

Self Employment Recovering Bad Debts

There are occasions when clients refuse to pay for work that has been done or, for goods that have been delivered.

When there is no dispute over the quality of the goods or services and payment is just being withheld, then there are a number of options open to the smaller business that are relatively easy, and do not involve the headache and cost of traditional methods.

After all the polite letters and reminders have failed, a letter informing the debtors that the amounts overdue will be sort through the small claims court should be sent. A letter of this type must be sent, failure to do so may result in the court penalising the claimant on costs. As part of the letter, it should be stated that any claim against their good name will become part of any credit rating they may have. If payment is still not forthcoming then the easiest option is to go through the following website:

<https://www.moneyclaim.gov.uk/web/mcol/welcome>

The first page of this secure website has 2 buttons to select, either as the claimant or defendant.

After choosing the claimant option the next page will ask if the claimant is a new or existing customer. The following details for a new claimant will be required

- Details of the claimant's business
- The claim amount
- Details of the person/business which owes the money

The fee charged is based on the outstanding debt and a debit /credit card will be required.

There are a number of good sites dealing with debt recovery, details are below

<http://www.businesslink.gov.uk/bdotg/action/layer?r.l2=1074453392&r.l1=1073858790&r.s=tl&topicId=1073924370>

and some guidance from HMCS

http://www.smallclaims.me.uk/smallclaims_forms/ex302_0406.pdf

The BBC has a section on its website about debt in general which may be useful if a client/customer has a debt issue. The website is designed to assess the level of debt an individual faces, and also gives constructive ideas on how to tackle the debt. Remember that unless an approved Financial Services Advisor (FSA) no financial advice can be given, only information and details.

The website can be found at

<http://news.bbc.co.uk/1/shared/spl/hi/business/debtcheck/html/index.stm>

WARNING There are many debt recovery services, only use legitimate government services to recover debt as it is the most cost efficient method and will stay within the correct legal framework.