

What should our policy be?

In difficulty times such as these more and more people are experiencing problems recovering money due and owing. It is therefore important for all businesses to consider what their policy is in recovering monies.

Whilst often people will look to the Courts to recover debts before reaching this stage it is important that various steps are gone through. The Courts today expect parties to try and resolve any issues before the issue of Court proceedings and to follow the spirit of the civil procedural rules. This means that any areas of dispute should be addressed before the issue of proceedings.

In practise this means that letters before action should be sent out to debtors highlighting what it is they owe and why, giving them a period of time to make payment. Generally it is recommended that this period should be at least 14 days or longer to allow people an opportunity to respond. Businesses should also be aware that whatever their terms and conditions of business may state late payment interest may also be claimed in respect of business debts under various statutory rules and regulations. It is often useful if at all possible to follow up such letters before action with a telephone call to make clear to the debtor that you are simply not prepared to allow this matter to continue. If still no payment is received at that point you need to consider the way forward.

Before issuing proceedings it is worth thinking about how you actually intend to get paid and whether or not you may be better advised to look at other methods such as service of a Statutory Demand. A Judgment itself is only a piece of paper which can often be very readily obtained but unless this can be converted into cash is of little benefit. It is often therefore worth investing time and costs in carrying out some brief investigations to try and determine whether or not you will be paid.

If you require any further advice with regards to Debt Recovery please contact David Whitney at Hubbard Pegman & Whitney LLP on 0208 735 9783 or dw@hpwsolicitors.co.uk for a without obligation discussion.

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