

The Three Key Stages of Debt Recovery

1. Pre-issue - Letter Before Action or Statutory Demand

Letter before action

Our letter before action requests payment from the debtor within 7 or 4 days (depending on your instruction) and statistics show that in about 80% of cases where a letter before action is sent by a solicitor, Court proceedings have been avoided. Our letter states, in no uncertain terms, that payment is required within the specified time and that in default, formal Court proceedings will be commenced which will include a claim for costs and interest.

Statutory Demand

A Statutory Demand is a formal notice which demands payment pursuant to the terms of the Insolvency Act 1986. If the debtor does not comply with or contest the demand within 21 days, the debtor is deemed unable to pay the debt and therefore you, the creditor, would then be entitled to commence Winding Up proceedings (corporate) or Bankruptcy proceedings (individual). Due to the formal appearance of a Statutory Demand and the possible consequences in the event of non-payment this process is seen as a much more effective method of recovering payment. To proceed with a Statutory Demand the debt must be over £750 and you must not know of any dispute in relation to your claim.

Preparation of the letter before action or statutory demand is not the only service you receive, you also receive:

- Telephone assistance if required
- Review of all details received
- Calculation of any contractual interest payable or alternatively late payment interest and compensation charge
- Contact made to you following expiry of the deadline to check whether payment or response has been received and if not, to discuss the options available to you
- Fixed fee charge

2. Issue of Claim (Legal Proceedings)

If payment is not made in full after our pre-issue demand is issued, on your instruction we will commence legal proceedings at the County Court or the High Court on your behalf, for a fixed fee. Our fixed fee charge will depend on the amount of the debt claimed.

Before issuing proceedings we will perform a credit check on your debtor, which will also establish their correct legal entity, by using our in-house facility. When the claim is issued, fixed costs and the Court fee, is added to the debt and is therefore recoverable from the debtor if a successful recovery is made. Statutory, contractual or late payment interest and a fixed compensation charge is also added to the debt for you by us. Upon receipt of the claim form the debtor will either:

- Pay the debt
- Admit the claim in full and make an offer of repayment
- Part admit and part defend the claim
- Defend the claim
- Do nothing

If the debtor responds, we will contact you and advise you accordingly.

Judgment is entered against the debtor by us automatically if the debtor fails to respond to the claim form within 14 days. Judgment Order in default is payable forthwith and at this stage we normally write to the debtor to formally request payment or payment proposals within 7 days. Alternatively, we can immediately proceed to the final stage of the process, which is enforcement. If the debtor fails to pay the debt within one month of the date of the Judgment Order, it will appear on their credit record and therefore it will affect their credit rating.

3. Enforcement

We will consider all options and advise you of the most appropriate method of enforcement, as follows:

- Attachment of Earnings Order - debtor's employer ordered to deduct payments from debtor's wages
- Order to Obtain Information - to establish further debtor information and their financial details
- Charging Order - debt secured over the debtor's property
- Third Party Debt Order - third party ordered to pay you the claimant

- Warrant of Execution - enforcement by County Court Bailiff (Judgments less than £600)
- Writ of Fi Fa - enforcement by High Court Enforcement Officer (Judgments more than £600)

For further information and advice regarding debt recovery call Michael Whitaker, Debt Recovery Manager on 0115 9741 527