

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 carry out will involve:

- Ascertaining the position regarding your debts
- Taking instructions and reviewing documentation
- Liaising with your debtor and others in an effort to resolve matters
- Filing documentation at Court if necessary
- 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 clients choose between court proceedings and insolvency action.

The details below relate to conventional debt collection work undertaken by our Commercial Collections team. There may be occasions where 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) as the first step. 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 commenced if there is no payment or response.

The fee for the letter is between £10 and £30 depending on whether the account *only* is pursued or if the letter includes late payment or late payment and interest. 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 and the fee is between £20 and £35 again, subject to whether late payment and interest is included.

If further action is required, the next step is to start Court proceedings. However, even if an LBA has been sent, you're not required to do that. Our fee for issuing the claim is between £85 and £250, depending on value. This figure includes the Court Fixed Costs, but these are a recoverable amount.

The Court fee also depends on value. For debts of up to £10,000 the fees vary between £35 and £455. Above £10,000 the fee goes to 5% of the debt and interest. The majority of these fees are recoverable from the debtor.

If no response or payment is received we can enter judgment (CCJ). The fee for this varies between £22 and £70.

Once Judgment has been secured we can offer various methods of enforcement. Engaging Enforcement Officers, applying for Charging Orders, or seeking Third Party Debt Orders are among the most successful methods to use at this stage. Costs for each of these actions vary, so details can be supplied on request.

Option 2: Insolvency

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

For individuals, the debt must exceed £5,000 and the first step is to serve a Statutory Demand. Charges to serve an SD start from £215 per Demand, and each Demand is personally served on the debtor at a cost of approximately £90.

For limited companies and other such entities, the debt must exceed £750. An SD can be served and is subject to the same costs as shown above. Alternatively, it is sometimes possible to serve a demand letter (known as a 'Section 123 letter') instead of an SD. The charge for this action also starts at £215 but there is no need for it to be personally served.

A Petition can be presented if no payment is made; you are not, however, obliged to do this. Our fees begin at £400 per undisputed Petition, and there will be Court fees and costs associated with serving it. For Bankruptcy, the disbursements, in addition to the costs shown above, will be approximately £1,000; this increases to approximately £1,735 for Winding Up of a limited business.

Payment of fees

In normal cases the expectation is that the debtor will pay the majority of 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 (e.g. 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 outlined 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 aim to process all instructions on the day they are received or if that is not possible, on the next working day. The actions taken will determine it takes to resolve a matter. Simple cases should be concluded within 6 – 8 weeks, but the process will be longer if further action is required.

Birmingham

Sharon O'Grady	Debt Collection Manager Commercial Debt Collection	E: sogradey@wilkes.co.uk T: 0121 710 5896
Ann Rathbone	Commercial Collections Manger	E: arathbone@wilkes.co.uk T: 0121 710 5894
Karen Oliver	Legal Clerk	E: koliver@wilkes.co.uk T: 0121 710 5892