russian party, it is entitled to move the dispute to a Russian court, even if the contract specifies a foreign court or arbitration.

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DECISION POINT

Choice: foreign or Russian court

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Foreign court / arbitration

Advisable when the debtor's assets are located abroad

- If the debtor (or its guarantor) has assets abroad, or the contract contains a clause in favor of a foreign forum
- International arbitration — the award is recognized and enforced in more than 170 states party to the 1958 New York Convention, without a separate bilateral treaty.
- A foreign state court — recognition of its judgment in Russia requires an international treaty or proven reciprocity.
- Limitation periods and procedural rules are governed by the applicable law and differ from Russian ones.

Russian court

Optimal when the debtor and its assets are in Russia

- Generally more effective when the buyer is a Russian company without significant assets abroad.
- Formal timeframes are shorter and more predictable: first instance — 6 months.
- The judgment is immediately enforceable in Russia — no separate recognition procedure is required.
- If the claimant is under sanctions, the exclusive jurisdiction of Russia is available — even contrary to a foreign forum clause.

Practical takeaway

An award of the ICAC at the RF CCI — as an award of a Russian arbitral institution — is enforced under the simplified procedure, rather than the procedure for recognizing foreign judgments. A writ of execution is issued within no more than 1 month, and in some cases within 14 days without a hearing.

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PATH 1

Filing with a foreign court or arbitration

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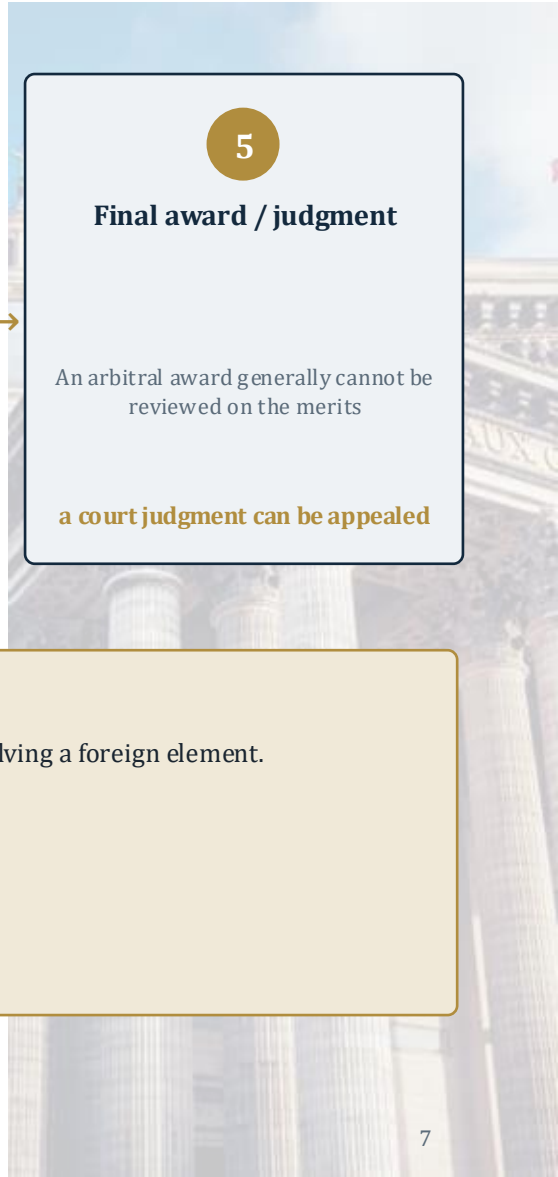

1 — Choice of forum

Under the arbitration clause in the contract or general jurisdiction rules

defendant / enforcement

→

2 — Preparing the claim

Under the rules of the jurisdiction or the arbitration rules; for arbitration — a filing fee

from $1,000 (ICAC)

→

3 — Limitation period

Local limitation periods differ from Russian ones — check the specific jurisdiction

2–10 years (EU) · 3-6 years (UK)

→

4 — Local representation

Local counsel or an attorney accredited with the arbitral institution

factor into the budget

→

5 — Final award / judgment

An arbitral award generally cannot be reviewed on the merits

a court judgment can be appealed

Average case duration at the ICAC at the RF CCI

≈180 days from filing to the award (no appeal or cassation — an arbitral award is final) — noticeably faster than the average timeline in state courts for cases involving a foreign element.

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PATH 1

Enforcing a foreign judgment in Russia

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1. The application is filed with the commercial court of the RF constituent entity at the debtor's location/residence (or its property); the deadline is 3 years from the date the judgment takes effect.

2. Basis for recognition: for state court judgments — an international treaty or reciprocity; for arbitral awards — the 1958 New York Convention, no separate treaty required.

3. The court reviews the application alone (single judge) within 1 month, without reconsidering the merits of the dispute.

4. Grounds for refusal: improper notice to the debtor (the most common), violation of Russia's exclusive jurisdiction, and conflict with public policy.

5. If granted, a writ of execution is issued — enforcement then proceeds under the general procedure (see Path 2, “Enforcing the judgment”).

Practical takeaway

Judgments from friendly and neutral jurisdictions are recognized in the vast majority of cases. Judgments from unfriendly states are recognized, according to independent estimates, in no more than a quarter of cases — and, where the other party invokes Art. 248 CPC RF, almost never. We recommend assessing the judgment's real enforceability in advance.

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PATH 2

Filing with a Russian commercial court

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1

Commercial court of the RF constituent entity

First instance.
Review of the case on the merits

up to 6 months (may be extended to 9 months)

→

2

Commercial court of appeal

Re-examination
before the judgment takes effect

up to 3 months (may be extended to 6 months)

→

3

Commercial court of the district (cassation)

Cassation.
Review of the correct application of law

up to 3 months

→

4

Judicial Chamber for Economic Disputes of the RF Supreme Court

Second cassation,
case is selectively referred

selective

→

5

Presidium of the RF Supreme Court

Supervisory review.
An exceptional instance

rare

Where to start

The claim is filed at the defendant's location or the location of its property (Art. 247 CPC RF — where a foreign person is involved; Arts. 35–36 CPC RF — for domestic disputes). The claim must be accompanied by: evidence of compliance with the pre-trial claim procedure, a calculation of the debt and penalties/interest, documents evidencing delivery and late payment, and proof of payment of the court fee (see slide 9).

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PATH 2

Enforcing the judgment: bailiffs or bank

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Through the Federal Bailiff Service (FSSP)

- The writ of execution is submitted to the bailiff at the debtor's location or the location of its property — proceedings are opened within 3 business days
- The bailiff may freeze accounts and assets, prohibit registration actions, and restrict the debtor's director from leaving the country
- Access to information on all of the debtor's bank accounts through banks and state registers — there is no need to know the account details in advance
- Downside: a 12% enforcement fee on the debt amount, and bailiffs' heavy caseloads — the actual timeline is often stretched to months

Directly to the debtor's bank

- The creditor submits the writ of execution and an application with the recipient's account details directly to the debtor's bank
- The bank must debit the funds no later than the next business day, provided the account holds a sufficient balance
- Substantially faster, bypassing the bailiffs' queue; no enforcement fee is payable
- Requires knowing the exact account details (the writ of execution can only be submitted to one bank); if funds are insufficient, enforcement is deferred until money is received

Practical recommendation

If the debtor's account details are known (e.g., specified in the contract), start with the bank as the faster route, and then submit the writ to the bailiff to search for other assets if the account balance proves insufficient. The writ of execution must be presented within 3 years from the date the court judgment takes effect.

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KEEP IN MIND

Special situations and risks

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1 Sanctions restrictions

The “Lugovoy Law” (Arts. 248.1–248.2 CPC RF) gives a sanctioned Russian person the right to move a dispute to a Russian court despite a forum clause, but judgments issued under Art. 248 CPC RF are not recognized in the EU (15th sanctions package, Dec. 2024); Russian courts, too, frequently refuse to enforce judgments from unfriendly jurisdictions.

2 Interim measures

It is recomended to apply for a freeze on the defendant's accounts and assets at the same time as, or before, filing the claim, to prevent the debtor from moving assets before judgment.

3 Debtor's bankruptcy

If bankruptcy proceedings have already been opened against the buyer (or there are clear signs of insolvency), debt recovery outside that case is blocked — it is advisable to file a claim in the creditors' register and assess the priority ranking and realistic chances of recovery.

4 The buyer's counterclaims

Be prepared for objections and a counterclaim regarding the quality, completeness, or timing of delivery — gather evidence of your proper performance of the contract in advance.

5 Currency and banking restrictions

Dealing with sanctioned banks and currency controls can complicate transferring recovered funds abroad — this should be taken into account when choosing a bank to receive payment and in settlement negotiations.

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What to do if a buyer from Russia fails to pay

1. **The contract must be reviewed before sending a claim — check the timeframes, notification method, and the jurisdiction and governing law clauses. The contract's terms may differ from the law's default rules.**
2. **The pre-trial procedure must be followed and evidence of sending the claim must be kept — without it, the court will leave the claim without consideration.**
3. **The debtor's actual asset location must be identified before choosing a forum — this matters more than formal jurisdiction for the subsequent enforcement of the judgment.**
4. **Interim measures should be considered at the same time as filing the claim, to prevent the debtor from moving assets before judgment.**
5. **Currency and banking restrictions must be taken into account when choosing a bank to receive payment — dealing with sanctioned banks can complicate transferring recovered funds abroad.**

This material was prepared by the law firm TPG-Legal based on publicly available sources as of August 2026 and does not constitute legal advice.

About TPG-Legal

TPG-Legal is a Russian law with the headquarter in Moscow.

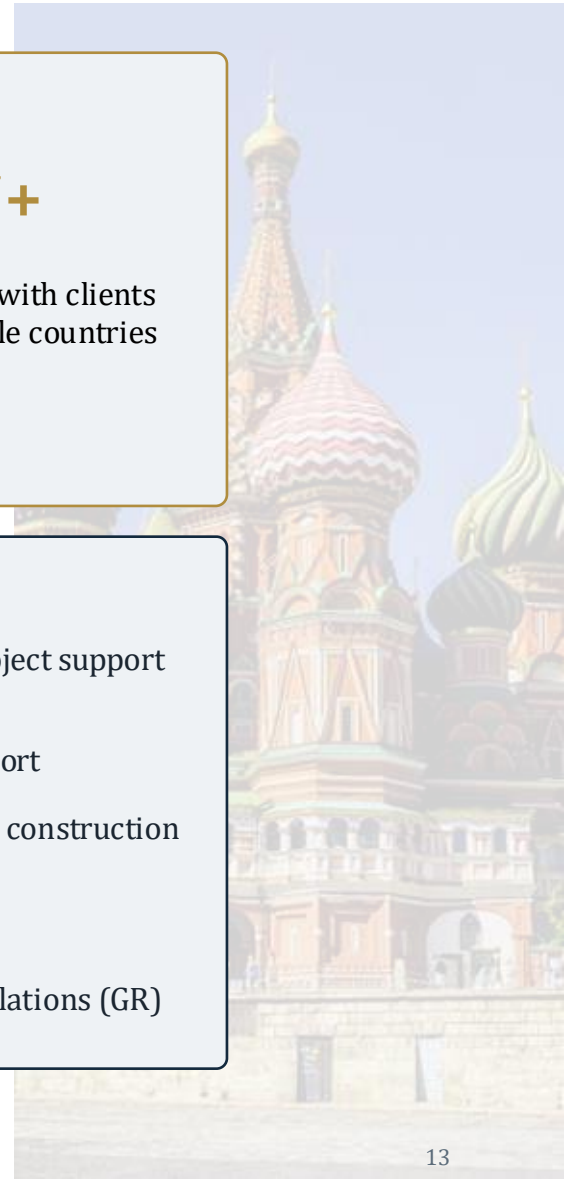
Our team brings together the experience of partners and lawyers from leading Russian and international legal practices, as well as former court and government officials

10 years

Of successful practice in Russia

37+

Track record with clients across multiple countries



Our clients

Legal support for international, foreign and Russian companies operating in Russia or with Russian market — from ongoing business support to new projects and market entry.

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- Dispute resolution
- Tax law
- Labor and migration law
- Antitrust law and compliance
- Investment project support
- IT project support
- Real estate and construction
- Energy
- Government relations (GR)

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