

Debt Recovery – Points to Consider

Often clients who are pursuing a debt require to be asked if they have the details of the debtor's bank. Surprisingly they often say no, even where the debtor is someone they have either dealt with before or obtained a deposit from beforehand. Simply by photocopying a cheque creditors can retain information which greatly increases the chances of being able to arrest bank accounts and recover funds.

Another issue, which often comes up, is the care taken with issuing terms and conditions to customers. Not all transactions will justify issuing terms and conditions; for example buying a newspaper. But a great deal of hassle and inconvenience can be avoided by having well thought out terms and conditions that the customer cannot deny are part of the contract. A common mistake is to send these conditions as part of an invoice after the contract has been formed. They may ultimately be shown not to be part of the contract. Instead you should aim to get these into the contract at the beginning. A good way is to make the acknowledgement of the terms and conditions part of the order form.

In some circumstances debtors acknowledge debts are due but they “just need a bit more time”. As weeks drag on into months the creditor gets more and more irate and finally decides to take action. It is always disappointing then to be told it will be several months before court action leads to recovery because the debtor is now taking issue that the debt is due at all. It is a good idea, where debtors seek more time to pay, to get them to acknowledge the debt is due in writing. If they do then the creditor is in a far stronger position and may even be able to wind up the debtor (if it is a company). If the debtor refuses to acknowledge the debt then you know where you stand and can raise court proceedings with a clear conscience!

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