



# Debt recovery service: business to business debts

## Examples and pricing

### Example 1

On 21 November 2017, we were instructed to recover an undisputed debt of £1,900 (incl. VAT). The invoice was dated 28 July 2017. There is no contractual right to interest in the client's Terms & Conditions or contractual right to legal costs. Payment was due within 14 days of the invoice date. The client is VAT registered.

A letter of claim was issued on 21 November 2017, claiming the debt plus interest and late payment compensation under statutory provisions. The total sum claimed was £2,072. The debtor settled the debt in full upon receipt.

#### What are our charges?

Letter of Claim costs - £15 plus VAT

A Recovery Fee of 6% of £1,900 - £114 plus VAT

Total cost £129 plus VAT - £154.80

#### What is the actual cost to the client?

If the client is entitled to recover the VAT elements and offsets the net costs from the additional sums recovered, the client has recovered its debt in full and is up by £43.

## Example 2

On 21 November 2017, we were instructed to recover an undisputed debt of £3,000. The invoice is dated 30 August 2017 and delivered on that day. There is no contractual right to claim interest, no contractual right to claim legal costs and, unusually, there is no due date for payment within the Terms & Conditions. The client is not VAT registered.

A letter of claim was issued on 21 November 2017, claiming the debt plus interest and late payment compensation under statutory provisions. The total sum claimed was £3,085.37. The debtor failed to respond. Proceedings were issued in the County Court for £3,096.55 plus court fee and fixed costs totalling £3,381.55.

### What are our charges?

Letter of Claim costs - £15 plus VAT

Court fee - £205

A sum equivalent to Fixed costs on issuing proceedings - £80 plus VAT = £96

The debtor paid the debt together with interest, Court fee and fixed costs claimed upon service of the Claim Form. A Recovery Fee of (6% of £3,000) £180 plus VAT is then payable by the client.

Sum recovered £3,381.55

### What is the actual cost to the client?

Letter of Claim cost - £18

VAT on fixed issue cost - £19

Recovery Fee (6% of £3,000) - £216

If the client offsets the above cost from the additional sums recovered, the client has recovered the debt in full and is up by £128.55.

## Example 3

On 21 November 2017, we were instructed to recover an undisputed debt of £1,900 (incl. VAT). The invoice was dated 30 June 2017. There is a contractual right to claim interest at the rate of 6% and a contractual right to claim legal costs incurred pursuing non-payment. Payment was due within 30 days. The client is VAT registered.

A letter of claim was issued on 21 November 2017, claiming the debt plus interest and late payment compensation under statutory provisions as the interest rate is higher than the contractual rate and the net Letter of Claim cost to the client. The total sum claimed was £2,035.44.

The debtor failed to respond. Proceedings were prepared and sent to the County Court, claiming the debt, interest, court fee and fixed costs totalling £2,237.52. The Court issued the Claim on 22 December 2017, and it was deemed served on 24 December 2017.

The debtor failed to acknowledge service of the claim. We therefore proceeded to request Judgement in default on 8 January 2018 claiming additional interest, court fee and fixed costs on issue and upon entering Judgment totalling £2,273.68. Judgment was entered for this sum.

Upon receipt of Judgment the debtor paid in full. Sum recovered £2,273.68.

### What are our charges?

Letter of Claim - £15 plus VAT

Court fee - £115

Sum equivalent to Fixed costs on issuing proceedings - £80 plus VAT

Sum equivalent to Fixed costs on entering judgment - £22 plus VAT

£114 plus VAT recovery fee

### What is the actual cost to the client?

If the client is entitled to recover the VAT elements and offsets the net costs from the additional sums recovered, the client has recovered the debt in full and is up by £27.68.

## Example 4

On 21 November 2017, we were instructed to recover a debt of £10,000. The invoice was dated 23 September 2017 and delivered on that day. There is no contractual right to claim interest, no contractual right to claim legal costs and, unusually, there is no due date for payment within the Terms & Conditions. The client is not VAT registered.

A letter of claim was issued on 21 November 2017, claiming the debt plus interest and late payment compensation under statutory provisions. The total sum claimed was £10,188.16.

The debtor responded raising issues in relation to the products supplied but wished to maintain good relations with the client and identify further business opportunities in the future. An offer of £8,000 inclusive was received and accepted on the basis of a commercial decision.

### What are our charges?

Letter of Claim costs - £15 plus VAT  
Recovery fee (4% of £8,000) - £320 plus VAT

### What is the actual cost to the client?

£402 to recover £8,000 but with the business relationship maintained and future business opportunities identified to follow up on.

## Example 5

On 21 November 2017, we were instructed to recover an undisputed debt of £15,000 (incl. VAT). The invoice was dated 25 August 2017. There is a contractual right to interest of 8.5% per annum but no contractual right to costs contained in the client's Terms & Conditions. Payment was due within 14 days of the invoice date. The client is VAT registered.

A letter of claim was issued on 21 November 2017, claiming the debt plus interest and late payment compensation under statutory provisions. The total sum claimed was £15,409.20. The debtor failed to respond.

Proceedings were prepared and sent to Court for issue on 7 December 2017 claiming £15,428.71 plus court fee and fixed costs totalling £16,280.64. The debtor failed to respond by the due date and Judgment was requested on the 2 January 2018 in the sum of £16,414.64, but remained unpaid post entry. Instructions were received to enforce by transferring up to the High Court for the High Court Enforcement Officer to enforce the Judgment including additional interest and costs incurred.

### What are our charges?

Letter of Claim - £15 plus VAT  
Court fee - £771.44  
A sum equivalent to the Fixed costs on issuing proceedings - £100 plus VAT  
A sum equivalent to the Fixed costs on entering Judgment - £22 plus VAT  
Court fee for Transfer up - £66  
Fixed cost on Transfer up - £50 plus VAT

The debtor then paid in full upon the Notice of Enforcement received from the High Court Enforcement Officer and time spent was limited throughout the enforcement process.

### What is the actual cost to the client?

If the client is entitled to recover the VAT elements the actual cost to the client is £515 made up of:

£15 for the Letter of Claim  
£50 fixed cost on transfer up  
Recovery fee (3% of £15000) - £450

If the client offsets the above against the additional sums recovered, the client has recovered its debt in full and is up by £25.71 plus additional interest claimed and recovered by the HCEO.

The HCEO recovers its cost from the debtor.

## Your key debt recovery contacts

"[The firm] 'always gets to grips with the key issues of a matter' and provides 'workable solutions'.  
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## Want to know more?

For a full fact sheet detailing the process and the costs please [follow this link](#) or contact us:

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