

# How to respond to illegal debt collection — a step-by-step playbook

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Debt collection in the Philippines is regulated. Lending and financing companies are bound by SEC Memorandum Circular 18 (2019); banks and pawnshops are bound by BSP Circular 1160 (2023) and RA 11765. Both forbid threats, third-party shaming, and contact at unreasonable hours. If a collector breaks these rules, you have three remedies that can be pursued together: a written cease-and-desist demand, a regulator complaint, and a small-claims case for damages.

## 1. Know the rules they cannot break

SEC MC 18 (2019) and BSP Circular 1160 (2023) draw a similar line. Forbidden conduct includes: contacting persons other than the borrower or a co-maker; using threats or obscene language; misrepresenting that a person is a lawyer, court officer, or government agent when they are not; communicating outside the hours of 6 AM to 10 PM; publishing the debt to the borrower's social network, employer, or family; and demanding amounts in excess of what the contract allows.

The rules apply equally to in-house collectors and to third-party agencies. The lender remains responsible for the conduct of any agency it hires.

[memo] SEC MC No. 18, s. 2019 — <https://www.sec.gov.ph/wp-content/uploads/2019/09/2019MCNo.18.pdf>

[circular] BSP Circular 1160 (2023) — <https://www.bsp.gov.ph/Regulations/Issuances/2023/c1160.pdf>

## 2. Build the evidence pack

Every collection contact is evidence. Save: the SMS thread on the device with the originating number; call logs with date, time, and duration; voicemail recordings if any; Viber and Messenger threads with the contact's profile and the company name; emails, including headers, by exporting as .eml from your mail client; and screenshots of any social-media post that named you.

If any of your contacts was reached, ask them to send you a forwarded copy of the message and a short signed statement: who they are, their relationship to you, when the message arrived, what it said. A statement does not need to be notarised at this stage; if the case proceeds to formal SEC adjudication or court, you can notarise later.

### TIP

Use Android's call recording feature, or iOS's Voice Memos held next to the speaker, to capture verbal threats. Recording one's own call is permissible under RA 4200 because the recorder is a party to the conversation.

[law] RA 4200 — Anti-Wiretapping Act (party-to-call exception) — <https://www.officialgazette.gov.ph/1965/06/19/republic-act-no-4200/>

### 3. Send a written cease-and-desist demand

Send a single, dated letter to the lender's customer service email and to any collection agency that has contacted you. The letter does not waive the underlying debt. Its purposes are: (a) to put the lender on written notice of specific MC-18 or BSP-1160 violations; (b) to preserve the date for tolling and damages calculations; and (c) to convert further violations into knowing violations, which carry higher penalties.

The letter should: identify yourself and the loan account; list each violation with date, time, channel, and quoted content; cite the specific MC-18 paragraph or BSP-1160 section breached; demand that all communications be in writing only, sent to the email address you specify; and reserve all rights including the right to file with regulators and to claim damages.

#### CITATION

Reserve-of-rights phrasing: "Nothing in this letter constitutes a waiver of any right, claim, or defense, including the right to file complaints with the Securities and Exchange Commission, the National Privacy Commission, and the Bangko Sentral ng Pilipinas, or to seek civil damages."

[law] Civil Code of the Philippines, Articles 19, 20, 21 — <https://www.officialgazette.gov.ph/1949/06/18/republic-act-no-386/>

### 4. File with the appropriate regulator

Choose the regulator by lender type. SEC-registered lenders go to [cgfd@sec.gov.ph](mailto:cgfd@sec.gov.ph) or the FinCare portal. BSP-supervised banks, EMLs, and pawnshops go to [consumeraffairs@bsp.gov.ph](mailto:consumeraffairs@bsp.gov.ph) or the BSP Online Buddy. If your contact list was used to harass others, also file with the National Privacy Commission at [complaints@privacy.gov.ph](mailto:complaints@privacy.gov.ph) or via [privacy.gov.ph](https://privacy.gov.ph).

Use the same evidence pack for all three filings. Cross-reference: in the SEC complaint, mention the parallel NPC filing; in the NPC complaint, mention the SEC filing. Regulators do not formally coordinate, but cross-references help case officers understand the scope.

[agency] NPC complaint portal — <https://privacy.gov.ph/file-a-complaint/>

### 5. File small claims for moral damages and lost income

Articles 19, 20, and 21 of the Civil Code give a private right of action for damages caused by acts contrary to morals or law. Small-claims procedure under A.M. No. 08-8-7-SC (as amended) covers monetary claims up to ±400,000 and disallows lawyers in court — both sides represent themselves. Filing fees scale with the claim and indigent litigants may apply for exemption.

A realistic claim for harassment damages aggregates: lost wages from time off work to handle calls; transportation to police stations or regulator offices; medical bills if anxiety treatment was needed; and moral damages for sleepless nights and damaged reputation among contacts who received messages. Document each component with receipts or a written narrative.

[court] Rules on Small Claims Cases (A.M. No. 08-8-7-SC, as amended) — <https://sc.judiciary.gov.ph/small-claims/>

## ACTION CHECKLIST

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- Save every harassment contact with full metadata.
- Get sworn statements from third parties contacted.
- Send a written cease-and-desist with specific paragraph citations.

- Demand all further contact in writing only.
- File with SEC, BSP, or NPC depending on lender type.
- File a parallel NPC complaint if your contact list was used.
- Calculate damages and prepare a Statement of Claim for small claims.

## FREQUENTLY ASKED QUESTIONS

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### **Can collectors call me at work?**

Workplace contact is restricted under MC-18 and BSP-1160. Collectors may not disclose the existence of the debt to coworkers and may not call repeatedly after being asked to stop. A single courtesy call to confirm employment is permitted; repeated calls are not.

### **Can they sue me for the debt while I am complaining about harassment?**

Yes. The harassment complaint and the underlying debt are separate matters. The lender retains the right to sue for the principal and contractual interest. Your harassment claim survives independently and can be raised as a counterclaim.

### **Do I have to pay the loan if collection was illegal?**

Generally yes — illegal collection conduct does not extinguish the debt. It does, however, give you a damages claim that can be set off against the principal in court.

## REFERENCES

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[memo] SEC MC No. 18, s. 2019 — <https://www.sec.gov.ph/wp-content/uploads/2019/09/2019MCNo.18.pdf>

[circular] BSP Circular 1160 (2023) — <https://www.bsp.gov.ph/Regulations/Issuances/2023/c1160.pdf>

[law] RA 11765 — Financial Products and Services Consumer Protection Act — <https://www.officialgazette.gov.ph/2022/05/06/republic-act-no-11765/>

[law] RA 10173 — Data Privacy Act — <https://www.privacy.gov.ph/data-privacy-act/>

[law] Civil Code Arts. 19–21 — <https://www.officialgazette.gov.ph/1949/06/18/republic-act-no-386/>

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