



A GUIDE TO MANAGING BAD DEBTS

Part of the skill of running a successful business is creating good relationships with your customers and suppliers, so that agreements are kept and problems sorted out amicably. By being clear and professional in your approach you can minimise the risk, cost and disruption to your business.

In order to prevent things going wrong you should undertake some basic precautionary measures such as having written contracts and terms and conditions of trading. These should help minimise the risk of problems and put you in a stronger position if you do need to take legal action.

We will always be happy to draft standard terms and conditions for you.

In the unfortunate event that things do go sour, it is preferable to try to settle the dispute amicably, although there may be times when you have to resort to using the law.

We are able to provide you with advice regarding litigation but you should bear in mind the following points:

- Litigation can be expensive and stressful. Unless you are completely sure, take legal advice before starting any legal action.
- Check it makes financial sense to litigate over a bad debt.
- Weigh up the risk of either losing the case or your opponent not being able to pay you even if you do win.
- Don't assume you will recover your legal costs if you win.
- Try to settle the dispute without going to court and build up clear evidence that you have given your opponent a reasonable opportunity to settle out of court. This evidence will count in your favour when costs are awarded at the end of a court case.
- With your legal adviser, plan your approach to solving the dispute. Your approach will depend completely on the circumstances.
- Send your opponent a letter stating the details of your claim. Tell them that you require satisfaction or a reasonable offer within a reasonable and specified time.

- This letter will be a key document in your legal case. Seek advice on what details it should include. Do not make empty threats. If you give a deadline, stick to it.
- Failing a satisfactory response, instruct us to proceed – or abandon the claim. Be prepared to compromise by accepting instalment payments, or payments of less than the full amount.

THE ABOVE IS ONLY A GUIDE AND IF YOU HAVE ANY FURTHER QUESTIONS PLEASE CONTACT JAMES WOOD ON 01747 852377 OR E-MAIL HIM AT: j.wood@rutterslaw.co.uk