

**FIXED FEE
DEBT RECOVERY
SOLICITORS**

smooth
Commercial Law



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Smooth Commercial Law are a niche commercial litigation law firm based in the North West with clients throughout the UK, dealing with Debt Recovery matters.

Every year, millions of businesses and self-employed individuals suffer financial loss because of customers who are unable or refuse to pay what they owe. This can be seriously damaging to your business if the amounts owed are not recovered.

Normally matters can be resolved by simply sending what is commonly referred to as a 'letter before claim'. Whilst this often results in a dialogue between the parties to the dispute, in some instances further action is required. In which case, we will act on your behalf to recover those debts through the courts. It is, however, important to note that if the debtor is in a distressed state and at a risk of insolvency, there is a possibility that not all the monies due will be recovered. It is, therefore, vital to instruct Solicitors as soon as is reasonably practicable.

Please note that fixed fee debt recovery costs apply only to claims made in relation to an unpaid invoice that has not been disputed, and where enforcement action is not needed. If the other party disputes your claim at any point, further work may be required. In these disputed cases, we will provide you with revised advice about additional costs, which could be on a fixed fee (for example, if only a one-off letter is required), or at an hourly rate, with an overall estimate, if more extensive work is needed.

The fees set out below are applicable to business clients in respect of debts of no more than £200,000. They apply where your claim is in relation to an unpaid invoice that is not disputed, the debtor is within England and Wales and enforcement action is not needed. If the other party disputes your claim at any point, we will discuss the further work which will be required and provide you with revised advice about costs if necessary.

If you have any queries or would like a no-obligation chat please contact Scott Birchall.

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Debt Recovery via Letter Before Claim

Claim value	Solicitors cost	Disbursements
Up to £5,000	£150 plus VAT	£0.00
£5,001 - £10,000	£250 plus VAT	£0.00
£10,001 - £50,000	£500 plus VAT	£0.00
£50,000 - £200,000	£750 plus VAT	£0.00

Debt Recovery via Court Proceedings

Claim value	Solicitors cost	Court fees
Up to £5,000	£250 plus VAT	See below
Up to £10,000	£500 plus VAT	See below
£10,000 - £50,000	£750 plus VAT	5% of the value of your claim
£50,000 - £200,000	£1,500 plus VAT	5% of the value of your claim

*NB: Depending on the value of the claim we may also need to instruct a barrister to prepare court documents. If necessary, we will take your instructions in advance and get your approval for any associated costs.

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Court Fees

Value of your claim	Fee payable
Up to £300	£35
Greater than £300 but no more than £500	£50
Greater than £500 but no more than £1,000	£70
Greater than £1,000 but no more than £1,500	£80
Greater than £1,500 but no more than £3,000	£115
Greater than £3,000 but no more than £5,000	£205
Greater than £5,000 but no more than £10,000	£455
Greater than £10,000 but no more than £200,000	5% of the value of the claim
Greater than £200,000	£10,000

Disbursements

- Disbursements are costs related to your matter that are payable to third parties, such as court fees or the costs of a process server. We handle the payment of the disbursements on your behalf to ensure a smoother process.

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Timescales

- We will acknowledge your instruction within 24 hours and send out the initial letter before claim to the debtor within 48 hours, for a standard debt recovery referral.
- A commercial (business) debtor will be provided with 14 days to make payment, proposals for payment or provide details of any dispute. An individual (person) debtor is provided with 30 days to enable them to seek independent advice, should it be needed.
- Once legal proceedings are issued, a debtor has 21 days (7 days for service of proceedings then 14 days to respond) before we can enter a judgment (CCJ). Therefore, for an undefended claim, if proceedings are issued judgment may be obtained within 6 weeks of instruction for a business or 8 weeks for an individual.
- Timescales for defended legal proceedings depend on the debtor being engaged and attempting to settle, and the Courts' capacity for track allocation and hearings. A defended small track claim (up to £10,000) could take 9-12 months to get to mediation or a trial, whereas a fast track claim (£10,000-£25,000) and multi-track claim (over £25,000) could take up to 18 months to get to trial.
- Throughout a defended claim process, we will endeavour to engage with the debtor to determine whether the settlement is an option. While settlement may mean you will have to be flexible in the sum you will receive, that sum will be in your bank sooner and legal/Court fees may not have been incurred.
- Typically for enforcement, we will instruct a High Court Enforcement Office on your behalf, for debts over £600. Once the judgment has been transferred to the High Court, a Notice of Enforcement letter is sent to the debtor (in accordance with compliance) providing them to pay or contact within 7 days. If no payment or response is received, an officer will attend the debtor's premises within 7 days to collect payment or levy on any assets for removal and sale at auction. If it gets this far (which isn't often at all), the process could take 4-6 weeks.
- If you instruct us to serve a statutory demand on a debtor, once drafted, it needs to be personally served on them or for a business, at the registered office or last known business address. This can take 7-14 days, dependant on the debtor (individual) confirming their identity and being present. A debtor will then have 18 days to set aside the demand or 21 days to settle the debt.

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Normal Procedure

- Taking your instructions and reviewing the documentation.
- Undertaking appropriate searches.
- Sending a letter before action and complying with the pre-action protocol.
- Receiving payment and sending on to you, or if the debt is not paid, drafting and issuing claim (upon your instructions).
- Where no Acknowledgment of Service or Defence is received, applying to the court to enter Judgement in default (upon your further instructions).
- When Judgement in Default is received, write to the other side to request payment.
- If payment is not received within 30 days, provide you with advice on the next steps and likely costs.

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