

## **Debt Recovery transparency**

Effectively managing late or non-payment of debts is key to reducing the risk of overdue payments turning into bad debts. If it is a business debt maintaining your business' reputation is also an important commodity and goes hand in hand with debt recovery.

The dispute resolution team at B P Collins LLP has been providing debt collection services for individuals and businesses since 1966, with experience of all business sectors and industries. We provide a comprehensive debt collection service to assist you in recovering your debts and our charges are very clear.

### **Our team**

Our dispute resolution team is made up of qualified solicitors (ranging from 1 years' experience to over 20) and paralegals/ legal assistants. The team is supervised by solicitor and head of the group Matthew Brandis. Our team's hourly charge out rates vary from £150 - £340 + VAT per hour.

To view our debt recovery team, click here:

<https://www.bpcollins.co.uk/people/practice-area/law/debt-recovery>

### **Our work**

Our debt recovery work includes:

- taking your instructions and reviewing documentation;
- undertaking appropriate searches;
- sending a letter of demand/letter before action and telephone follow up;
- receiving payment and sending it onto you, or if the debt is not paid, drafting and issuing a claim;
- statutory demands followed by bankruptcy or winding up petitions;
- 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; and
- if payment is not received within 21 days of a letter of demand/letter before action, providing you with advice on the next steps and likely costs.

The time and costs estimates below are provided on the following assumptions:

- your claim is in relation to an unpaid invoice which is not disputed and enforcement action is not needed;
- there are a limited number of documents to review in order to advise you;
- the case is for a simple, undisputed debt claim with no added complexities or complications such as asset tracing, and dealing with parties and/or assets outside the jurisdiction of England & Wales;
- the estimates are for the review all of the relevant papers and preparing a first draft of a letter before action only; and
- the estimates exclude disbursements, court fees, any barrister's and/or expert charges (if any).

We do not offer fixed fee arrangements covering the entire duration of a matter to our clients. The eventual cost of dealing with your matter is dependent on the time spent calculating the claim and reading the relevant documents you provide. If the other party disputes your claim at any point, we will discuss any further work required and provide you with revised advice about costs if necessary, which could be on a limited fixed fee basis (e.g. if a one off letter is required), or an hourly rate if more extensive work is needed. Please note that the costs information given below is general and a full case specific estimate can be obtained by contacting our dispute resolution team directly.

All estimates referred to below are excluding VAT.

Debt Value	Court fees * (Court issued claim - no VAT applicable)	Average range of chargeable hours	Average range of costs
Up to £5,000	Up to £205	3 – 5	£600- £1,000
£5,001 - £10,000	£455	5 – 7	£1,000 - £1,500
£10,001 - £50,000	5% of the value of the claim	7 – 8	£1,500 - £1,750
£50,001 - £100,000	5% of the value of the claim	8 – 10	£1,750 – £2,200
£100,001 - £200,000	5% of the value of the claim	Please contact our firm directly for a tailored cost estimate.	
£200,001+	£10,000	Please contact our firm directly for a tailored cost estimate.	

*HMCTS court fees correct as of November 2018*

Please note that anyone wishing to proceed with a claim should bear in mind that:

- the VAT element of our fee cannot be reclaimed from your debtor;
- interest and compensation (for business debts) may take the debt into a higher banding, with a higher cost; and
- the costs quoted above are not for matters where enforcement action, such as the bailiff, is needed to collect your debt.

If any Claim is contested in Court for claims up to £10,000 there is a general no costs recovery rule (except for the Court fee and some minor additional costs) and therefore it is not usually cost effective to incur legal costs, other than at certain stages of the claim, if so requested.

For claims that go to trial worth between £10,000 and £50,000 the overall legal costs may end up being close to or more than the sum in dispute (depending on the complexity of the claim/defence), typically the costs are between £15,000 - £40,000.

For claims that go to trial above £50,000 to £100,000 the legal costs typically the costs are between £40,000 - £75,000.

### **Disbursements**

A disbursement is defined as a cost payable to another organisation which is incurred by our firm on behalf of our clients.

The cost of instructing a barrister to draft a claim can vary and our firm often instructs counsel on the basis that it is cost effective to do so. A typical fee for counsel to draft a claim form ranges from £900 - £1,800 including VAT, depending on the nature and complexity of the case.

The cost of instructing a process server to serve an issued claim, statutory demand, winding up petition or bankruptcy petition ranges from £120 to £240 including VAT, depending on the location of the debtor within England & Wales.

### **Time frames**

Matters usually take between 4 – 12 weeks from receipt of instructions from you to receipt of payment from the other party. If a Court claim is necessary the matter may take over a year to come to Court. If enforcement action is needed, the matter will take longer to resolve.

We are always happy to have an initial short discussion with you on the phone before you instruct us so that you can decide if you would like to instruct our experienced team.