

The Enforcers...

It can be incredibly frustrating when one of your customers fails to pay your invoices. No doubt you will have a credit control system in place but, if that fails, you then have to resort to taking recovery action in the courts. On the face of it, a money claim for an uncontested debt is fairly easy to pursue and nine times out of ten you will get a judgment without any problems.

What do you do then? For most creditors, the hardest part of recovering a debt is converting the paper judgment into hard cash. In the UK, there are various methods of enforcement available to you, some more successful than others. These include:

- **A charging order** – this is a charge over your debtor's property to the value of the amount owed - 'property' includes stocks and shares. Ultimately you will be granted a '*final charging order*' which puts you in the same position as a mortgage company. You would be entitled to apply to the court for the property to be sold and the sale proceeds used to pay the amount due to you. Any charges registered before your own must also be discharged but, assuming there is sufficient equity available, you should be able to make a full recovery.
- **Attachment of earnings** – this is generally used against an individual. The debtor's employer is compelled by the court to deduct a sum each week/month from the debtor's salary and pay this to you until the debt has been settled in full. The debtor will receive notice of your intended application and quite often, to avoid the embarrassment of the employer finding out about the debt, payment will be received.
- **Warrant of execution** – this is when court bailiffs are instructed to attend at the debtor's premises (either business or residential) and seize goods up to the value of the judgment debt. The goods are then sold at auction and the proceeds paid to the creditor to satisfy the outstanding debt.
- **Third Party Debt Order** – this is an order from the court directed to a known third party that owes your debtor money, usually a bank or building society. The third party will be compelled to pay the money held to you instead of to the debtor.

Quite often, it is not until you are at the stage of having to consider legal action that a creditor will think about what information they have on their customers. You can make this task easier on yourself by considering at the outset of your dealings with your customer what information you may ultimately need. For example, obtain your customer's bank details, take a copy of any cheque payments received and get details of all trading addresses. If dealing with an individual, get details of their employment. If you have a credit application form consider amending it so that all of this information is given at the outset.

The more information you have the more success you are likely to have if you do have to pursue a debt.

If you are having trouble recovering any money, or would like to discuss enforcement proceedings further, please contact Marcella Cox on marcellacox@boltburdon.co.uk or by telephone on 020 7288 4742. For details of all the services we offer, please visit our website at www.boltburdon.co.uk