

## DEBT RECOVERY UP TO £100,000

At Swan Turton we understand the extent to which unpaid invoices affect the cash flow and bottom line of your business. Our team has a wealth of debt recovery experience and will work to recover your bad debts as efficiently and cost-effectively as possible.

### Our fees

We charge hourly rates for any work undertaken on your behalf. Fees will be agreed with you in advance and will vary depending on the nature of the work and level of expertise required. Our current hourly rates for debt recovery work (exclusive of VAT at 20%) are as follows:

Associate	- £150 to £205 (£180 to £246 including VAT)
Senior Associate	- £180 to £260 (£216 to £312 including VAT)
Partner	- £200 to £300 (£240 to £360 including VAT)

### Letter of Claim

In most cases, the debt recovery process starts with a Letter of Claim, informing the debtor that if the sums due are not paid within a specified time frame, you will have no alternative but to take legal action to recover the debt. The fees charged for a Letter of Claim will vary depending on the complexity of the matter and type of work involved. However, we should in most circumstances be able to agree a fixed fee for this initial stage of the process (including the reading of background documents, preparing the letter and liaising with you).

For a straight forward matter (with limited background documents), we would estimate that a Letter of Claim would take 1-2 hours to prepare and would therefore cost between £180-£720 (including VAT), depending on whether a partner is involved. Where a matter is more complex, it is likely that our fees will be higher as more time will be required to complete the work. On average, we would not expect the costs of preparing a substantive Letter of Claim to exceed £1,500 (including VAT). But in any event, we would also endeavour to keep costs to a minimum.

If any additional work is required after sending the Letter of Claim, for example, liaising with the debtor, or if the claim is disputed, such work would also be charged in line with the above hourly rates.

### Court Proceedings

If payment is not made by the debtor within the timescale set out in the Letter of Claim, we may advise that you issue a claim in the County Court. If proceedings are issued in the County Court, in addition to our hourly rates, you would also have to pay a Court issue fee. The amount payable would depend on the total value of the claim - as follows:

Value of Claim	Court Fees Payable
Up to £300	£35
More than £300 but no more than £500	£50
More than £500 but no more than £1,000	£70
More than £1,000 but no more than £1,500	£80
More than £1,500 but no more than £3,000	£115
More than £3,000 but no more than £5,000	£205
More than £5,000 but no more than £10,000	£455
Between £10,000 but no more than £200,000	5% of claim value
More than £200,000	£10,000

In the event that a debtor disputes the debt or defends the claim, we will discuss any further work required and provide you with revised advice about costs if necessary, which could be on a fixed fee (e.g. if a one off letter is required), or the above hourly rates would apply if more extensive work is needed.

If a matter is more complex, we may also recommend instructing a suitably qualified barrister and additional fees will be payable. A barrister's hourly rates for debt recovery work may range from £200-£360 inclusive of VAT.

If the debt remains unpaid, and if you are concerned that the debtor is at risk of insolvency, we would help you assess the cost risks of taking further action, including advice on the merits of initiating insolvency proceedings. The amount of work involved at that stage would differ depending on the circumstances of a case and whether the debt is paid after service of a statutory demand or if Court action is required.

### **Timescales**

Some debtors will pay on receipt of a Letter of Claim or after a short period of negotiation. However, if a claim is ignored and proceedings are issued, a matter can take longer to resolve. If a claim is not disputed, matters typically take between 2 to 12 weeks from receipt of instructions to receipt of payment or a Court judgment in default of a defence. A judgment in default can be obtained if a claim is issued and no defence is filed by the debtor. Enforcement action may however be needed to recover any sums due. If the claim is defended, or if a judgment is obtained but the debtor does not pay and enforcement action is required, the matter will take longer to resolve.

### **Enforcement**

If judgment is obtained but the debtor does not pay, we would provide further advice on appropriate steps to enforce the judgment such as bringing Insolvency proceedings or engaging a High Court Enforcement officer to attend the debtor's premises to seize goods. If the debtor owns land or property we would also discuss the merits of securing a charging order which places the equivalent of a legal charge on the land to ensure it cannot be sold without reference to you.

Should you require assistance to recover any debts, please do not hesitate to contact us to speak to a member of our team on 020 7520 9555.

Meet the team:

Robin Blay – <https://swanturton.com/people/robin-blay/>

John Graham – <https://swanturton.com/people/john-graham/>

Sean Cassidy – link to profile