

The Step-by-Step Guide to Debt Recovery



debt-claims.com
solicitors

Chasing unpaid invoices is an aspect of being in business that few people relish. In an ideal world, you would carry out work and send an invoice that would be paid by the due date.

Although most people and businesses pay their bills promptly, however, there will always be late payers, or worse, those that don't pay at all.

Our Debt-Claims portal allows individuals, sole traders, SMEs, and debt recovery companies to recover debts without having to instruct a Solicitor. The portal has been created by our team that has over 30 years of experience in debt recovery law. However, if you reach the stage where Court proceedings have been issued and the debtor has chosen to defend the claim, our SRA regulated Solicitors can step in and provide the advice and representation you need to win your case.

In this guide, we take you through Debt-Claims' highly successful and proven strategy for recovering outstanding balances from debtors. If your debtor is insolvent (or if you believe them to be insolvent) then **please also consider our Guide to Recovering Debts from an Insolvent Person or Company.**

To find out more, you can contact us at info@debt-claims.com.

Step 1

Use informal methods to try and get the Debtor to pay

The first step to debt recovery is to try and contact the Debtor by email or telephone and discuss why they have outstanding invoices and a solution for payment, for example spreading the payments over three to six months.

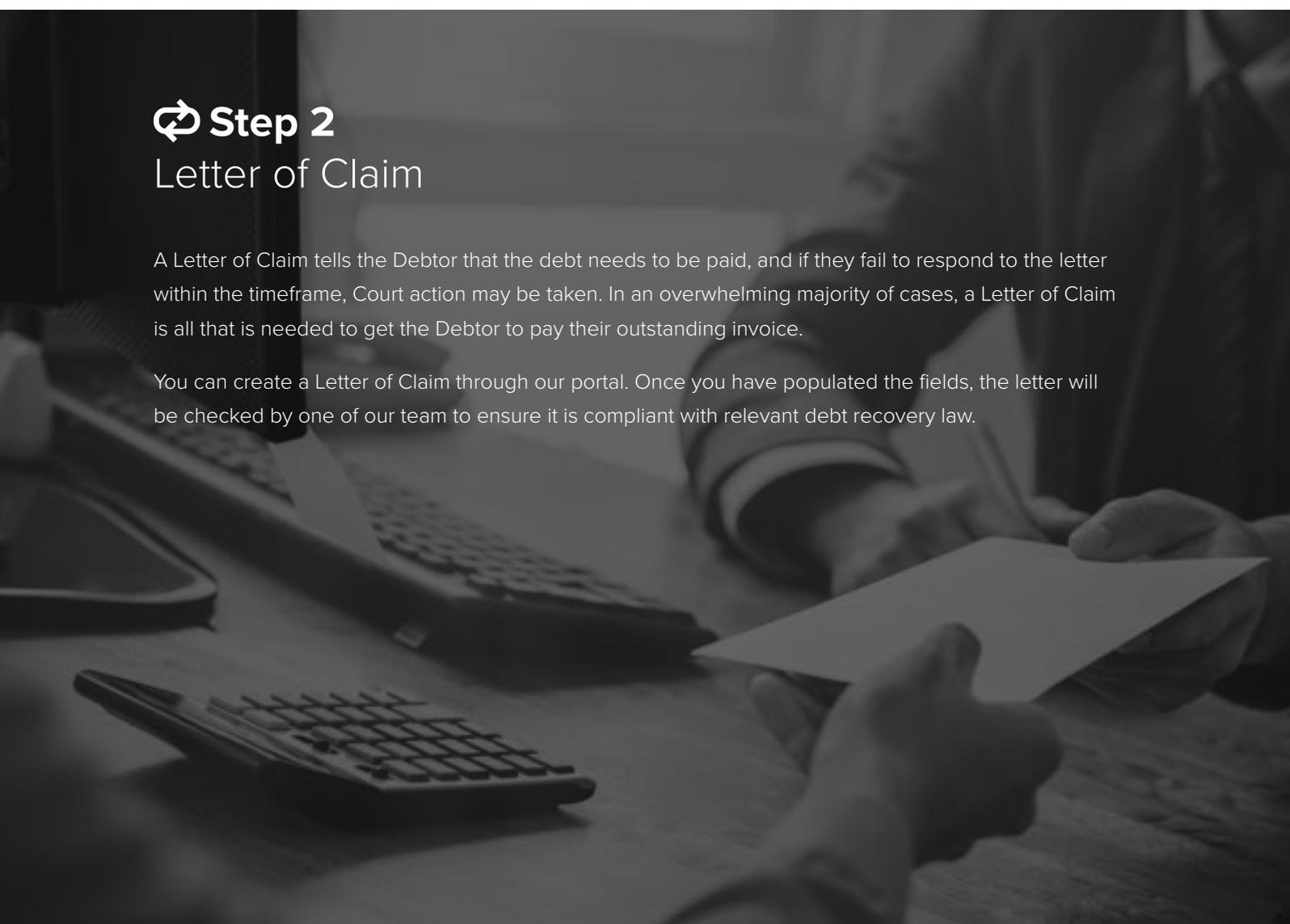
If informal discussions fail to achieve payment or the Debtor ignores your calls and emails, you can begin the formal process of debt recovery through our portal.

Step 2

Letter of Claim

A Letter of Claim tells the Debtor that the debt needs to be paid, and if they fail to respond to the letter within the timeframe, Court action may be taken. In an overwhelming majority of cases, a Letter of Claim is all that is needed to get the Debtor to pay their outstanding invoice.

You can create a Letter of Claim through our portal. Once you have populated the fields, the letter will be checked by one of our team to ensure it is compliant with relevant debt recovery law.



Step 3

Alternative dispute resolution

Before issuing Court proceedings you may want to try and resolve any disputes regarding to the debt owed via an Alternative Dispute Resolution Method (ADR) such as negotiation, mediation, adjudication (in the case of construction disputes), or arbitration. If ADR proves unsuccessful, you will need to issue Court proceedings.

Step 4

Issuing Court proceedings

At this point, you will need to decide whether you wish to proceed with taking your claim to Court.

Court proceedings can be issued through our portal.

The Debtor will be served with documents and will have 14 days with which to respond. If they choose to defend the claim, then you can refer the matter to our Solicitors direct through the portal.

You must bring Court proceedings within six years of the date of the invoice unless the time limit has been reset by the Debtor accepting that they owe you money. If the outstanding debt is less than £10,000, your claim will likely be assigned to the small claims track and should be resolved quicker and cheaper than fast or multi-track claims. Whilst the majority of fixed costs will be added to your claimed balance, there is a (rebuttable) starting point that non-fixed costs (such as hourly rated work) cannot be claimed.

Step 5

Obtaining a County Court Judgment (CCJ)

If the Debtor does not respond to the served documents within 14 days, you can apply for a judgment against them in the form of a County Court Judgment (CCJ) (also known as a default judgment). This can be for the full amount owed plus court costs and interest. The Debtor must pay within one month to ensure the CCJ is removed from their credit record, otherwise, they will find it difficult to gain credit in the future.

Step 6

Enforcement of the CCJ

Being awarded a CCJ and being paid are very different matters. Below are the many ways the Court can act to have the CCJ enforced against the Debtor:

- Individual Debtors can be summoned to Court and asked to provide evidence of what they can afford to pay. The Court can make an order to deduct an amount from the Debtor's monthly wages until the debt is fully satisfied.
- Businesses can be forced to present their accounts to the Court to show how much they can pay.
- The Court can freeze the Debtor's bank, building society, or business accounts and decide if money from the account can be used to pay the debt.
- A charge can be made over the Debtor's property. This means that if the property is sold, the Debtor has to pay the charge before taking any money from the sale for themselves.
- The Court can send bailiffs to recover the money.
- You can apply to the Court to make a winding-up petition to close or 'wind up' the company, whereby the company's assets would be sold, and any excess funds are paid to creditors.

How we can help

Our portal provides a fast, cheap, and effective way to recover your debts. You can use the portal independently with the added bonus of knowing our expert team of Solicitors are always available to help you at any stage of the debt collection process.

Register here to find out more about our Debt-Claims portal.