

Unpaid debt? What to do next?

Read Our Steps to Debt Recovery & Pricing Guide



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PDT ranked as a leading firm for debt recovery by the Legal 500 2023

“PDT’s debt recovery process is simple and effective. There are no hidden costs, and very often the Letter Before Action has the desired effect.”

The Legal 500 2023



PDT Debt Recovery

Swift, effective and bespoke commercial debt recovery solutions tailored to your needs

Everyone wants to be paid on time

For occasions when this doesn't happen we collect a wide range of debt types including consumer, commercial, asset based finance and debt purchase.

Working alongside the firm's Dispute Resolution team, our specialist Debt Recovery team undertakes large volumes of debt recovery work in a variety of sectors. We have specialist expertise recovering debts in the asset-based lending (ABL), invoice finance, recruitment and retail industries as well as undertaking large volume debtor ledger recoveries on behalf of officeholders of insolvent companies.

We have recovered in excess of £3.5 million for our clients in the last 12 months alone

We have recovered monies in high profile matters including in the administration for a well known double glazing company with a recovery of over £1.2 million, recovered over £320,000 from debtors of an invoice finance company and recovered in excess of £150,000 for a London based large food wholesale company.

Our success means that our clients are most often repeat clients. Our clients tell us that they see our service as invaluable, and that they appreciate our cost-effective debt collection service.

Leading and accredited law firm

Our debt recovery team is ranked as a UK leading firm by the Legal 500 2023 where we are described as **"Efficient, fast, supportive, and provide great advice and insight"**.

We are also accredited by the Helios Financial Services Qualification System which is a collaborative system accessed by 23 major financial services organisations.

Our service is wide-ranging. At one end of the spectrum, we are often instructed to provide an entire sales ledger collection service, pursuing substantial numbers of debtors for a single client. At the other end of the spectrum, we may be instructed by clients to pursue a single, discrete invoice or judgment debt. We are adept at recovering debts from corporate entities and individuals alike.

We can help you:

- fast track your invoices
- minimise the distraction of trying to collect old debt
- track disappearing debtors
- take the necessary legal action
- negotiate repayment terms on your behalf



The Stages of Debt Recovery

When a client approaches us with a debt to recover we regularly get asked; what are the steps? how long does it take? and how much will it cost?

This document provides a flow chart with useful overview of each of the stages of debt recovery, a glossary of key terms and the cost implications of each stage so you can decide what is the best course of action for you. If you have any questions, please let us know.

Flow Chart Key Terms

1. LBA – A Letter Before Action (“LBA”) is a formal letter sent to the Debtor threatening legal proceedings if the Debtor fails to make payment within the number of days permitted (14 days for a Debtor company or 30 days for an individual Debtor or Sole Trader).

2. Debtor Company – Limited or Ltd company.

3. Individual Debtor / Sole Trader – An individual person or a person trading as a business.

4. Issue Court Proceedings. If the Debtor does not respond to the LBA or you are not able to negotiate your payment terms, you may decide to commence court proceedings against the Debtor.

5. An Acknowledgement of Service provides the Defendant with 14 additional days to file a Defence, making a total of 28 days from the service of the Claim Form for the Defendant to file a Defence.

6. If a Defence is filed, we may decide with your instruction, to refer the claim to one of our solicitors in our Dispute Resolution team. This will be determined on a case-by-case basis and the solicitor acting on your behalf will discuss costs and risks when instructed.

7. If the Defendant fails to file an Acknowledgement of Service or a Defence within 14 days of service of the Claim Form, we can then request for the court to enter Judgment. **Judgment in Default** is also known as a County Court Judgment or CCJ.

8. If the Debtor fails to pay the Judgment debt, you may then proceed to **enforcement of the Judgment**. There are various methods of enforcement which can be utilised depending on whether the Debtor is a company or an individual or Sole Trader.

9. High Court Enforcement apply for a Writ of Control and write to the Debtor giving 7 days' notice to make payment of the Judgment, failing which an officer will make an attendance. The High Court Enforcement Officer's charges are usually recovered from the Defendant, if they pay in full. If no monies or possessions are received by the Officer, then an abortive fee is usually incurred.

10. Company Liquidation. Also known as the winding up of a company. This is an insolvency procedure which involves the assets of a company being realised and distributed to creditors by the Liquidator.

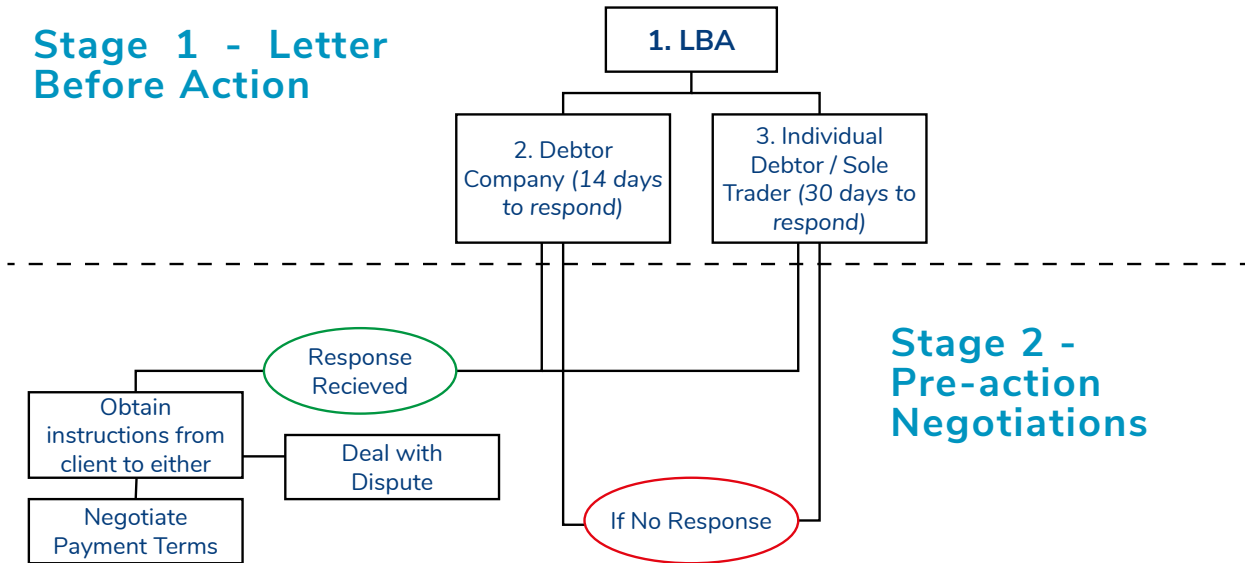
11. For a Third Party Debt Order, monies owed to a Judgment Debtor that are held by a third party (for example, a bank the Judgment Debtor has a bank account with) are frozen and seized for the benefit of the Judgment creditor.

12. For an Attachment of Earnings Order, a proportion of a Judgment Debtor's earnings is deducted by their employer and paid to the Judgment creditor until the Judgment debt is paid.

13. A Charging Order is a way of securing a Judgment by imposing a charge over the beneficial interest in land, securities or certain other assets of a Judgment Debtor. In order to realise funds to satisfy the Judgment debt, the Judgment creditor may also be required to obtain an order for sale.

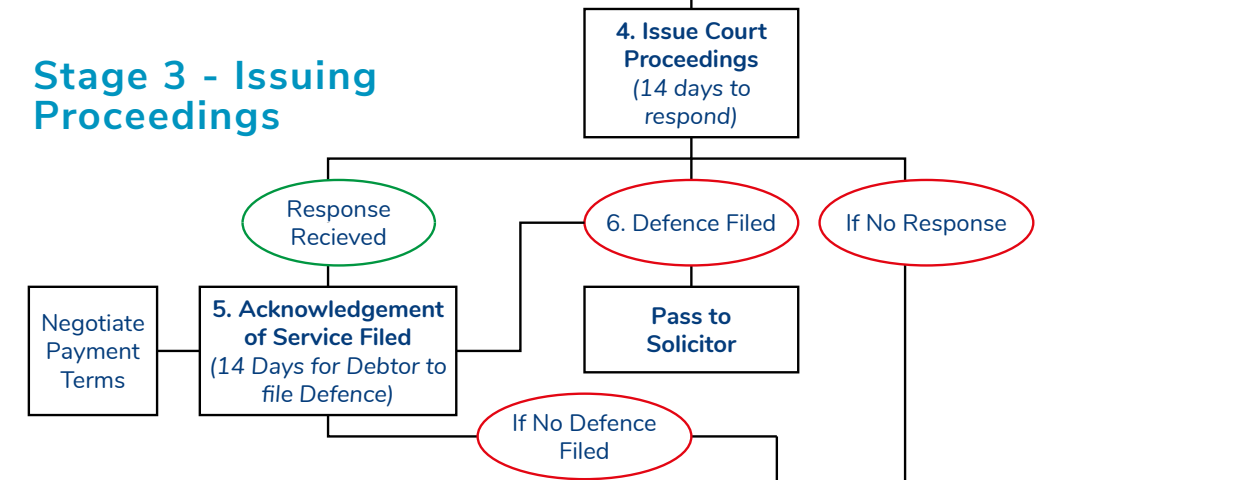
Debt Recovery Flow Chart

Stage 1 - Letter Before Action

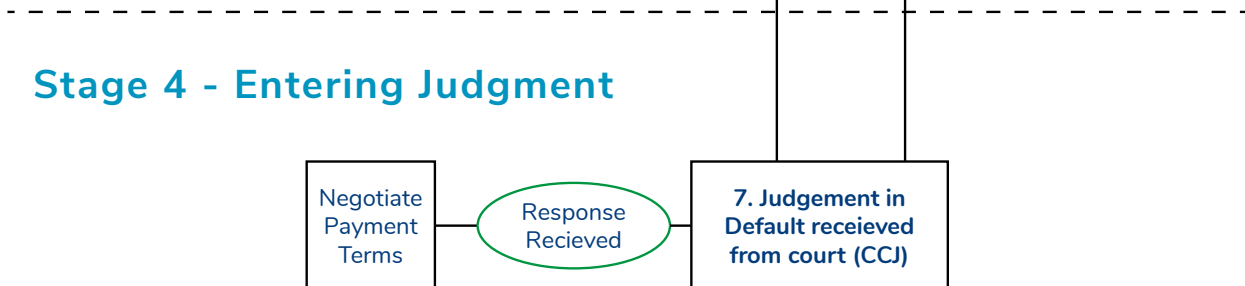


Stage 2 - Pre-action Negotiations

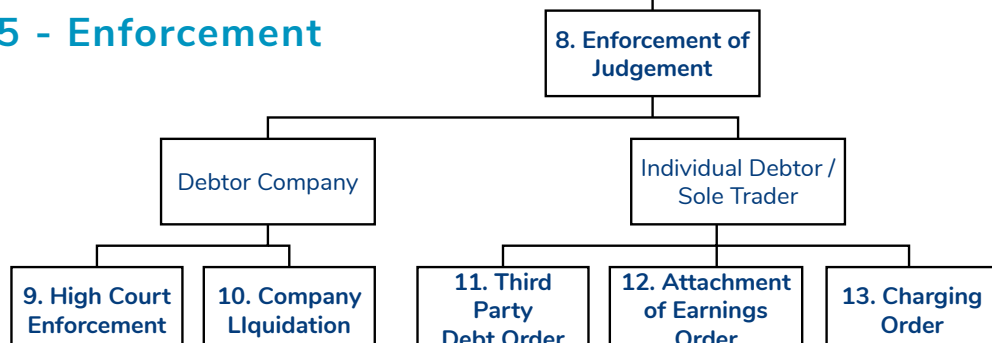
Stage 3 - Issuing Proceedings



Stage 4 - Entering Judgment



Stage 5 - Enforcement



Costings

Stage 1 - Letter Before Action

A formal letter before action ("LBA") is sent to the debtor threatening legal proceedings if the debtor fails to make payment within the number of days permitted (usually 14 days).

For a fixed fee of £50.00 plus VAT, we will send a letter before action to the individual or organisation that owes you money. Providing we receive your instructions before 4.00pm, Monday-Friday we will process your letter before action that same day.

Interest is claimed under the 'Late Payment of Commercial Debts (Interest) Act' for each qualifying debt (currently 8% above the Bank of England base rate) and compensation is claimed at the following rates:

Qualifying Debt Value	Compensation
Up to £999.99	£40.00
From £1,000 to £9,999.99	£70.00
Over £10,000	£100.00

Stage 2 - Pre-action Negotiations

If, after receiving the LBA, you would like us to liaise with the debtor and negotiate payment terms, before you commit to issuing court proceedings, we will undertake this work at our standard hourly rate of £165+VAT for letters in/out, telephone calls, e-mails etc. between ourselves/yourselves, the debtor and any other party.

Stage 3 - Issuing Proceedings

If the debtor does not respond to the LBA or you are not able to negotiate your payment terms and you wish to commence court proceedings, we will charge you the fixed court fees and fixed solicitors costs (which are determined by the value of the claim) referred to below.

Debt (Inc Interest & LCP)	Court Fee	Fixed Costs
Up to £300	£35.00	£50.00
£301- £500	£50.00	£50.00
£501- £1,000	£70.00	£70.00
£1,001- £1,500	£80.00	£80.00
£1,501- £3,000	£115.00	£80.00
£3,001- £5,000	£205.00	£80.00
£5,001- £10,000	£455.00	£100.00
£10,001- £200,000	5% of the value of the claim	£100.00
Over £200,000	£10,000	£100.00

When a Claim is deemed served by the court the debtor has 14 days to respond/defend. At this stage we charge an hourly rate of £165 for letters in/out, telephone calls emails etc. between ourselves/yourselves, the debtor, the court and any other party. This correspondence may often include trying to negotiate settlement terms either before or after a defence is filed.

If a defence is filed, we may decide with your instruction, to refer the claim to one of our solicitors in our dispute resolution team. This will be determined on a case-by-case basis and the solicitor acting on your behalf will discuss costs and risk when instructed.

Stage 4 - Entering Judgment If Debtor Does Not Respond To Claim

If the Defendant fails to file an acknowledgement of service or defence, we can then enter judgment for which you will be charged the fixed costs referred to in the table below.

Amount Of Judgment	Fixed Costs
£25- £5,000	£22.00
Over £5,001	£30.00

Stage 5 - Enforcement

If the debtor fails to pay the judgment debt you may then proceed to enforcement. There are various methods of enforcement, the costs, advantages and disadvantages of which we can discuss with you on a case-by-case basis.

Bailiff / High Court Enforcement / Court Order

This can take approximately three weeks. The High Court Enforcement apply for Writ of Control and write to debtor giving seven days notice to make payment, failing which an officer will make an attendance. Below are the fixed court fees and costs you will incur:

Amount Of Judgment	Court Fee (Non Variable)	Fixed Cost
£25- £600	£100.00	£2.25
*£600 +	£71.00	£51.75

*High Court Enforcement Officer's charges are usually recovered from the Defendant, if they pay in full. If no monies/possessions received by the sheriff then an abortive charge of £75.00 plus VAT is usually incurred.

For swift, effective and bespoke debt recovery solutions tailored to your needs contact:



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“

PDT are a knowledgeable, approachable and efficient firm who offer easy access to their senior legal team. They are excellent at providing clear, practical and useful advice on complex matters and situations.

The Legal 500

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PDT Solicitors hold a [Leading Firm Ranking 2023](#) for Commercial Real Estate, Corporate & Commercial, Healthcare, Commercial Dispute Resolution, Employment, Property Litigation, Insolvency & Corporate Recovery, Debt Recovery and Banking & Finance.

