

Debt Claims – Debt recovery up to the value of £100,000

We understand the commercial imperative involved in dealing with unpaid debts. The work we will carry out will involve

- Ascertaining the position regarding your debts
- Taking instructions and reviewing documentation
- Liaison with your debtor and others in an effort to resolve matters
- If necessary, filing documentation at Court
- Applying for judgment in default
- Requesting funds from the defendant

There are a number of options available for recovering the debts owed to you. Most of our client choose between court proceedings and insolvency action.

The following details relate to conventional debt collection work undertaken by our Commercial Collections team. There may be occasions when work undertaken by other teams overlaps with this area. In such a case, the fees charged by the other team may vary from the figures below and will be subject to bespoke fee estimates.

Option 1 – Court Proceedings.

We recommend sending a Letter Before Action (LBA) first. This is a letter giving the debtor a specified period of time, usually 7 days, to pay. We can add late payment compensation and interest under Late Payment of Commercial Debts (Interest) Act 1998. The LBA also states that County Court Proceedings will be started if there is no payment or response.

The fee for the letter depends on the nature of the debtor. Where the debtor is a limited company or a firm (partnership) our fee is usually £20.00. Where the debtor is an individual (whether sole trader or a consumer) a Pre-Action Protocol for Debt Claims applies. This requires a more detailed letter, for which the fee is usually £20.00.

The next step, if further action is required, is to start Court proceedings – although you aren't required to take that step, even if you have sent a LBA. Our fee for issuing the claim is between £75.00 to £175.00 dependant on value and includes the Court Fixed Costs, which are recoverable.

The Court fee is also dependant on value. For debts of up to £10,000 the fees vary between £35.00 and £455.00. Above £10,000 the fee is 5% of the debt and interest. The majority of these fees are recoverable from the debtor.

If no response or payment then we can enter judgment (CCJ). The fee varies between £22 and £35.00

Option 2 – Insolvency.

Instead of sending a LBA or issuing court proceedings, some clients prefer the insolvency route. This is only available where there is no dispute over the debt.

For individuals, the debt must exceed £5,000. The first step is to serve a statutory demand. The charge is £125.00 per demand. Demands will be personally served on the debtor, at a cost of approximately £90.00.

For limited companies and other such entities, the debt must exceed £750.00. We can serve a statutory demand, in which case the costs are the same as above. Alternatively, it is sometimes possible to serve a demand letter (known as a 'section 123 letter') instead of a demand. A charge for the demand is £125.00 but there is no need for it to be personally served

If no payment is made a petition can be presented (although you aren't obliged to do so if you do not wish to). Our fee will be £325.00 per undisputed petition, and there will be Court fees and costs associated with serving it. For bankruptcy, the disbursements (on top of the above) are approximately £1,450.00; for winding up of limited businesses they are approximately £2,400.00.

Payment of Fees

In normal cases the expectation will be that the debtor will pay the majority of these costs. However, this may not be possible and if not, you will remain liable for our costs and charges.

Obviously, our fees do not include any external costs and charges that may be incurred as part of the process (eg. damages, fines, penalties or other liabilities). You will incur further costs if the sum is not paid, and enforcement action is required. You will also be responsible for these items.

Each case is different, and there may be other costs in addition to the typical ones identified above. These are fees and charges we will need to pay on your behalf as part of the process, such as Court fees, counsel's fees, and enforcement process fees. We advise you about those fees and seek your approval before incurring them.

**All figures given above exclude VAT where applicable.*

Timescales

We endeavour to process instructions received on the same day, or where that is not possible on the following working day. Thereafter, the time taken to resolve the matter will depend on the action taken. In simple cases, the matter should be concluded within 3 – 4 weeks. If further action is required this will lengthen the process.

The Team

Our people involved in doing the work will include

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Karen Oliver – Legal Clerk Birmingham Office

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How to Instruct Us

Contact us here if you wish to instruct us on your matter.