Collection Process

Stage 1: 14 day Letter Before Action

In accordance with the Civil Procedure Rules, and within 2 working days of receipt of your instructions, we will dispatch a letter before action to your debtor.

Our letter will request payment from your debtor within 14 days and clearly warn them of the consequences of non-payment. If your terms of business allow, we will also demand payment of any interest due upon the outstanding amount from your debtor. We find that in a significant number of cases such a letter leads to recovery of the outstanding debt.

In order for us to send a letter before action on your behalf simply complete our Debt Collection Instruction Form (see below) and return to us. **Our flat rate fee for a letter before action is £25 plus VAT.**

Stage 2: FREE 7 day Reminder Letter

For the above fixed fee of £25 plus VAT we will also seek to correspond with the debtor by either telephone or "chase up" letter after 7 of the 14 days. Such communication should ensure that the consequences of non-payment are at the forefront of your debtor's mind, and provide a reminder, if for instance the initial letter has been lost, ignored or the debtor has been away.

Whilst we request debtors to send correspondence and payments to you, many debtors may nevertheless reply or indeed make payment to ourselves. In order to keep our records up to date you must notify us immediately of any payment by your debtor.

Once our letters have been sent, we will then contact you asking whether you require us to undertake further action on your behalf should payment not be forthcoming from your debtor.

If the debt outstanding either exceeds £15,000 or is complicated at the conclusion of this stage, a solicitor will review your file and advise you whether normal County Court debt recovery proceedings are suitable.

Stage 3: Issuing Court Proceedings

We are able to commence proceedings on your behalf in the County Court if your debtor fails to make payment following our initial letters. However, if your debtor has already indicated an intention to dispute the debt we would strongly recommend that you discuss the same with our specialist team before you instruct us to start legal action.

Once we receive confirmation from you that you wish us to instigate court proceedings, we will prepare a draft Claim Form and thereafter simply ask you to approve the same before issue to confirm the contents are correct (by fax or e-mail). Unless you specifically request otherwise, we will commence the proceedings for you in either the Central London or Bromley County Court.

What can we recover from your debtor?

Unless your terms of business state otherwise, under the Late Payment of Commercial Debts (Interest) Act 1998 (as amended), all business suppliers are entitled to recover from business purchasers on all contracts entered into on or after 7 August 2002, a prescribed "collection cost" together with a statutory rate of interest (currently 8% above the Bank of England's base rate p.a.) following 30 days from the delivery of the goods, supply of services or date of invoice whichever is later.

Should you wish to review your terms of business please do not hesitate to speak to a member of our team who will be happy to advise you on any aspect of your credit control policy.

Therefore when issuing your claim we will claim from your debtor:

- payment of the debt outstanding;
- the recoverable fixed costs laid down by the Civil Procedure Rules;
- the Court's issue fee, payable by you;
- any interest due on the total amount outstanding from when your invoices became due for payment (under the Late Payment of Commercial Debts (Interest) Act 1998; and if appropriate
- any recovery fee applicable as a result of the Late Payment of Commercial Debts (Interest) Act 1998.

Whilst we cannot guarantee recovery in every case, if we successfully recover your outstanding debt following the issue of proceedings we also expect to recover any interest, the court fee and the majority of the charges that you will incur for issuing the claim (see below).

Our charges for issuing a claim on your behalf, together with the current court fees payable (subject to change), are as follows:-

Debt outstanding	Our Charges to you (excl. VAT)	County Court fees payable	Total to issue claim	Recovery if successful	Total you pay if successful
£50 – 299.99	£60	£35	£95	£85	£10
£300 – 499.99	£60	£50	£110	£100	£10
£500 – 999.99	£80	£70	£150	£140	£10
£1,000 – 1,499.99	£100	£80	£180	£160	£20
£1,500 – 2,999.99	£100	£115	£215	£195	£20
£3,000 – 4,999.99	£100	£205	£305	£285	£20
£5,000 – 9,999.99	£150	£455	£605	£555	£50
£10,000 – 50,000	£200	5% of the value of the claim	£ subject to value of claim	£ subject to value of claim	£ subject to value of claim

Once issued, the Court will allocate a Claim Number to your claim and send a copy of the Claim Form to the debtor. The debtor then has a period of 14 days from service to either respond to the Claim Form or pay the debt. The Court will confirm this date to us by forwarding a Notice of Issue.

Should the debtor decide to respond to the Claim Form, the debtor must file a Defence or file an Acknowledgement of Service indicating an intention to file a Defence. If an Acknowledgement of Service is filed then the debtor will be allowed a further 14 days within which to pay or file a Defence.

Upon receipt of a Notice of Issue from the Court we will ensure that the relevant dates are entered into our case managed and computerised diary system and that you are also notified of the same.

Stage 4: Judgment

Should your debtor not make payment of the amount claimed in the Claim Form or not file a Defence within the appropriate time period, we can make a request for Judgment to be entered against the debtor.

The Judgment will include the appropriate amount of interest up to the date that Judgment is entered by the Court together with our recoverable fees for issuing the claim (as set out above) and requesting Judgment (below).

Our charges for entering a Judgment on your behalf are as follows:-

Debt outstanding	Our Charges to you (excl. VAT)	Recovery if successful
£50 – 999.99	£25	£22
£1,000 – 49,999.99	£35	£30

On Judgments in excess of £5,000 interest continues to accrue until the date of payment at the Court rate of 8%.

Stage 5: Enforcement

A register is maintained of all County Court Judgments which potentially severely affects a debtor's credit rating if listed. Therefore, the threat of a looming County Court Judgment should ensure that a debtor makes payment to you. However, if not, there are various enforcement options available to you to turn the Judgment obtained into cash for your business.

Enforcement by County Court Bailiff (CBB) or High Court Enforcement Officer (HCEO)

This is the most simple and usually cost effective means of enforcement available to you as a Judgment creditor. A CCB or HCEO will attend the debtor's premises to enforce Judgments by seizing goods owned by the debtor and selling the goods at auction to raise funds to satisfy the debt. However, in most instances, the CBB or HCEO will not be required to remove goods as the debtor will prefer to make payment to the Bailiff.

CCB are employed directly by local County Courts. The Court charges a fixed fee for the instruction of a Bailiff regardless of the number of visits it is necessary for the Bailiff to make. However, it should be noted that a Bailiff has limited powers to gain entry to premises, which is the most common reason why Bailiffs may be unsuccessful in recovering payment of the Judgment. Once the Bailiff has been instructed, a report is usually received in most cases within 4–6 weeks and upon receipt we will confirm the position to you as soon as possible. If necessary we will also advise you as to alternative means of enforcement that you should consider.

If your Judgment is less than £600, unless you request otherwise, we will instruct a County Court Bailiff to attend upon the debtor to secure payment.

In contrast to a CBB a High Court Enforcement Officer (HCEO) is not employed by the Court and is partly paid on results, which as a general rule of thumb means that they are likely to take steps beyond those taken by a Bailiff in order to secure payment from a debtor. A matter can only be pursued by a HCEO if the debt is over £600. If the debt is less than £600, the matter must be referred to a CCB.

Whilst in addition to any Court fees payable a High Court Enforcement Officer charges what is termed "poundage" (depending upon the number of visits made and the size of the debt), which is ordinarily recovered from the debtor. **However, if unsuccessful a High Court Enforcement Officer will charge a compliance (abortive) fee of £75 plus VAT.**

Please note that whilst rare, occasionally you may have to pay more than this fixed fee if levy on goods has been made and nothing is recovered (for example because the debtor turns out to bankrupt).

You must always advise us of payments made by the debtor directly to you following a Judgment before banking the same so that we can notify the CBB or HCEO accordingly. A failure to do so may result in additional charges being imposed by the CBB or HCEO.

Our charges for enforcing a Judgment on your behalf via a CCB together with the current court fees payable, are as follows:-

Total Judgment outstanding	Our Charges to you (excl. VAT)	Court Fees payable	Total to Enforce	Recovery if successful
£50 – 600	£50	£110	£160	£112.25

The re-issue of a warrant to a new address will give rise to a further Court Fee of £33.

Our charges for enforcing a Judgment on your behalf via a HCEO, together with the current court fees payable, are as follows:-

Total Judgment outstanding	Our Charges to you (excl. VAT)	Court Fees payable	Total to Enforce	Recovery if successful
£600 – 50,000	£50	£66	£116	£66

If unsuccessful a High Court Enforcement Officer will charge a compliance fee of £75 plus VAT in addition to the Court fee payable of £66.

Enforcement by Oral Examination

This can be a useful tool in deciding how to enforce a debt.

In short, the debtor is summonsed to attend Court to be questioned about their current financial situation and in the case of a limited company, a director is ordered to give details of the company's assets and liabilities.

Whilst the Court fee for issuing such an Application is potentially recoverable from the debtor, additional costs are not. In addition, given the potential penal penalties which apply for non-attendance, such Applications have to be personally served upon the debtor/director resulting in Process Server's charges in the region of £100 plus VAT. In view of the potential cost of such an exercise we do not generally recommend such a step.

Our charges for enforcing a Judgment by means of an Application for a Debtor to attend Court for Questioning are as follows:-

Total Judgment outstanding	Our Charges to you (excl. VAT)	ESTIMATED Process Server's fees (excl. VAT)	Court Fees payable	Total to Enforce	Recovery if successful
£50 - 50,000	£50	£100	£55	£205	£55

The service of an Order to a new address may give rise to a further Process Server Fee plus our costs which will revert to our specially discounted hourly rate.

Enforcement by Third Party Debt Order

Whilst not a common means of enforcement, this is a useful method of enforcing a Judgment if you know that a debtor has a bank or building society account that is probably in credit.

The Court will make an Order whereby a third party who owes money to the debtor is ordered to make payment directly to you instead. In the instance of a bank account, an order will be made freezing the account and requiring the bank to pay money from the account to satisfy the debt.

Our charges for enforcing a Judgment by means of a Third party debt Order are as follows:-

Total Judgment outstanding	Our Charges to you (excl. VAT)	Court Fees payable	Total to Enforce	Recovery if successful
£150 – 50,000	£200	£110	£310	£208.50

N.B. Where the sum recovered from the third party is less than £150 the Court will only allow you to recover by way of costs the Court fee payable together with half of the total amount recovered.

If the Third Party Debt Order is opposed by the debtor and attendance at the return hearing is required, we will let you have an estimate of our further fees at our discounted rates.

Enforcement by Application for a Charging Order over Land

If the address of a property the debtor owns is known, an Application for a Charging Order over that property can be made.

A Charging Order works similar to a mortgage in that a charge is registered against the property with the Land Registry providing security for the debt rather than immediate payment. Once the Charging Order has been registered it is impossible for a debtor to sell or transfer the property charged without first discharging the indebtedness to you.

Our charges for enforcing a Judgment by means of an Application for a Charging Order are as follows:-

Total Judgment outstanding	Our Charges to you (excl. VAT)	Court Fees payable	Land Registry fees payable	Total to Enforce	Recovery if successful
£50 – 50,000	£300	£110	£23	£433	£243

In addition, particularly where a Charging Order for a larger sum has remained against a property for a period of time without any payment being made by the debtor, it is possible to force a sale of the property to enable you to be paid.

If the Charing Order application becomes contested, we will let you have an estimate of our further fees at our discounted rates.

Enforcement by Application for Attachment of Earnings (against an individual)

In the instance that your debtor is an employed individual you may seek an Order from the Court that the employer pays an amount per month towards the outstanding Judgment direct from the debtor's salary or wages.

Whilst the Court can order the debtor to disclose the name and address of his employer, the Order can only be made in respect of a named employer. Therefore, if the debtor moves to a new job a fresh application will be required.

Only the fixed Court Fee is recoverable from a debtor. Our charges for enforcing a Judgment by means of an Application for Attachment of Earnings are as follows:-

Total Judgment outstanding	Our Charges to you (excl. VAT)	Court Fees payable	Total to Enforce	Recovery if successful
£50 – 50,000	£150	£110	£260	£110

Enforcement by Statutory Demand or Winding-up Notice

Whilst not strictly a means of debt recovery, the threat of insolvency proceedings being commenced for debts in excess of £750 frequently produces payment from a debtor.

We recommend that the first step to either commencing bankruptcy (personal) or winding-up proceedings (corporate) once a Judgment has been obtained from the Court is to serve a Statutory Demand making a formal demand for payment of the debt within 21 days. If the debtor wants to dispute the amount which you so claim, he must apply to the Court to have the Demand and/or Judgment set aside.

If following service of a Statutory Demand payment is not received you may issue a bankruptcy or winding-up petition to the Court against the debtor. The Court will list the petition for hearing, and if payment is not made before the hearing a Bankruptcy or Winding-Up Order will be made.

However, given the complexities of Insolvency proceedings and the order in which any distributions by the trustee in bankruptcy or liquidator are made it is possible that you may only receive payment of part of the debt outstanding or even nothing in return. As a result we are unable to undertake this type of action on a fixed fee basis (our normal hourly rates will apply) and would therefore only recommend this course of action in specific situations.

Additional Services

Settlement Negotiations

The Civil Procedure Rules (CPR) encourages parties to begin discussion and negotiation as soon as possible, with a view to settling the dispute without the need to seek recourse through the Courts. Such settlement discussions may take place at various stages of the debt collection process.

Should you wish for us to enter into simple and straightforward settlement discussions with your opponent, including agreeing an instalment plan, we will charge you a fixed fee of £45 plus VAT.

In circumstances where there is a dispute, the CPR further advises to consider using a form of alternative dispute resolution (e.g. negotiation/mediation). We can also advise you of appropriate forms of alternative dispute resolution. Please see the section marked 'What if my claim becomes disputed' for our fees for assisting you in this regard.

Tracing your debtor and assets

There may be circumstances where you are unaware of the debtor's whereabouts and/or any assets and accordingly, there may be little benefit in commencing proceedings against the debtor insofar as the chances of real recovery are likely to be slim.

In these circumstances, we can offer you the following services:

1. In house debtor trace search (limited to 12 minutes) - £25 plus VAT
2. In house asset trace search (limited to 30 minutes) - £70 plus VAT
3. Instructing Tracing agents £25 plus VAT

The Tracing Agents fees vary, however we have a number of suppliers who are able to undertake a simple electronic trace on a 'no trace no fee' basis. Such disbursements are likely to be between £22-£45 plus VAT, depending on the type of trace and the urgency of obtaining the report.

To the extent that an in-depth search is required, the costs of the same will vary depending on your exact requirements, however a fee quote will be provided to you upon request.

Advising on Enforcement options

Should you wish to discuss the enforcement options set out above in detail with a view to choosing the process that is right for you, we will charge a fixed fee of £70 plus VAT (limited to 30 minutes advice).

Should you require us to undertake investigations in respect of the assets held by the debtor (beyond 30 minutes), we shall apply our discounted rate of £145 per hour.

What if my claim becomes disputed?

If a debtor serves a Defence to your claim, makes a Counterclaim against you or raises a dispute during the debt collection process (including post Judgment) it is no longer appropriate for the matter to be dealt with by our Debt Recovery specialists on a fixed fee basis. Each matter will vary accordingly to the precise facts or dispute raised but will ultimately require consideration by a solicitor. We will still ensure that your case is dealt with efficiently and at least possible cost to yourself, but we do have to make charges for the additional time involved with such claims.

In such cases your file will be passed to our commercial litigation department and an estimate given on an hourly rate basis for any further work required.

Our special discounted hourly rate for Contested Debt Recovery Work is £145 per hour.

Whilst each case will be different, generally once a Defence and/or Counterclaim has been filed by the debtor, the court will send each party a Directions Questionnaire to complete and return by a set date. The questionnaire allows the Court to allocate the claim to one of three tracks based broadly upon the value of the claim (either the small claims track, fast track or multi-track) and to make directions for the timetable to trial.

If your claim is for less than £10,000 (or €12,177) it is highly likely that it will be allocated to the small claims track by the County Court where the procedure involved is reasonably simple. For claims in excess of £10,000 (allocated to the fast and multi-tracks) the procedure is likely to be complicated, therefore resulting in increased costs.

As with any litigation, you are at liberty to represent yourself at any time. Therefore, should you wish to deal with the disputed matter yourself you must advise us immediately in order that we can ensure that the court records are amended to ensure that any documentation is forwarded directly to you.