

## Contractors can get help collecting debts

We contractors are all faced, these days with debts owed us by companies who do not pay on time or at all. We are more and more often obliged to take action to obtain payment, and this can run from a letter to an actual court case.

A debt collector may be able to offer a speedier option than would issuing your own court proceedings, and, if you so choose, much of the debt collector's fee can be levied against the debtor under the [Late Payment of Commercial Debt \(Interest\) Act 1998](#).

### What The Courts Do

Once the court has pronounced in your favour, what do you do to get your money? It is true that HM Court System allows you to ask the bailiff, if the sum is small, or the Sheriff, if the sum is large to collect it for you. You will need to pay the County Court to issue a warrant of execution. You are however unable to instruct the High Court Sheriff for a debt under £600.00.

With both procedures, you need to understand that you cannot be certain of obtaining payment. This is true whether you go to the Courts or use any collection method. Your debtor may have no money, nor any assets to sell. They may operate, for example, from a residential address, in which case a Bailiff or Sheriff for example would have few rights to force entry to seize assets.

Says Sid Home, an executive with the Farrington, Leyland-based commercial debt recovery company Creditsafe: "The legal system can be laboriously slow and not, in all cases successful. It may be difficult as an example, for the enforcement officer to locate the debtor, or any goods upon which to levy to satisfy your judgement." In this event of course you will have already had to spend, in advance, fees to issue the claim and enter judgement.

Home continues: "Of course these are recoverable from the debtor in the event the Bailiff or Sheriff are successful in their efforts, However if they are not, the contractor is unable to recover these along with their debt. There is a real risk therefore of possibly throwing 'good money after bad.'

### A Small Sum

Once judgement is obtained the bailiff will seek to find your debtor, and to either obtain payment or to seize assets which can be sold to pay the debt. But the bailiff isn't paid a percentage of your debt. The bailiff works on a salary.

Like most government employees, bailiffs will do what they can to obtain payment, However their reports can be slow in arriving, and may not be as in depth as one would like. Some simply say 'insufficient goods upon which to levy.' You may, or may not receive a list of the goods which are supposedly of insufficient value.

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Sid Home-Credit Safe

### A Large Sum

The High Court Sheriff is paid a percentage of your debt by the debtor, and so is therefore well motivated to recover it. But Sheriffs have literally thousands of debts to collect. In the event that they are unsuccessful, an additional fee is payable by the creditor, usually fixed at £60.00 plus VAT for each address they visit in order to try and levy execution.

In the event that either officer is unsuccessful, you may make an application via the Court, for a further fee, to place a third party debt order against the debtors bank account, provided it is located in England & Wales and you have full details.

However this is only effective on a given day. If monies are transferred out of the account before that, there isn't much you can do.

### Debt Collector Advantage

A debt collection agency's work can be fully or partially funded by the debtor. Also working on a no collection-no commission basis, they have every reason to try and obtain payment for you. Interest and court costs can also be claimed, and there is no fee to pay in advance.

Says Home: "Professional collection agencies are often better positioned to negotiate between the parties, arranging instalment payments, for example. In the event that there is some form of dispute, debt collectors can assist in its resolution. Defended actions dealt with by the courts can be immensely expensive and time-consuming."

A reputable debt collector will never engage in any unethical activities to obtain payment, and you should be careful to work with one who has suitable credentials. ([Creditsafe Ltd](#), for example, are the only agency in the U.K approved by the [Professional Contractors Group](#)).

But once you engage an agency, you should be able to count on regular reports, serious attempts to track down the debtor and determine the best way to obtain payment. "And we offer flexible rates (special rates for PCG members) depending on the amount owed, so that you receive almost all of what you expected," Home points out. And there is no fee to pay in advance.

Should legal action be involved in the collection process, debt collectors can usually offer a range of services and enforcement options which are priced at fixed amounts relative to what is owed. They will also offer impartial advice to maximise your chances of success.

So contractors should perhaps, consider the best strategy, and, if appropriate, seek the advice of a reputable debt collection agency as opposed to immediately instituting their own legal proceedings.

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