



Llywodraeth Cynulliad Cymru
Welsh Assembly Government

Recover debt through court

Taking legal action to reclaim a debt should be a last resort, and often the threat is enough to make your customers pay you. However, if your usual ways of recovering debt have failed, there are things to consider before beginning the legal process.

The court will expect you to make an effort to sort out your dispute with the other side before you take legal action. This means that court action only takes place after you have tried to reach an agreement with the customer.

This guide will help you decide if court action is right for you and the steps you need to take. It also explains how to claim, including making a claim online, and how claims are administered.

Deciding whether to make a claim

Legal action should only be a last resort, so you should explore all other options:

- Take all other reasonable steps, including communicating with the customer - see our guide on managing late payment.
- Consider some form of **alternative dispute resolution (ADR)**, such as mediation, negotiation or arbitration. Your contracts may already specify how disputes should be resolved. Resolution procedures or ADR processes can make it easier to control costs and are often less confrontational than court proceedings.
- Consider taking back your goods and services, if appropriate.

Mediation is a way of resolving disputes without the need to go to court. It involves using an independent third party - a mediator - who helps both sides come to an agreement. The mediator will remain neutral throughout the process. This can help maintain the business relationship once the dispute is settled. Find out about the mediation process on the National Mediation Helpline website - [Opens in a new window.](#)

Negotiation is when the people involved in the dispute - or their representatives, such as solicitors - discuss the issue until they reach an agreement that is acceptable to both sides.

Arbitration involves an independent third party deciding what should happen based on evidence given to them about the dispute. You can read about arbitration on the ADRNow website - [Opens in a new window.](#)

Conciliation is similar to mediation. In conciliation, as in mediation, an independent person (the conciliator) tries to help the people in dispute to resolve their dispute. You can read about conciliation on the ADRNow website - [Opens in](#)

their dispute. You can read about conciliation on the ADRNow website - Opens in a new window.

Early neutral evaluation (ENE) is when people involved in a dispute send evidence to an independent third person who gives their opinion on the dispute. ENE may be used to give information to people before they negotiate or use another form of ADR. You can read about ENE on the ADRNow website - Opens in a new window.

It may be better to accept a small loss and retain a large client than risk offending them. You are unlikely to keep a customer that you pursue through the courts.

Even if making a claim seems the only answer, you should consider your chances of winning. In many cases your claim may not be disputed. But in others, it could be difficult to prove the customer is at fault - eg that they owe you money or haven't paid an outstanding bill - unless you have good evidence to support your claim. In these instances you will need to provide as much evidence as you can of the validity of your claim, such as purchase orders or invoices, copies of reminder letters or other requests for payment that you sent before resorting to further action.

You can read more about credit reference agencies on the Information Commissioner's Office website - Opens in a new window.

Make sure the customer can pay

If the person or business you're taking action against has no assets or has a history of bad debt then you can't be certain of receiving all of the money owed.

Credit reference agencies - the same agencies that lenders consult before offering credit such as loans or credit cards - should be able to give you a credit rating for the defendant and details of any unpaid county court judgments.

The three main credit reference agencies in the UK can provide credit reports on businesses as well as on individual consumers. Make your enquiry by phone or from the agency websites. You will need to have some information ready, such as:

- the name of the business or person you want to get a credit report for
- the last known address
- why you want the credit report

If you win your claim, the customer is required to pay the sum claimed. If the correct processes are followed, they may also be required to pay your court fees and any interest as well. If they do not pay, you must be prepared to take steps to enforce the judgment. See the page in this guide on enforcing the judgment.

Be prepared for the costs

You will have to pay court fees . However, they may be recovered from the defendant if you win. Note that:

- court fees are payable when you issue a claim and at different stages of the claim, including if you have to enforce the judgment
- if you lose, or do not succeed in enforcing your judgment, you will not be able to reclaim the court fees
- if you win and succeed in enforcing the judgment, you may be able to claim

your solicitor's and other costs back from the defendant

- if you have refused to consider alternative ways of sorting out your claim before taking court action, you may not claim your costs back or the court may order you to pay the customer's costs, even if you win the case
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Choosing the right legal route

The amount of money you are claiming will determine whether your case will be handled by the county court or the High Court.

The **county court** is where most claims are issued and this is where you should go first to make a claim. County courts deal with a range of claims, including debt recovery. Larger and more complex claims will normally be heard in the High Court.

There are three case management tracks within the county court system - these are known as the small claims track, the fast track and the multi-track. Once a claim is made to the court and is defended, the county court will take into account the value of the claim and allocate the case to one of the tracks as appropriate. Allocation is at judicial discretion. You may wish to use a solicitor for claims over £5,000.

The county court tracks each have a different claim limit.

- **Small claims track** - for simple cases up to £5,000. For example consumer claims, faulty goods, goods not supplied, goods recovery, debt, breach of contract etc.
- **Fast track** - for cases from £5,000 to £25,000.
- **Multi-track** - for complex cases and all cases over £25,000.

The **High Court** is a highly formal venue and cases will require a solicitor as the points of law discussed may be complex. This route will involve building a strong case for a claim and considering how associated costs will be met. The value of a claim in the High Court must be at least £25,000.

If your claim is for a fixed amount that is below £100,000, you may be able to make a claim using the HM Courts Service (HMCS) Money Claim Online service. For more information you can read our guide: recover your debt through court: Money Claim Online. You can also issue your claim at your local court.

Even once a claim has been issued it is not too late to sort out the dispute with the customer through some form of alternative dispute resolution and so avoid further court action.

The final warning letter

Whichever course of legal action you choose, you must send a final warning letter to the customer before you begin. You should do this because:

- it often prompts payment
- the courts may penalise you on costs if one is not sent

Online claims

If your claim is for a fixed amount that is below £100,000, you may be able to start a claim via the internet using the HMCS Money Claims Online.

Claim Production Centre (CPC)

The CPC and the County Court Bulk Centre (CCBC) work in partnership with local courts to manage straightforward debt collection processes.

The CPC also enables users to file requests electronically.

If you use the CPC, you also have the opportunity to use the CCBC. Claims are issued through the CPC in the name of Northampton County Court, where the CPC is based. Where a valid defence is filed by the defendant, the CCBC will serve a copy on you as the claimant and you then have 28 days to consider their position.

Read a list of FAQs about the CPC/CCBC on the HMCS website - [Opens in a new window](#).

Using solicitors and debt recovery agents

If your case is straightforward, you could prepare the claim, present the case and handle the enforcement on your own. Most people choose not to use solicitors in the small claims track.

But there may be times when you decide you want to seek advice from a solicitor. You should note that:

- legal aid is not usually available for small claims cases
- legal costs aren't normally recoverable

If your claim is likely to be disputed, if your claim is for a large amount or if the case is complicated, it is probably sensible to get professional help from a solicitor or debt recovery agent unless you are confident that you can handle the case on your own.

Choosing a solicitor

Finding a solicitor can be a challenge, and often a personal recommendation is a good way to choose. Before you make a decision, ask the following questions:

- Is the solicitor a sole practitioner or part of a large firm?
- Is there a department specialising in debt recovery?
- Does the firm have a mediator or dispute resolution service that you can consider as an alternative option?
- How will you be charged - rate per hour plus expenses or a percentage of the sum recovered?
- If they do business on a 'no win, no fee' basis, are there any hidden costs? Will you have to pay court costs?

See our guide on how to choose and work with a solicitor.

Debt recovery agents

Other organisations working in debt collection are debt recovery agents and credit agents.

Debt recovery agents employ solicitors and take legal action to recover your money. Find debt recovery agents on the Credit Services Association (CSA) website - [Opens in a new window](#).

Some credit agencies, though not all, will take over the collection of debt. If

successful, you will receive an agreed proportion of the total amount owing, while the agency will keep the rest. They usually try to recover debt by:

- sending out routine letters
 - telephoning customers
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How to make a court claim

If your claim is for a fixed amount that is below £100,000, you may be able to make a claim using the HM Courts Service (HMCS) Money Claim Online service. For more information you can read our guide: [recover your debt through court: Money Claim Online](#).

You can issue your claim at your local court. To start a claim in your local county court, you need to complete claim form N1 and return it to the court. You must give the title and full name of yourself and the defendant and the full postal address of all parties involved in the claim.

Completing the form

- Complete the form carefully. It's best if you can type it, but if it's handwritten, use black ink and write in capitals. Read [HMCS form N1A Notes for claimant on completing a claim form on the HMCS website - Opens in a new window](#) for more information.
- You are entitled to add the court fee and interest to the amount you are claiming. If a solicitor prepares the claim, other charges may apply that you can also add to the claim.
- The claim form must be signed by you or by someone authorised to sign for you.

Issuing the claim

- You can send or take the claim to any county court. You should note that if the claim is defended the case will be transferred to the defendant's local court.
- If the claim is for £25,000 or more, you may use the High Court.
- You should supply three copies of the claim form to the issuing court. If there are additional defendants you should send a form for each one.
- You will have to pay the court fee up front.
- Court staff will check that everything is in order. If it is, the claim will be given a number and served.

Find your local county court on the [HMCS website - Opens in a new window](#).

You should gather any **key documents** supporting your case, such as invoices or a delivery sheet signed by your customer. You may have to send copies of these to the defendant and to the court.

Find claim form N1 on the [HMCS website - Opens in a new window](#).

After a court claim has been issued and served

The defendant is allowed 14 days from the **deemed date of service** of the claim to reply to the claim. However, the defendant can have an extra 14 days if requested. The maximum is 28 days.

On receipt of the court claim the defendant may:

- do nothing
- pay the amount claimed
- admit the claim and ask for time to pay
- defend the claim
- defend part of the claim, admit part of the claim and pay the admitted part
- defend part of the claim, admit part of the claim and ask for time to pay the admitted part
- issue a counterclaim

Most defendants will either pay the amount claimed or do nothing. If they choose to defend the claim, you'll receive an allocation questionnaire to complete. This questionnaire will give the court more information about your claim and help the court decide which case management track to allocate it to. It will also give you an option of trying mediation to sort out the dispute. Be aware that the defendant may file a counterclaim against you.

Sometimes the judge may deal with the case **without a hearing**, using written evidence. For example, if you have no chance of successfully winning the claim, or there are no reasonable grounds for you bringing the claim, it may be dismissed without a hearing.

In England, Wales and Northern Ireland, a preliminary hearing may be held if the judge thinks that the case requires unusual steps to be taken, eg to ensure a fair hearing or if the defendant has no realistic prospect of defending the case.

HM Courts Service (HMCS) only covers England and Wales.

What to do if no defence is entered

If the debtor does not defend the case, you can apply for a judgment from the court at the end of the permitted time. If you issued the claim online you will be able to enter a judgment online. Usually there will be no hearing and a judgment will be made in your favour. You should be aware that the debtor may be able to apply to the court to get the judgment 'set aside' - made void - in some circumstances, and the case may then continue.

You still won't have the money if no defence is entered. Unless the defendant then pays you must take steps to enforce the judgment. See the page in this guide on enforcing the judgment.

A contested court case

If a defence is entered, the case may progress to a hearing or trial at the defendant's local court. Unless an agreement is reached first a judge will decide the case.

Even if you have started court action, it is not too late to try to reach an agreement with the defendant through some form of alternative dispute resolution. If you agree to mediate with the other party and it doesn't work, you can still continue with court action. Find out about the mediation process on the National Mediation Helpline website - [Opens in a new window](#) or contact the National Mediation Helpline on Tel 0845 60 30 809. Alternatively, contact the court for further details.

Allocation

Both the claimant and the defendant must complete an allocation questionnaire. This helps the judge decide whether your case is suitable for the small claims track, fast track or multi-track. It also gives the option to try mediation to settle the dispute.

The small claims track

Also known as the small claims court. This is informal and the hearing is usually held quickly. In a small claims case:

- Evidence is not normally given under oath.
- The claimant and defendant are expected to represent themselves. You can be represented if you wish, but will not be awarded costs for this.
- You may be able to claim limited costs for loss of earnings while attending court, travelling and overnight expenses, and the costs of any witnesses and experts - such as a doctor or surveyor.
- The judge may intervene more than in the other tracks as the claimant and defendant are probably not skilled at presenting a case.
- In England, Wales and Northern Ireland, the judge may propose to decide the case on written evidence only. You can refuse or accept this. However, HM Courts Service (HMCS) only covers England and Wales.
- At the end of the hearing the judge tells you their decision and briefly explains the reasons behind it.
- After the hearing both you and the defendant will be sent a copy of the judgment.

Find the small claims track leaflet on the HMCS website - [Opens in a new window.](#)

Small Claims Mediation Service

The Small Claims Mediation Service is a free and confidential service for court users who are already involved in current defended small claims cases.

Using the Small Claims Mediation Service

Mediation is voluntary and both parties need to agree to use the service. If both sides agree, a mediator will arrange a mediation appointment. Mediation appointments are usually carried out by telephone but face-to-face appointments can also be arranged.

Anyone who takes part in a mediation appointment will need to agree to enter mediation in good faith and with the aim of achieving settlement. If acting for an organisation - such as a company or partnership - that person must have the authority of the organisation to act on its behalf.

For mediation to be successful there needs to be a degree of flexibility in both parties' positions, as well as a willingness to listen and consider each other's positions and points of view. Mediation is a voluntary process and both parties need to consent to using it.

Settlements reached through mediation can be more flexible than those available to a judge. There have been a number of innovative settlements, including donations to charity, apologies, a courtesy car during repair work, and reactivation of business contracts.

If a settlement can't be agreed at the mediation appointment, the case will be listed for a hearing. At any resulting hearing, anything discussed during mediation will be kept confidential - the judge will not be told what was discussed.

Fees for court hearings

If a hearing date needs to be arranged for the judge to determine the case, the claimant (or a defendant with a counterclaim) will be asked by the court to pay a hearing fee. However, if you settle your case by mediation and the court receives notice in writing at least seven days before the hearing date, the hearing fee will be refunded. This refund relates only to small claims track cases; for fast and multi track claims, there is a percentage refund process depending on the notice given as to settlement of the case.

If you would like to use the Small Claims Mediation Service to try to resolve your dispute, you can find contact details for your local county court on the HMCS website - [Opens in a new window](#).

If you have already issued or defended a small claim, please make sure you contact the Small Claims Mediation Service at the earliest opportunity to ensure any mediation takes place in good time.

HMCS staff will be happy to answer any queries about the service but are unable to provide legal advice.

The fast track and the multi-track

Both these tracks involve a longer process:

- Procedures are much more formal and the case will always go to trial in court.
- The claimant and defendant are not expected to represent themselves. The preparation of the case can be complex and there will be witnesses to be cross-examined.
- Costs are usually awarded, including court fees and legal costs.

Find a leaflet on the fast track and the multi-track on the HMCS website - [Opens in a new window](#).

Recovering interest on unpaid debts

You have the right to ask your customer to pay interest under three circumstances. Only one sort of interest can be applied at any one time.

Interest permitted by a contract

Interest written into the contract takes precedence over other forms of interest. However, it must amount to a 'substantial remedy'. In other words it should cover the cost of late payment or deter late payment and should be a fair alternative to statutory interest.

Interest claimed on an issued claim form

This is simple interest only and is at a flat rate of 8 per cent. It only applies if the case is won or is undefended.

In England, Wales and Northern Ireland, interest runs from when payment was due until judgment is given by the court. If payment is made before judgment, interest

stops at that date. In some circumstances interest can be charged after judgment.

HM Courts Service (HMCS) only covers England and Wales.

Find a leaflet about how to make a claim on the HMCS website - Opens in a new window, or get it from any county court.

Statutory interest on commercial debts

This can be claimed under the Late Payment of Commercial Debts (Interest) Act 1998. In some circumstances costs of up to £100 can also be claimed.

- The rate of interest is 8 per cent over the Bank of England reference rate - the base rates are set on 30 June and 31 December.
- Statutory interest does not apply when you sell to the public. Both seller and buyer must be acting in a commercial capacity.
- For contracts made since 7 August 2002, all businesses and the public sector can claim against all businesses and the public sector.
- Statutory interest can be claimed after late payment has been received. The time limit is six years in England and Wales.
- The interest usually runs from 30 days after payment was due and claimed. A contract or custom and practice may change this, but only if it gives a substantial remedy.
- A contract can't exclude statutory interest, but it is not compulsory to claim it.

Download a guide to late payment legislation from the Department for Business, Innovation & Skills (BIS) website (PDF, 390K) - Opens in a new window.

Enforcing the judgment

It can be difficult to enforce any judgment made by the courts. There are a number of steps you can take to recover what you are owed following a court decision in your favour.

First check that the debtor can afford to pay you. Ask the court for an **order to obtain information** from the judgment debtor. This orders your debtor to go to court for questioning under oath about their finances. Download guidance on how to apply for an order from the HM Courts Service (HMCS) website (PDF, 189K) - Opens in a new window. Once you know your debtor's circumstances, you can decide whether it's worth applying to the court for one of the **enforcement actions** described below.

Bailiffs

A bailiff is authorised to remove and sell someone's belongings in order to pay money owed to a person or organisation. County court bailiffs are responsible for enforcing county court judgments. Certificated and non-certificated bailiffs can recover money owed for a variety of other debts.

A warrant of execution

This allows court bailiffs to take goods from your debtor's home or business, although there are safeguards in place and certain goods cannot be taken. After a holding period the goods or assets will be sold at auction. Fees and expenses will be taken from the proceeds and you will be given the remainder.

Download a leaflet on warrants of execution from the HMCS website (PDF, 237K) - Opens in a new window.

Attachment of earnings order

This usually applies to an individual person in employment, but it can apply to private pensions too. The court can make an order instructing the employer to make deductions from the person's wages or salary at source.

Attachment of earnings orders are administered centrally through the Centralised Attachments of Earnings Payments (CAPS) based in Northampton. To make an enquiry, you contact the CCBC Enquiry Line on Tel 0845 408 5312, or by email to customerservice.caps@hmcourts-service.gsi.gov.uk. Alternatively, you can write to them at the following address:

County Court Bulk Centre
5th floor
St Katharine's House
21-27 St Katharine's Street
Northampton
NN1 2LH

Download a leaflet about attachment of earnings orders from the HMCS website (PDF, 240K) - Opens in a new window.

Third-party debt order

This is where the court orders a freeze on money held by a person, institution or organisation, which might otherwise be paid to a defendant against whom you have a judgment. Thus the holder is the third party and the orders will prevent withdrawal of the money until the court decides whether all or part of it should be paid to you.

Find a leaflet about third-party debt orders and charging orders on the HMCS website - Opens in a new window.

Charging order

The court places a 'charge' on the debtor's property, equivalent to the amount you are owed. The property could be a house, stocks or shares, or money. A charging order does not oblige the debtor to sell their property, but if they do, they must pay you before they can take the rest of the proceeds. Find a guide to applying for a charging order on the HMCS website - Opens in a new window.

Receiver for an equitable execution

If you believe that you can't recover your debt using the methods above, you can apply to the court to approve a receiver - who you have selected - to conduct an equitable execution. This involves the receiver collecting money which the debtor is owed, eg rent, in order to repay you. You should seek legal advice before applying for a receiver to determine whether it's the most appropriate course of action for your business.

Winding up or bankruptcy

If the customer is solvent, as a last resort you can apply for a bankruptcy or winding-up petition. to stop the business from functioning. See the page in this

guide on winding up and bankruptcy petitions.

Download the leaflet 'I have a judgment but the defendant hasn't paid: what can I do?' from the HMCS website (PDF, 178K) - Opens in a new window.

What judgment debt means for the debtor

If a county court has ordered someone to pay an amount of money - they have 'had judgment entered against them' - and details of the judgment will usually be entered on the Register of Judgments, Orders and Fines. This is called 'registration'. Most entries stay on the Register for six years.

Banks, building societies and credit companies use the information on the Register when someone applies for credit such as a loan or overdraft. Considering their previous credit history helps these financial organisations to decide whether or not that person would be able to pay off the credit.

Winding up and bankruptcy petitions

Most suppliers, investors and staff try to get their money by issuing a claim. But you can issue a winding up (company) petition or a bankruptcy (individual) petition instead.

Winding up and bankruptcy are also ways of enforcing a judgment after a claim has been won, in an effort to actually get your money. However, unpaid tax and wages take priority over other debts for any of the debtor's available funds.

How winding up works

- It applies to a company rather than an individual.
- After the winding up the company ceases to exist.
- If the company is insolvent at the time, not all the creditors get paid in full.
- Rules apply and each creditor gets a percentage of what they are owed.

For more information on winding up, see our guide on compulsory liquidation for companies: the process.

How bankruptcy works

- Bankruptcy applies to a person or a general partnership. If it is a general partnership, all the partners are made bankrupt.
- The assets are sold and the proceeds are paid to the unpaid creditors.
- Each creditor gets a percentage of what they are owed.

For more information on bankruptcy, see our section on insolvency information for sole traders and individuals.

The threat and how it works

Often the mere threat of winding up or bankruptcy is very effective. But if the customer still refuses to pay you might consider the following steps:

1. A statutory demand, from a legal stationer or solicitor, or downloadable, can be prepared and issued by the creditor without necessarily using a solicitor.
2. The demand must be delivered to the customer, preferably by hand or by post, using the special delivery or registered mail services. In the case of a

registered company, the statutory demand should be served at the registered office.

3. On receipt, the customer has a fixed number of days to pay or respond.
4. If they do not do so, you can issue a winding up (company) or bankruptcy (individual) petition.
5. If you follow all the procedures correctly, and the court finds in your favour, the customer will be wound up or made bankrupt.
6. But just because you issue the petition does not mean you get priority over whatever money becomes available.

The law assumes that a statutory demand merely paves the way for a petition. But it can be a very powerful debt collecting device in its own right, without the need to proceed to a petition. If the demand results in the issue of a petition (not an order for winding up), no matter how easily dismissed by the court, it can trigger a reaction from your customer's other creditors. The petition may be publicised on the internet, which means that small businesses have an effective debt collection tool against customers of all sizes.

You should seek legal advice before you act, and you should only act if the money is definitely owing.

You have to pay fees to bring an action and the court will add these to the amount owed. However, this is no guarantee you'll be reimbursed. Find a guide to court fees on the HM Courts Service (HMCS) website - [Opens in a new window](#).

As a last resort, if the amount you're owed is more than £750, you can apply to make an individual debtor bankrupt, or issue insolvency proceedings if the debtor is a limited company. Such proceedings can be costly.

Appointing a liquidator or trustee

Where a company is put into liquidation or a person is made bankrupt, you may have to appoint a licensed liquidator or trustee in bankruptcy.

Insolvency practitioners charge fees to the money recovered and you may have to guarantee these fees if the money recovered is not enough.

Recovering debt from another European Union member state

There are a number of methods of recovering debt from businesses in another European Union (EU) member state. Where one of the parties is in a different member state from where the case is to take place this is known as a 'cross-border' claim.

European Order for Payment (EOP) procedure

The EOP was introduced in December 2008 and provides an easier and quicker process for creditors to recover uncontested monetary debts in a cross-border claim.

The procedure operates on the basis of standard forms and a uniform process across all EU member states. It can be used in both civil and commercial matters and does not require the use of lawyers. The EOP is optional and can be used instead of existing procedures under national law.

If you obtain an order using the EOP process, you will not have to undertake intermediate steps to enforce the decision in another EU member state.

For further information on how to obtain an EOP, download leaflet EX725 on making a cross-border claim in the EU from the HM Courts Service (HMCS) website (PDF, 568K) - Opens in a new window.

European Small Claims Procedure (ESCP)

Launched on 1 January 2009, the ESCP provides consumer and businesses in Europe with an affordable debt recovery process for low value claims in cross-border cases.

The procedure applies in civil and commercial matters where the value of a claim does not exceed €2,000. It applies to both monetary and non-monetary claims.

The ESCP introduces standard forms for both the parties and the court across the EU and also establishes time limits for the parties and for the court in order to simplify and speed up litigation concerning small claims.

Download leaflet EX725 on making a cross-border claim in the EU from the HMCS website (PDF, 568K) - Opens in a new window.

European Enforcement Order (EEO)

An EEO provides a simple method for enforcing your uncontested judgment in another country within the EU. However, if the claim is defended, then you must follow the normal rules of the court for enforcing a judgment abroad.

Download leaflet EX375 on EEOs from the HMCS website (PDF, 174K) - Opens in a new window.

Forms for use in cross-border claims

The forms required to make a claim through EOP, ESCP or EEO can be obtained online from the European Commission. Find forms for recognising and enforcing judgments in the EU on the European Commission website - Opens in a new window.

Here's how I recovered a debt using the law

Gail Devereux-Batchelor

Devereux Decorators - Opens in a new window

Gail's top tips:

- "It takes time to recover a debt through the courts. In our case, it took ten months."
- "Be reasonably sure the customer can pay before you start proceedings."
- "Think about your invoicing and debt collection practices - if you end up having to go to court they need to be robust!"

Devereux Decorators has been providing heritage and contemporary decorating services in Leicestershire and London for nearly 30 years. When director Gail Devereux-Batchelor came up against a client who refused to pay, she took the company's case to the county court to recover the debt.

What I did

Issue reminders and warnings

"Before we went down the legal route, we gave the customer every chance to pay. We had done the work just before Christmas and completed it on time to our usual high standard. We submitted our invoice in January.

"Over the next three months, we telephoned the customer several times and sent written reminders. In mid-April, we issued a final reminder, warning the customer that we intended to pursue the matter legally if she failed to pay."

Start proceedings

"When no money was forthcoming, we contacted our local county court for advice. They were extremely helpful and sent us the relevant form plus lots of useful information.

"We attached as much supporting paperwork to our claim as we could, including employee timesheets and copies of quotes. It wasn't too onerous, since we have good systems in place that made it easy to retrieve the relevant documents.

"The claim was below £5,000, so the case was put into the small claims track of the county court."

Attend the hearing

"The county court forwarded our claim to the customer, who decided to defend it on the basis that she was unhappy with the work done. This was in spite of no complaint being made. Because the claim was defended, it automatically went to a court hearing.

"A date was set by the court and both parties were given an opportunity to describe their case. A judge presided, but the process was surprisingly informal. The whole thing took about two hours and the judge handed down his decision on the spot.

"He ruled in our favour and set a date for the customer to pay what was owed. Because we won, we were also able to claim for our costs in bringing the claim and interest on the debt."

What I'd do differently

Get a deposit

"Making the claim was a lesson to us to insist on a deposit on commencement of a job. While a deposit is no guarantee that the customer will pay the balance, it does give some indication of an intention to pay. It also means you won't be completely out of pocket if you decide not to take legal action."

Obtain payment on completion

"Sometimes you can persuade a customer to pay by stopping the service you provide or taking back goods supplied. In our case, that wasn't possible, since you can't take paint off walls! We could have requested that the customer paid before we left the premises."

Business Debtline

0800 197 6026

National Mediation Helpline

0845 60 30 809

Registry Trust Limited Enquiry Line

020 7380 0133

Related guides on the Welsh Assembly Government Business website

Use our interactive tool to find out how you can recover unpaid debts

Managing late payment

Getting paid on time

Getting paid when selling overseas

Recover your debt through court: Money Claim Online

Choose and work with a solicitor

Recover your debt through court: Possession Claim Online

Manage your personal list of starting-up tasks with our Business start-up organiser

Use our interactive tool to calculate statutory or contractual interest you may be able to charge on an unpaid debt

How much interest should I charge?

Insolvency: the basics

Insolvency information for limited companies

Insolvency information for partnerships

Insolvency information for sole traders and individuals

Manage the risks of exporting

Manage the risks of importing

Here's how I established an effective record-keeping system

Here's how a good balance sheet helped me to improve my business

Related web sites you might find useful

Debt recovery information on the HMCS website

http://www.hmcourts-service.gov.uk/HMCSCourtFinder/GetLeaflet.do?court_leaflets_id=262

County court debt recovery guide on the HMCS website

<http://www.hmcourts-service.gov.uk/HMCSCourtFinder/GetLeaflet.do?>

http://www.hmccourts-service.gov.uk/HMCCourtFinder/GetLeaflet.do?court_leaflets_id=264

Download late payment legislation guidance from the Department for Business, Innovation & Skills website (PDF, 390K)

<http://www.berr.gov.uk/files/file37581.pdf>

Mediation information on the Law Society website

<http://www.lawsociety.org.uk/choosingandusing/howtosolvedisputes/mediation.page>

Making a claim information on the HM Courts Service (HMCS) website

http://www.hmccourts-service.gov.uk/HMCCourtFinder/GetLeaflet.do?court_leaflets_id=179

Making a claim explained on the HMCS website

http://www.hmccourts-service.gov.uk/HMCCourtFinder/GetLeaflet.do?court_leaflets_id=183

CPC/CCBC information on the HMCS website

<http://www.hmccourts-service.gov.uk/cms/1137.htm>

Credit reference agencies explained on the Information Commissioner's Office website

http://www.ico.gov.uk/for_the_public/topic_specific_guides/credit.aspx

Local county court search on the HMCS website

<http://www.hmccourts-service.gov.uk/HMCCourtFinder/>

Fast track and multi-track leaflet on the HMCS website

http://www.hmccourts-service.gov.uk/HMCCourtFinder/GetLeaflet.do?court_leaflets_id=196

Small claims track leaflet on the HMCS website

http://www.hmccourts-service.gov.uk/HMCCourtFinder/GetLeaflet.do?court_leaflets_id=199

Debt recovery agent directory on the CSA website

<http://www.csa-uk.com/uk-members-list>

Claim form N1 on the HMCS website

http://www.hmccourts-service.gov.uk/HMCCourtFinder/GetForm.do?court_forms_id=338

Form N1A: Notes for claimant on completing a claim form on the HMCS website

http://www.hmccourts-service.gov.uk/HMCCourtFinder/GetLeaflet.do?court_leaflets_id=1075

Forms and guidance on the HMCS website

<http://www.hmccourts-service.gov.uk/HMCCourtFinder/FormFinder.do>

'No reply to claim' leaflet on the HMCS website

http://www.hmccourts-service.gov.uk/HMCCourtFinder/GetLeaflet.do?court_leaflets_id=191

'Defendant admits my claim' leaflet on the HMCS website

http://www.hmccourts-service.gov.uk/HMCCourtFinder/GetLeaflet.do?court_leaflets_id=211

Mediation process information on the National Mediation Helpline website

Download the making a claim leaflet from the HM Revenue & Customs website (PDF, 181K)

http://www.hmcourts-service.gov.uk/news/forms/docs/ex302_0406.pdf

Download the 'How to Apply for an Order' leaflet from the HMCS website (PDF, 189K)

http://www.hmcourts-service.gov.uk/courtfinder/forms/ex324_0309.pdf

Download the warrant of execution leaflet from the HMCS website (PDF, 237K)

http://www.hmcourts-service.gov.uk/courtfinder/forms/ex322_0405.pdf

Download an attachment of earnings leaflet from the HMCS website (PDF, 240K)

http://www.hmcourts-service.gov.uk/courtfinder/forms/ex323_0405.pdf

Registered judgments guidance on the HMCS website

http://www.hmcourts-service.gov.uk/HMCSCourtFinder/GetLeaflet.do?court_leaflets_id=215

Download an EU cross-border claim leaflet from the HMCS website (PDF, 568K)

http://www.hmcourts-service.gov.uk/courtfinder/forms/ex725_e.pdf

EEOs forms and related guidance on the HMCS website

http://www.hmcourts-service.gov.uk/HMCSCourtFinder/GetLeaflet.do?court_leaflets_id=1048

Judgment enforcement forms for cross-border claims on the European Commission website

http://ec.europa.eu/justice_home/judicialatlascivil/html/rc_forms_uk_en.htm

You can find this guide by navigating to:

Home > Starting up > Finding and managing the money > Recover debt through court

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