

Contractor doctor: how can I chase a large debt - over £50k?

Dear Contractor Doctor,

My agency owes me £50K that was due three months ago. I have provided timesheets and invoices etc, but they still won't pay. Where can I get legal advice to resolve this quickly and efficiently?

Thanks

Gee Kay

Hi Gee,

Going without pay for a long period is not easy, and, assuming you are not at fault in any way, you should be entitled to full payment, costs, and possibly damages. But before you go the legal route, if you are still on site, you may have a different kind of leverage.

Still Working For the Agency

If you are still contracting with the agency, the current client may be the one to get on your side. Clients appreciate your good work and they are not likely to appreciate your being treated badly.

Let the client know that you are unhappy, and that you could be obliged to leave the client's project if the agency doesn't pay you. The client may well be willing to take action on your behalf if it means keeping you on site.

From a legal point of view, you are terminating the contract on the basis of a breach of contract, and this means that you will need to warn the agency that you intend to leave the job. As we explain in our article on [Late Payment](#), you need to tell the agency that late payment—or in this case non-payment—constitutes an essential breach. You won't of course have any problem convincing a judge that failure to pay such a large sum over such a long period is indeed breach of contract.

But you will want to be careful about your relationship with the client who, after all, could hire you again or recommend you to someone else. Give the client as much warning as you can; clients are people too and they should understand the situation.

No Longer With The Agency

If you have finished with the agency, then the legal route is best. First you need to send the so-called "[Letter Before Action](#)" which is a lawyer's term for a dunning letter. It is absolutely essential to the legal process in the UK, so you must allow the agency a reasonable period—10 days is fine—to pay up. You also inform them that this is their final warning and tells them that unless they pay you will take them to court.

In 90% of cases the "[Letter Before Action](#)" will get you paid, as businesses know that they will suffer an expensive court action should they ignore it. Do not put rude or nasty remarks into this letter, as they will simply prejudice the judge against you should the case ever go to court. You are free to point out—as we have often found is useful—that a public court case of this type can only harm the agency's reputation.

But if it doesn't work, you will be obliged to go to court. You will need to start with a solicitor since the amount in question is greater than the £5,000 permitted in small claims cases (as well as by the [Money Claim Online](#) system). The solicitor will engage a barrister. The process is expensive in itself but assuming you are in the right you will be able to claim costs. If you can prove you've suffered damages as a result of the non-payment you might be able to collect that too—but the damages must be directly related to non-payment, not vague stuff like 'it got you upset,' or 'you were late with your insurance payments.'

Some solicitors will work on a 'contingency' basis and that makes collection a bit easier. If the solicitor agrees that your case is very solid, then the solicitor will not charge you a fee up front but will take the fee in costs when the court rules in your favour.

If you win, the court will arrange collection of the total now owed by the bailiff. But to get your money faster, you might want to hire a collection agency. This will take a percentage of the money, but will of course work much harder to get it for you. There are several others recommended on the [Professional Contractors Group](#) Web site.

Good luck. Hope you get it sorted out.

kind regards

Contractor Doctor

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