

Debt Recovery fees and costs Undefended claims (under £50,000)

Our debt recovery team has over 40 years' of collective experience in delivering high quality, clear and concise work in all areas of debt recovery.

Our work will comprise, in outline, the following:

1. Reviewing initial papers and, if necessary, meeting with you to take detailed instructions
2. Sending a Letter before Action to the debtor
3. Attempting to liaise with and recover the debt from the debtor
4. Advising you and issuing court proceedings or alternative proceedings (e.g. statutory demands)
5. Considering any response to proceedings and complying with the court timetable to obtain a court outcome or negotiated settlement
6. Advising on and commencing enforcement or judgment or order

Likely timescale (where court proceedings are necessary)

- A Letter before Action will usually be issued at the outset, giving the debtor 7 days to make payment. If the debtor is a sole trader / consumer, they must be given 30 days to respond in line with the pre-action protocol for debt claims.
- In the event that payment is not made and terms for settlement are not agreed, instructions will be sought to issue court proceedings in accordance with the Practice Direction – Pre-Action Conduct and Protocols. The debtor will have 14 days to respond to an issued claim or, if an acknowledgement of service is filed, a total of 28 days to file details of their defence. Otherwise, we will seek judgment by default or admission and enforce it. ADR will be considered as an alternative.
- If the claim is defended and it is for under £10,000, it is likely to be allocated to the Small Claims track and will probably be heard in around 6 to 8 months.
- If a claim for more than £10,000 is defended, more detailed court proceedings will follow and it will be months before the matter comes to trial.
- The timescale for enforcement will depend on the case itself, how the court deals with the case and the enforcement method used.

Insolvency proceedings

- Where there is no defence to a claim, it is appropriate to consider bankruptcy or winding-up proceedings. We will tell you if we think this is more appropriate than court proceedings.

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- In the case of an individual, it is necessary to serve a statutory demand on the debtor after which he or she has 18 days to pay the debt or apply to set aside the statutory demand. If he or she fails to do so, we can issue a bankruptcy petition which is usually heard within about 12 – 18 weeks.
- In the case of a company, we will serve a formal statutory demand requiring payment of the debt immediately or within a time frame to be agreed with you. If payment is not made within that timeframe, and the company does not raise a dispute in relation to the claim, we will issue a winding-up petition which is usually heard within about 12 – 18 weeks.

Fixed fees (undefended claims under £50,000 only)

		Court Fee / Expense	Our Fee (plus VAT)
1	New client onboarding fee <i>Including: review of practices and standard terms and initial service meeting/discussion. This is a one-off fee payable at commencement of your first instruction, and the following fixed fees will apply thereafter</i>		£200
2	Pre-action Protocol Letter before Action (debts up to £10,000) <i>Including: relevant contract and/or terms review, preparation of Pre-action Protocol Letter of Claim and interest calculation (if applicable)</i>		£200
3	Pre-action Protocol Letter before Action (debts between £10,000.01 and £50,000) <i>Including: relevant contract and/or terms review, preparation of Pre-action Protocol Letter of Claim and interest calculation (if applicable)</i>		£300
4	Pre-action correspondence with the debtor (if applicable)		TBA
5	Instalment and Settlement Agreements – a. Basic instalment agreement (email – usually suited to debts of less than £10,000) b. Instalment agreement (letter) c. Settlement agreement d. Monthly chasing / monitoring instalments (if applicable)		£300 £600 TBA TBA
6	Issue of Claim Form (County Court) – <u>Claim value</u> £0.01 to £10,000 £10,000.01 to £50,000	£35 - £455 5% of claim amount	£300 £500 - £700
7	Obtaining Judgment – <u>Claim value</u> £25 to £5,000 Exceeding £5,000		£22 - £55 £30 - £70

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8	Enforcement Enforcement review £100 County Court Bailiff £83 £50 High Court Enforcement £71 £51.75 <i>A monthly administration charge of £50 will be incurred once a High Court or County Court enforcement action is commenced</i> Order to attend court for questioning £59 £500 - £700 Process Server fee £150 - £300 (plus VAT)		
9	General Consent Order £108 £200 Tracing Agent £100 (plus VAT) £100 Land Registry Searches (per item) £3 - £6 (plus VAT) £50 - £100		
10	Charging Order Application for a Charging Order £119 £400 Land Registry Fees £120 (plus VAT) Office Copy Entries £20 (plus VAT) Preparation for (and attendance at, if required) hearing (£500 plus VAT) £500		
11	Statutory Demands Process Server fee £125 - £150 (plus VAT) £600		
12	Bankruptcy / Winding Up Proceedings Petition and supporting documents £600 <ul style="list-style-type: none"> • Bankruptcy £1,802 * • Winding Up £2,902 * <i>* Includes Official Receivers Deposit which may be refundable if proceedings are dismissed</i> Process Server fee £125 - £150 (plus VAT) Search Fees £10 - £30 Gazette advertisement fee TBA Compliance and preparation for hearing Attendance at hearing – Bankruptcy £500 - £600 (plus VAT) Attendance at hearing – Winding Up £300 - £450 (plus VAT)		TBA

Please enquire as to our charges for carrying out work outside the above scales or for those marked TBA. **Any work that we are asked to carry out in addition to the above will be charged at the appropriate hourly rate of the team member carrying out the work (see below).** Our standard Terms of Business apply to all work undertaken.

It is important to note that we cannot enforce the right to recover legal recovery costs and interest unless you have the necessary clauses in your contractual terms with your customer, either pursuant to the Late Payment of Commercial Debts Regulations 2013 or a contractual rate, or unless there is an allowance under the Civil Procedure Rules.

Additional charges may be incurred by High Court enforcement agents should enforcement of any judgment of order be unsuccessful, of their instruction be unreasonably withdrawn. High Court enforcement agents will attempt to recover their fees from the debtor but VAT on any fees recovered will be recoverable by you, directly from HMRC.

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If your claim becomes defended or disputed at any time, fees will be charged at the appropriate hourly rate of the team member carrying out the work (see below). A cost estimate will be provided to you before we carry out any work.

During a matter, it is possible that we may need to revise our cost estimate, up or down. This may be due to a change in your instructions, or because it is necessary to re-assess the level of complexity of the matter in the event, for example, that new information comes to light or circumstances change. Should this be the case, we will discuss this with you at the time, and agree any changes before progressing.

The above fee structure applies to simple unpaid invoice debts and does not apply to claims involving:

- School fees
- Contractual debts and enforcement of contractual terms
- Debts due under Construction and/or JCT contracts
- Service Charges
- Commercial rent arrears
- Complex debt history

Standard hourly rates

Partner	£325 – £350 (plus VAT)
Solicitor	£240 (plus VAT)
Paralegal	£165 – £200 (plus VAT)
Trainee	£165 (plus VAT)

Other charges

We are required by law to verify the identity of our clients. To satisfy this requirement we carry out online ID verification checks on our clients and we charge a fee of £15 – £20 plus VAT for each check undertaken.

VAT

VAT is payable on our fees and on some disbursements / expenses (as shown in the table above). Where an amount is stated as “plus VAT” we will charge VAT at the rate of 20% which is payable in addition to the amount stated.

Contact us

If you are interested in finding out more information about how we could assist your business with Debt Recovery, please contact our specialist legal advisers on 01202 294566.

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