

Dispute Resolution

The Cheque's in the post: 7 steps to good credit control

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Cashflow is the lifeblood of all businesses, big and small, and a slow or non-paying customer can make trading difficult.

Following these steps will not guarantee payment on time every time but may help to reduce instances of late or non-payment.

- 1 If you do not use a credit application form, start using one now. For new customers, trade / bank references and a credit check are a must. Look for personal guarantees if possible. The value of personal guarantees is often debated, but having one in place for a number of my clients secured them payment when other avenues of recovery failed. Do not confine credit checks to new customers. An existing customer's financial circumstances can change quickly and periodic credit checks can help you avoid a costly mistake.
- 2 Invest in putting proper terms and conditions and guarantees in place drafted by a solicitor who knows your business. Having proper paperwork pays for itself in the long run and will save you money.
- 3 Ensure your customers are aware of your Terms and Conditions of business and have them agree to same. They should be available on your website and accompany each invoice.
- 4 Resolve any complaints quickly. All complaints should be well documented in case of a possible legal proceedings later on.
- 5 Start chasing invoices as soon as they become due and familiarise yourself with the various payment mechanisms of your customers.
- 6 If no resolution is possible then you may have to issue proceedings to secure payment. The legal process begins with a letter to the debtor asking them to pay the debt in full within 7 days. In the event that there is no response, then legal proceedings will follow seeking to recover the debt. The proceedings are issued in the District Circuit or High Court depending on the amount of the debt.
- 7 In some cases, the first contact from a debtor will be a phone call to your solicitor following the receipt of the 7 day letter, pleading an inability to pay in full, and looking to repay by instalments. While payment by instalment is better than no payment at all, we always advise that you should insist on evidence of inability to pay at once and in full - by way of completed income and expenditure statements or management accounts. Remember: all payment plans will require constant monitoring to ensure compliance.

For further information on this topic please contact: Rachel Solanki, Associate, Dispute Resolution Department, E: rsolanki@efc.ie

