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# A company owes my business money, what can I do?

*By David Scott, Head of Employment Law*

With inflation and interest rates rising many business are feeling the financial strain. The last thing they need is another company delaying paying invoices.

We would always recommend before contemplating any formal action that you try the friendly approach. Not only could that result in a faster payment, but is more likely to maintain your relationship with your customer.

If that fails then you might need to consider court action to recover the debt.

Before you can start a claim you must follow the Pre-Action Protocol For Debt Claims. The Protocol encourages early engagement and communication between the parties to resolve issue and avoid court proceedings.

The start of the Protocol is to send a Letter Before Claim. That gives you the opportunity to say how much is owed, why it is owed and provide copies of documents to support your claim.

In addition to the amount owed, you will be able to claim interest on the debt at the rate set out in your Terms and Conditions. If you don't have written T&Cs or there is no mention of interest in them, you might be able to use The Late Payment of Commercial Debts Regulations 2013. These Regulations allow you to claim an annual 'statutory interest rate' of at least 8%, calculated on a daily basis. You can also add between £40 – £100 per invoice for the cost of chasing the debt.

Within 30 days the other company must reply accepting or rejecting the debt, give reasons why, provide documents to support their position, set out their financial statement and make any proposals for payment.

Once you have that reply you will be better informed and can decide if going to court is the best option.

**If you need any guidance or advice on Terms and Conditions or starting a debt claim, please contact Hethertons Dispute Resolution Team on 01904 528200.**

