



DUKES
BAILIFFS LIMITED

How to recover unpaid invoices and prevent late payments



Introduction



Preventing late payments and recovering unpaid invoices are not two distinct approaches, but are two sides of the same coin.

UK SMEs are writing off £60bn of bad debt every year. It's our belief, backed by evidence from our own successes, that a strong, fair strategy covering both prompt payment and non-payment can help reduce this figure.

In this guide we break down how to:

1

Reduce the risk of late- and non-payment.

2

Be ready to act on non-payment.

3

Prevent late-payers turning into non-payers.

4

Reclaim unpaid debt.

Build solid relationships



A client is only a client once they've paid. To avoid going into business with late-payers, we recommend a two-pronged approach.

Client checks:

1

Due diligence – In certain cases, [HM Revenue & Customs](#) requires you to obtain documents that prove your client's identity and funding sources. Use this opportunity to verify all of their information. Sites like the [Companies House](#) or [DueDil](#) can help.

2

Commercial credit reports – Find your new client's credit score, credit limits and whether they have County Court Judgments against them for unpaid debts from companies like [Equifax](#) and [Experian](#).



3

References – Formal or informal references from similar sized suppliers can give an idea of a clients' payment practices.

4

Research – Arrange meetings at their business premises, so you can check their operation lives up to its billing.

Precautionary measures:

1

Up-front payments - Many small businesses suggest requesting payment in advance while you are still building a relationship with your new client.

2

Security deposits - If your project is long term, you could consider customer deposits as an alternative to requesting the full amount.

Lay strong foundations



With the right contract clauses and clear payment terms ('Terms and Conditions') in place, both sides know what's expected from a business relationship, and you are covered to use every tool available if any clients refuse to pay their debts.

A solicitor can help you draw up exact terms, but we recommend including these six areas:

1

Exact product/service descriptions – Court are very unlikely to rule in your favour if your contract doesn't state what clients get for their money.

2

Payment timescales – 30 days is the standard timeframe clients have to pay.

3

Prompt payment discounts – Rewarding clients for early payment shows fairness, and provides an incentive to pay quickly.





4

Statutory interest – Let clients know you're legally entitled to charge interest on late payments, when you'll start adding it, and how much you'll charge.

5

Payment methods – Your terms should include the details of every way they can pay, so it's as easy as possible to stay up to date.

6

Cost of debt collection – If you appoint a Debt Collection Agency to recoup debts, the debtor should cover the costs – but you can only charge them if the contract specifies this in advance.

Be clear, consistent and transparent



There's a persistent stereotype that pursuing invoices puts clients off, but we believe the contrary is true. Nobody wants their partners to struggle, nor do they want to be surprised by a sudden demand for payment. Both of these can be avoided by clear, consistent invoicing.

In practice, that means:

1

Creating invoice templates and reminder letters to ensure every detail is on every payment request.

2

Trying automated invoice services like [Invoicely](#), [Xero](#) or [Wave](#) so you can schedule regular invoices and reminders.

3

Making your payment terms available online.



4

Making it easy to pay with Direct Debits, 'next generation' payments like PayPal or Google Pay and online bank transfers.

5

Even the most efficient system encounters problems, so it's vital to keep the lines of communication open. Try to contact unresponsive clients by post, phone and email to give them every chance to reply.

When contacting customers, a few basic rules can help you get results:

1

Start with gentle reminders, before addressing the consequences of non-payment.

2

Never use emotive language. Be clear and constructive, offering solutions that work for both sides.

3

Keep records of correspondences, which you can refer to if needs be.

Know your options



Whether your clients go quiet, repeatedly pay late or refuse to pay, you have options available. The key is choosing the right one for each situation.

1

Tracing debtors – Dukes Bailiffs uses the latest technology to find absconded debtors, and only charge if we successfully find them.

2

Pre-legal debt collection – If you're owed £100 or more of debt, Enforcement Agents like Dukes can mediate, and recover the debt on your behalf. We found 90% of our customers' debtors were likely to engage with a 3rd party to settle their debt.

3

High Court Writ – County court bailiffs have a large backlog and aren't incentivised to reclaim debt. To recover debt faster and more efficiently, Dukes can have the debt 'transferred up' to the High Court (administration fees applicable). This is only possible after a County Court Judgment is in place.

Costs



1

Instruction fee:
£75.00 + VAT per case, payable to Dukes on instruction.

2

Tracing: £25 + VAT per successful trace.

3

County Court Judgment (CCJ): the cost is dependent on the value of the claim.

4

High Court: £71 administration fee to transfer your case to High Court, court costs and enforcement fees.

5

Commission: a % of recouped monies, dependent on the size of debt and circumstances.

Remember, your contract may allow for some costs to be covered by the debtor.

Find the right partner



The final piece of the puzzle is identifying the right partner to secure your cash flow.

Negative stereotypes present Enforcement Agents as a last resort. In fact, a successful enforcement agent has the skills to negotiate settlements that suit both parties. It saves money for the Agents and their client, and ensures the debtor feels the matter has been resolved in a fair manner.

Many businesses turn to solicitors to chase slow-paying clients. In reality, certificated Enforcement Agents have a far greater range of tools to help them recoup debt in a sensitive, timely manner, including High Court Enforcement.

In both cases it's vital to find a partner who understands your company, circumstances and needs. When deciding which Enforcement Agency to engage, always ask the following:



1

Are they certificated by county courts?

2

Are they authorised by the Financial Conduct Authority?

3

Are they members of CIVEA – The Civil Enforcement Association?

4

Do they have experience in my industry?

5

Can I find positive client references or testimonials.

At Dukes Bailiffs we operate to the highest ethical standards, and pride ourselves on a tailored, efficient process for recovering unpaid debt. But don't take our word for it. We have [testimonials](#) from a range of clients including innovative businesses, local authorities and property companies.

So if you're looking for advice and support to improve your cash flow, we'd love to hear from you.

Phone: 01785 825 501

Online enquiry form: <https://dukeslimited.co.uk/contact/business-enquiry>

How to prevent late payments

Each year UK SMEs write off roughly £60bn of bad debt. Strong but fair late payment strategies could reduce this loss.



Do your homework on clients

Use due diligence, credit reports and references to vet clients. You could also request upfront payments or deposits for first orders.



Be clear, consistent and transparent

Include product or service descriptions on all contracts and invoices along with any payment terms such as due dates and interest charges.



Make it easy for clients to make payments

Offer to set up Direct Debits. Embrace 'next generation' payments like PayPal, Apple Pay and online bank transfers.



Find a partner to secure your cash flow

Good Enforcement Agents aren't just a last resort. They also engage with debtors to prevent late payments before they become a problem.



Contact Dukes Bailiffs online or at 01785 825 501