

# DEBT COLLECTION - GETTING THINGS RIGHT FROM THE OUTSET



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Solicitors and Notaries

**The process for ensuring that you are paid should start well before your invoice is sent to your customer. You should weed out the potentially bad payers by getting, where possible:**

- A bank reference;
- References from other suppliers they use;
- A report from a credit rating agency;
- A Companies House search.

Always agree payment terms in advance with all customers. Do you want cash on delivery or payment on account? Do you have terms of business which you want to ensure cover your relationship? Have they been effectively incorporated in to the contract?

In addition, state your payment terms on all your invoices and consider charging interest on overdue invoices. Send out all invoices and statements promptly. This way your customer will remember what the invoice is for. Consider interim bills and bill on a regular basis if you are providing services.

**Avoid disputes with customers by checking your invoice to make sure:**

- It states precisely the product/service provided;
- It includes your customer's order/reference number;
- All figure work (charges, expenses, VAT) is correct;
- The terms and payment date are clearly stated;
- It is addressed to the right person at the right place.

**Track slow payers by:**

- Keeping bad payers' invoice separate and ensuring they are up to date;
- Phoning to check your invoice has been received;
- Issuing monthly statements promptly;
- Sending polite reminder letters without delay;
- Dealing with disputes immediately;
- Chasing when promised cheques do not arrive;

When phoning late payers, make sure that you speak to the same person each time and get their name. Keep the conversation business like but friendly. Identify which invoices you want to be cleared by and when. Get a commitment for some action and back up your call and agreement in writing.

If you have exhausted all of your internal procedures, you've sent letters, telephoned, sent a copy of your invoice and statement and still not recovered the debt, it is likely that you may need help from a solicitor. As a last resort you may need to consider litigation. This may be either court proceedings or bankruptcy/winding up proceedings.

**THIS LEAFLET HAS BEEN PRODUCED TO PROVIDE GENERAL GUIDANCE ONLY. IF YOU REQUIRE SPECIFIC ADVICE THAT WILL BE TAILORED TO YOUR CASE, PLEASE SPEAK TO A [MEMBER OF THE TEAM](#).**