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## Managing reluctant payers

With increasingly depressing news regarding the slowing economy, the weakening pound and banks tightening their own procedures on lending, debt recovery has become an increasing priority for many businesses.

Businesses with a lack of control over their finances will increase the risk of unpaid debts as other businesses make good their own cash flow deficiencies.

Ultimately, the best scenario is where goods and services are paid for up front so as to avoid debts building up. However, it is recognised for most businesses that this is not always an option.

## What steps can I take to reduce the risk of unpaid debts?

Never underestimate the importance of good working relationships with your customers. A good working relationship makes it easier to address concerns early on and a sound understanding of your customer's business will enable you to identify potential areas of concern.

Ensure that you have in place a written contract which includes payment procedures and do not let debts build up. If a contract is long running consider provisions for staged payments to keep a better track of finances.

Ensure that credit check procedures are in place for new business customers.

## What do I need to do with debts that are outstanding now?

If you have not been in contact with your debtor a simple letter or phone call can be sufficient to collect outstanding money.

If you have already been in contact and payment is being refused or there has been no contact from the customer you need to decide whether or not you want to pursue the outstanding sum, possibly by legal proceedings. There are no rules about when to pursue a debt and much will depend on the value of the debt and the debtor's own circumstances.

## I want to pursue this debt

At Anthony Collins Solicitors we offer a highly efficient and effective service to assist you in carrying out an initial review of the steps you need to take.

## What should I do now?

- Carry out a review of your debt recovery procedures and processes.
- Factors to be considered as part of this review include:
  - What policies and procedures are in place to deal with finances?
  - Where appropriate, are your standard terms and conditions adequate to deal with payment and dispute resolution



procedures?

- What training is given to employees dealing with debt recovery?
- Are payments in advance for goods and/or services standard practice and if not are they appropriate?
- What debts are currently outstanding and what steps need to be taken now?
- This review should ensure that all policies and procedures are properly applied in practice.

For further information on debt recovery please contact **Emma Riley** at:  
**emma.riley@anthonicollins.com** or on  
**0121 214 3505**