

## Debt Recovery (Undisputed) – Our Service and the Costs

You can seek to recover an undisputed debt by:

- issuing a money claim; or
- using insolvency procedures, i.e. presenting a petition for a bankruptcy order (for an individual) or a winding up order (for a company).

The purpose of this guidance is to give you an indication of likely legal fees and associated costs of seeking to recover an undisputed debt. This is intended as a rough guide only and does not apply to disputed debts or enforcement of judgments.

In advising you on how to proceed we will usually charge you £200 - 300 plus VAT in addition to the costs set out below. We also conduct an electronic ID search for all new clients which attracts a fee of £10 plus VAT.

### Money claims

The first step in bringing a claim is to send a formal letter of claim giving details of the debt and setting a deadline for payment. If that does not secure payment, you can then take formal action by issuing a claim.

In order to issue proceedings we will need to spend time drafting your claim. A court fee will also be payable and that will vary depending on the value of your claim. Full information on court fees is available [here](#).

Issuing claims online means that you will pay a reduced court fee. We can assist you with issuing claims in this way up to a value of £100,000 (claims above that threshold cannot presently be issued online).

Where a claim is undisputed, the defendant will either:

- file an admission of the debt in which case you will be entitled to a judgment; or
- fail to file a defence at all in which case we can apply for judgment in default on your behalf.

If a letter of claim succeeds in prompting payment you could have a result in less than two weeks. If it is necessary to issue proceedings and obtain an uncontested judgment then it will usually take 10-16 weeks from receipt of instructions to obtaining judgment.

Breaking the process down into stages, estimated fees (**exclusive of VAT**) are as follows:

| <b>Value of claim</b>     | <b>Low<br/>Up to £5,000</b> | <b>Medium<br/>£5,000 - £50,000</b> | <b>High<br/>£50,000 and above</b> |
|---------------------------|-----------------------------|------------------------------------|-----------------------------------|
| <b>Letter of claim</b>    | £100 - £150                 | £100 - £250                        | £100 - £500                       |
| <b>Issue proceedings</b>  | £100 - £200                 | £100 - £400                        | £500 - £1,000                     |
| <b>Obtaining judgment</b> | £100 - £150                 | £100 - £150                        | £100 - £150                       |
| <b>Total</b>              | £300 - £500                 | £300 - £800                        | £700 - £1,650                     |

The stated fee will generally include:

- Taking your instructions and reviewing basic documentation in relation to the debt, e.g. contract, invoices, statement of account
- Drafting and sending a letter of claim
- Receiving payment and sending onto you, or if the debt is not paid, informing you of this
- Drafting and issuing your claim – in the case of low and medium value claims it is assumed that the claim will be issued online and that we need only draft short particulars of claim as part of the online claim form
- Where no acknowledgment of service or defence is received, applying to the court to enter judgment in default
- When judgment in default is received, writing to the other side to request payment

It is important for you to be aware that claims under £10,000 in value will generally be allocated to the small claims track of the County Court where only certain limited fixed costs are recoverable.

We can estimate the costs of enforcement procedures as and when required.

## **Insolvency procedures**

### **Bankruptcy**

If an individual owes over £5,000 and the debt is undisputed, then petitioning for their bankruptcy is an option.

The process starts with drafting and serving a statutory demand, which is usually a relatively inexpensive step (£250 - 500 plus VAT). The statutory demand gives the debtor 21 days to make payment, failing which a petition can be lodged at the appropriate court. The court will then list a date for the hearing of the petition.

If the petition is not paid, disputed or adjourned, you are likely to obtain a bankruptcy order in 12-16 weeks. It depends on the time it takes for the court to list the hearing.

The full uncontested process is likely to cost in the region of £1,500 - £2,000 plus VAT in solicitor's costs. Depending on where the hearing is it may be cost effective to instruct a barrister or agent to attend that hearing which could cost £250 - £500 plus VAT.

In order to issue the petition you will have to pay:

- the court fee: £280.00; and
- the Official Receiver's deposit: £990 (in the event that the matter settles without a Bankruptcy Order being made, this can be recovered)

A bankruptcy petition also needs to be personally served on the debtor. Process server's fees are likely to be in the region of £100 - 200 plus VAT (depending on the number of attendances required to effect service).

Lastly, we will need to carry out bankruptcy searches for a cost of £2 each before issuing the petition. It is common to carry out other searches for example against properties owned by the debtor which will also incur a nominal fee.

## **Winding up**

If a company owes you over £750 and the debt is undisputed, then petitioning to wind up the company is an option. If successful, a liquidator will be appointed by the court to take over the affairs of the company and pay creditors from realisable funds.

In the case of a winding up petition, it is not strictly necessary to serve a statutory demand, although you may wish to. The procedure follows, broadly speaking, the same process as personal bankruptcy with the exception that you must advertise the petition in the London Gazette which usually costs £50 - 100 plus VAT.

If the petition is not paid, disputed or adjourned, you are likely to obtain a winding up order in 10-14 weeks.

The full uncontested process is likely to cost in the region of £1,500 - £2,000 plus VAT in solicitor's costs.

You will also have to pay the following:

- Court fee - £280
- Official Receiver's deposit - £1,600

A winding up petition should usually be personally served on the debtor. Process server's fees are likely to be in the region of £100 - 200 plus VAT (depending on the number of attendances required to effect service).

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