



Debt Recovery Scheme

A HELPING HAND

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We understand that chasing debtors can be complicated, frustrating and time-consuming



We recognise the importance of credit control and understand that collecting your debts as they fall due is just as vital as attracting new customers to your business.

The burden of debt recovery can be greatly relieved by outsourcing the debt recovery process to experienced legal advisors.

Chasing debtors can be complicated, frustrating, time-consuming and eat into management time as well as other resources that could be better utilised elsewhere. The burden of debt recovery can be greatly relieved by outsourcing the debt recovery process to experienced legal advisors.

Sound Advice

SA Law's fixed fee Debt Recovery Scheme for uncontested invoice debts enables you to collect your debts quickly and efficiently. We act promptly and robustly to assist you in recovering what's due to you. Our fixed fees mean you have certainty regarding the costs involved in taking legal action from the outset and prices start at just £20 + VAT.

The scheme is operated by a team of specialist solicitors and debt recovery specialists. You will have a dedicated individual point of contact who will take your instructions in respect of each debt and assess the best way to proceed. This means that you receive practical, tailored, commercial advice from the outset, and your debt is treated in the most appropriate way to maximise your chances of a cost effective recovery.



How the scheme works

The Stages Explained

STAGE ONE – Pre-Action

Investigation

We appreciate that some of your debts will differ in value and complexity. Some early investigatory work will help you to make the tough decision over whether to write a debt off or incur the costs pursuing payment.

We encourage creditors to investigate debtors prior to taking any further steps in the debt recovery process, primarily to ensure creditors are not throwing good money after bad and improve your chances of making a meaningful recovery. We offer a basic and/or detailed Companies House search to establish information about the company to include its accounts, directors and shareholders. We can also undertake land registry searches which help establish whether the debtor has assets in England and Wales – this assists with assessing enforcement options too. Further, we provide credit checks and a track and trace service, all of which can help creditors decide whether they are likely to recover monies owed from a debtor.

Letters Before Action

A Letter Before Action (“LBA”) is a formal letter which is sent on behalf of a creditor to a debtor for an outstanding debt. Once you have decided to pursue a debtor we will prepare a robust letter before action that is fully compliant with court rules and which imposes a fixed deadline for payment. We endeavour to prepare the letter within 48 hours of receiving your instructions.

An LBA must be sent prior to issuing court proceedings in order to comply with the court’s pre-action protocol. The protocol is there to encourage the exchange of early and full information about a prospective claim and to enable parties to avoid litigation by agreeing settlement of a claim before the commencement of proceedings where possible.

STAGE TWO – Court Proceedings

If a debtor fails to respond to the LBA which is sent to them, the next stage in the debt recovery process will be to issue court proceedings against them. However, the protocol suggests that this should not be done until a debtor has had 14 days as a reasonable period of time to respond to the initial LBA.

Court proceedings are issued by completing a claim form and drafting particulars of claim which includes any interest and late payment compensation as well as our costs of preparing the proceedings, which will be recoverable from the debtor as part of any judgment obtained. These papers are then filed with the court with the relevant court fee (our fee and the court fees vary depending on the sum involved and can be found on our Charges Menu). The court will then process the paperwork and send the claim form to the debtor giving them information about how to respond. The court concurrently writes to you as the creditor and explains the deadline the debtor has to respond.



How the scheme works

Continued...

STAGE THREE – Judgment

If a claim is admitted or ignored you will usually be entitled to judgment, even where only part of the claim is admitted. We will advise you on the process and deal with the paperwork needed to get one. Following obtaining a judgment, a creditor may then take steps to enforce the judgment debt.

If the claim is disputed we will advise you on your options and the costs of fighting the case. For more information, see Disputed Claims.

STAGE FOUR – Enforcement

Once a creditor has a judgment, the judgment debtor must be given an opportunity to pay. If payment of what has been ordered is not made voluntarily by the debtor however, you will likely have to take steps to “enforce” your judgment. The general rule (unless the judgment states otherwise) is that the judgment debtor has 14 days from the date of the judgment to make payment but you can’t enforce if the court has ordered a stay or suspension of the judgment.

Once you have a judgment we will provide as much advice and assistance as you need to try to turn it into cash. The steps available to do this includes:

- Seizing goods belonging to the debtor and selling these at public auction.
- Third Party Debt Order - applying to court for an order that funds held in the debtor’s bank account are paid to you.

- Charging Order - obtaining a charge over land or shares owned by the debtor to provide security for your debt.
- Attachment of Earnings Order: If the debtor is an employed individual, an order that their employer pays you a set amount of their salary each month until the debt is paid can be obtained.
- Compelling the debtor to attend court to answer questions about his assets and means under oath.
- Commencing insolvency proceedings against the debtor.

Whilst you take advice from us about enforcement action, interest continues to accrue on the judgment debt of £5000 or more (currently at a rate of 8% per annum).

STAGE FIVE – Settlement

The majority of disputes end in some form of compromise rather than being decided by a court. The courts encourage this and it could be by agreeing terms through correspondence, or through more formal methods of alternative dispute resolution such as mediation. We can help guide creditors through all the available options, conduct negotiations on your behalf and formally record terms in a legally binding way if settlement is achieved.



Charges Menu (1 of 3)

STAGE ONE – Pre-Action

Investigation – Fees exclude VAT

Basic Companies House search:	Free	Insolvency Service search:	Free
Detailed Companies House search:	£20	Land Registry search:	£20
Credit check:	£20	Track and trace:	£100
Letters Before Action:	£20!		

STAGE TWO – Court Proceedings

Preparing and issuing County Court proceedings for an uncontested invoice debt

AMOUNT OF DEBT	SA LAW FEES (excluding vat)	COURT FEE	TOTAL (excluding vat)
Up to £300	£50	£35	£85
£300.01-£500	£50	£50	£100
£500.01-£1,000	£70	£70	£140
£1,000.01-£1,500	£80	£80	£160
£1,500.01-£3,000	£80	£115	£195
£3,000.01-£5,000	£80	£205	£285
£5,000.01-£10,000	£100	£455	£555
£10,000.01-£200,000	£100	5% of the value of the claim	
£200,000.01+	£100	£10,000 Fixed court fee	£10,100

! Sent in respect of an invoice that has not been disputed at the time we are instructed to send the letter



Charges Menu (2 of 3)

STAGE THREE – Judgment

Obtaining judgment in default #

AMOUNT OF JUDGMENT	SA LAW FEES (excluding vat)
Not more than £200	£30
£200.01-£300	£40
£300.01-£400	£45
£400.01-£500	£50
£500.01-£1,000	£80
£1,000.01-£5,000	£200
£5,000.01-£15,000	£400
£15,000.01-£50,000	£600
Over £50,000	To be agreed on a case by case basis

Includes Judgment in default of acknowledgement of service, judgment in default of defence, judgment on an admission or part admission whether the defendant's proposal for payment is accepted by you or determined by the court.



Charges Menu (3 of 3)

STAGE FOUR – Enforcement

ENFORCEMENT METHOD	SA LAW FEES (excluding vat)	DISBURSEMENTS (excluding vat where applicable)
Considering enforcement options and advising on best method of enforcement	£75	—
Attachment of earnings order	£200	£110 court fee
Third party debt order	£300 up to and including the first hearing	£110 court fee †
Charging order (uncontested)	£400 up to and including the first hearing	£110 court fee †
Warrant of Execution via County Court Bailiff (CCB) where judgment debt does not exceed £5000	£60	£110 court fee
Writ of Fi Fa via High Court Enforcement Officer (HCEO) where judgment debt exceeds £600	£150	£66 court fee £75 if HCEO make no recovery
Application for debtor to attend court to provide information and be questioned by a court officer	£350	£55 court † fee to issue application £150 agent's fee to serve order on debtor personally and provide affidavit of service
Statutory Demand	£250	£150 agent's fee to serve order on debtor
Bankruptcy Petition* (uncontested) Application to make an insolvent individual Bankrupt where judgment debt exceeds £5,000.00	£1,750	£280 court fee £990 Official Receiver's deposit †† £150 agent's fee to serve petition on debtor personally and provide affidavit of service
Winding Up Petition* (uncontested) Application to place an insolvent company into Liquidation where judgment debt exceeds £750**	£1,750	£280 court fee £1,600 Official Receiver's deposit †† £150 agent's fee to serve demand on debtor personally and provide affidavit of service £92 (including VAT) Advertisement in London Gazette

Unless otherwise stated, all figures are exclusive of VAT, which should be added at the prevailing rate. Certain disbursements such as Court Fees and Land Registry Fees do not attract VAT. Court fees, deposits and other disbursements are subject to change from time to time and will be charged at the prevailing rates.

* Any Bankruptcy or Winding Up Petition for an amount in excess of £100,000 will fall outside the fixed fee scheme.

** If the court sets up an income payments agreement or Order, there will be an additional fee of £150.

† If the matter is proceeding in a court other than St Albans County Court, there will also be additional agent's fees to pay for attending the hearing.

†† If the court refunds the Official Receiver's deposit, a £50 fee for administration will be deducted.



Additional Services

We also offer a number of extra services, these include:

- **Audits**
We can review your current account opening, invoicing and credit control procedures and advise on how to make these more effective.
- **Disputed Claims**
We won't simply abandon you once a debt is contested. If the disputed sum is £10,000 or under we offer a fixed price Small Claims Scheme and we will agree fees for dealing with larger sums with you so that either way before taking any steps you will continue to have transparency on legal costs.
- **International Debts**
We have a network of associates around the world and have extensive experience of recovering debts from debtors based outside of England and Wales. However, we are unable to offer these services as part of the fixed fee Debt Recovery Scheme, due to the uncertainty of the fees and charges involved.
- **Training**
We can provide training for your in-house accounts team on the legal aspects of opening and running credit accounts, the effective use of standard terms and conditions, the litigation process and enforcement procedures.
- **Terms and Conditions**
We can review your current terms and conditions and advise on how these can be strengthened. We also draft bespoke commercial terms.

Contact us

For further information about our fixed fee Debt Recovery Scheme, or to discuss a particular matter or situation in more detail, please contact Simon Walsh, Helen Young or Julie Spencer.



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