

# MILNE MOSER

## SOLICITORS

### DISPUTE RESOLUTION: ADDITIONAL INFORMATION ABOUT COSTS

#### **Fees for Debt recovery up to £100,000**

Under the Late Payment of Commercial Debts (Interest) Act 1998 you are entitled to recover compensation from other businesses, due to their late payment of your invoices. This compensation is in addition to their repayment of the principal amount owed.

If we are successful in recovering compensation, it will go towards covering the cost of instructing us to recover the debt on your behalf. We will always seek to recover compensation from the debtor; however, this can only be recovered where the debtor is a business.

The amount you are entitled to recover is dependent on the amount owed and the number of outstanding debts and we will advise as to the value when seeking to recover compensation.

#### **Our Costs**

We have a range of fixed fees for a business to business debt which is undisputed.

These costs apply where your claim is in relation to an unpaid invoice which is not disputed, and enforcement action is unnecessary. If the other party disputes the claim at any point, we will discuss any further work required and provide you with revised advice about costs. This could be on a fixed fee basis if a one-off letter is required, or on an hourly rate of £200.00 plus VAT (£240) if more extensive work is needed.

In the initial stage of debt recovery, we will forward a letter demanding immediate payment with a warning that Court or Insolvency proceedings will follow in the event the debt is not settled. Our fee for forwarding the initial letter is £200 plus VAT (£240). However, some of this cost will be recovered should we be successful in obtaining compensation under the Late Payment of Commercial Debts (Interest) Act 1998.

If a debtor fails to settle the debt owed then it may be necessary to issue a County Court Claim or, a statutory demand.

Once a claim is issued, the debtor will be required to respond within 14 days. Should they fail to do so, we will request that judgment be entered against them. A letter will then be sent to the debtor informing them of the court judgment and demanding immediate payment.

Should the debtor still fail to respond, the appropriate enforcement action will be taken. However, we will discuss this with you before any action is taken, as this will depend on the amount owed and the circumstances of the debtor. We will advise on the most cost-effective method of enforcement but, this would usually involve the instruction of a High Court Enforcement Officer or Bailiff.

<b>Debt value</b>	<b>Court fee</b>	<b>Our fee to issue the Claim (inclusive of VAT)</b>	<b>Total (including Letter before Claim)</b>
<b>Up to £5,000</b>	£25.00 - £185.00 if issued online	£240.00 - £480.00	From £505.00 to £905.00
<b>£5,001 to £10,000</b>	£410.00 if issued online	£480.00	From £1,130.00
<b>£10,001 to 100,000</b>	4.5% of the value of the claim if issued online	£480.00 - £720.00	From £1,170.00 to £5,460.00

Anyone wishing to proceed with a claim should note that: -

- The VAT element of our fee cannot be reclaimed from your debtor.
- Interest and compensation may take the debt into a higher banding, with a higher cost.
- The costs quoted above are for issue of the claim to Judgment in default, they are not for matters which proceed to trial and where enforcement action, such as the bailiff, if needed to collect your debt.

Our fee includes the following key stages: -

- Taking your instructions and reviewing documentation.
- Undertaking appropriate searches.
- Sending a letter before action.
- Receiving payment and sending onto you, or if the debt is not paid, drafting and issuing a claim
- Where no Acknowledgement of Service or Defence is received, applying to the Court to enter Judgment in default.
- When Judgment in default is received, write to the other side to request payment.
- If payment is not received within 14 days, providing you with advice on the next steps and the likely costs.

Matters usually take 6 to 12 weeks from receipt of instruction from you to receipt of payment from the other side, depending on whether or not it is necessary to issue a claim. This is on the basis that the other side pays promptly on receipt of Judgment in default. If enforcement action is needed, the matter will take longer to resolve.

#### **Recovering debts where the debt is disputed**

If you debtor claims that they do not owe the amount you are demanding, or they owe you a lesser amount, this will fall outside of the cost range provided above as this will often be deemed a

contractual dispute. In this circumstance, we would be happy to offer you the specialist advice you need to recover your debt.

Should you wish to discuss a disputed debt, please contact us on 01539 729786 and we will advise you on what recovering the debt will involve and provide you with an estimate for undertaking this on your behalf.