

Whether you are a small business or a multi-national conglomerate, it is a commercial reality that all businesses will at some point be required to deal with customers or suppliers who fail to pay debts on time, or at all.

“It is crucial that businesses react swiftly and appropriately when this situation arises” said Saljuq Haider, head of TW Collect. *“Clearly there are sometimes circumstances where the long-term customer relationship takes precedence over pursuing a relatively low unpaid debt. However, we recommend that businesses should adopt a rigid internal policy for tackling late and unpaid debts. It is important that customers are made to understand that late payment is not acceptable and that non-payment is taken seriously.”*

TW collect is a service designed to streamline what can appear to be a daunting process, and work is undertaken on a ‘no recovery-no fee’ basis for standard debt recovery claims. The team is dedicated to helping businesses manage their debts more effectively.

Here are our top five tips for protecting your business against late payments and bad debt:

- Ensure your terms and conditions are incorporated and that they include charges/interest for late payment
- If dealing with a company, consider obtaining personal guarantees, if creditworthiness checks indicate a higher than average risk
- Ensure that customers are made aware of payment terms
- If dealing with a new business, obtain trade references to identify a payment history profile
- Ensure that a complete “paper” trail is maintained for all orders

And if, despite the above, invoices remain late or unpaid, what can be done?

- Chase debts promptly
- Consider suspension of services/ credit accounts, or withholding delivery of goods (subject to contractual restrictions)
- If legal intervention is threatened, do not make it an empty threat (word travels fast within industries)
- Consider instigating court or insolvency proceedings