

## **GOUGH THOMAS & SCOTT SOLICITORS**

### **DEBT RECOVERY FOR BUSINESSES**

This guide is for businesses who are trying to recover money for unpaid work or contracts. The range of costs given below takes into account the fact that all cases are different and some are more complex than others. There are a lot of factors that can influence the amount of time, work and expertise required.

#### **As a general guide, the basic work to recover a debt will involve:**

- Taking your instructions, reviewing your documentation and providing initial advice
- Dealing with client care matters including ID documents and checks
- Advising you on the debt protocol requirements
- Undertaking any appropriate searches
- Preparing and sending the letter before action
- Receiving payment and sending onto you, or if the debt is not paid, drafting and issuing claim
- Where no Acknowledgment of Service or Defence is received, applying to the court to enter Judgement in default
- When Judgement in default is received, writing to the other party to request payment
- If payment is not received within the required timescales, providing you with advice on next steps and likely costs

#### **Additional work that may be required:**

- Negotiating settlement
- Action required to enforce a debt judgment
- Advising on interest and compensation
- Court proceedings for debts of over £10,000

#### **Timescales involved**

Matters usually take 3 – 12 months from receipt of instructions from you to receipt of payment from the other side, depending on whether or not it is necessary to issue a claim. This is on the basis that the other side pays promptly on receipt of Judgement in default. If enforcement action is needed, the matter will take longer to resolve.

## **Costs**

Our fees are estimated on a tailored and individual basis. There are a lot of things that can influence the costs involved. We make an estimate based on the amount of time we anticipate spending on a case.

Note that debts of less than £10,000 are classed as a small claim and the ability to recover costs is limited. If the debt is more than £10,000 then, provided your claim is successful, the costs should be recovered from the defendant (excluding the VAT element of our charges).

Initial work required (advising and preparing the pre-action protocol debt letter)	Up to £500 plus VAT
Negotiating any settlement and chasing the debtor	£500 - £1,000 plus VAT
Issuing proceedings and obtaining judgment	£2,000 - £4,000 plus VAT
Enforcing a judgment	£1,500 plus VAT

## **Expenses:**

### Court fees

These are dependent on the amount of the debt outstanding and range between £20 - £10,000. The link for the Court Fees calculator is <https://www.gov.uk/government/publications/fees-in-the-civil-and-family-courts-main-fees-ex50>

### Counsel's fees

If the matter is particularly complex then we instruct Counsel to draft the necessary court papers and also attend any final hearing. Costs could be anywhere in the region of £800 - £10,000 plus VAT depending on the work Counsel is asked to do.