



wardhadaway  
lawfirm

# Pricing

Debt recovery

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# Debt recovery

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Our debt recovery team regularly work with clients to recover debts they are owed. Our fees for such matters vary depending on the complexities of the case as well as the volume of work we receive from a client. No two businesses collect debts in the same way so we work with our clients to understand their preferred approach and needs then create bespoke pricing packages. Please [contact](#) a member of our team and get your own bespoke package.

Pricing for one off matters can be found below.

The majority of commercial debt recovery cases are undisputed. In these cases we can offer a competitive fee structure based on fixed fees which provides you with clarity and certainty as to the level of costs you are likely to incur. If for any reason additional work is required you would be provided with a detailed estimate based on your specific case.

The main stages of the recovery process and the fixed fees and expenses which apply are as follows:

## Undisputed Court Claims

### Pre-issue

In all cases we offer a pre-action review of your paperwork, advising you how we think you ought to proceed and sending a letter of claim to your debtor – a fixed fee applies which varies depending upon the amount of paperwork and the complexity of your claim. It will usually be in the region of £120 - £240 including VAT.

Should you wish to proceed please note the following key information:

- The cost of a letter of claim is often not recoverable during court action;
- Even if the cost of the letter is recovered, the VAT element of our fee is not recoverable through court proceedings.

Our fee includes:

- Taking your instructions from you and reviewing any relevant documentation;
- Calculating the total amount you are able to claim from your debtor, including interest and statutory compensation (where you are able to claim the same);
- Undertaking solvency searches in respect of your debtor to establish whether they are subject to any formal insolvency processes;
- Preparing and sending a letter of claim to your debtor;
- Receiving payment and sending onto you; and
- If payment is not received within 7 days (for a business debtor) or 30 days (for an individual debtor) providing you with advice on the next steps and the costs you are likely to incur if you decide to take those next steps.. Depending on the circumstances we might for example advise you to issue a county court claim against your debtor or commence insolvency proceedings. Alternatively, there might be a dispute and we will tell you what steps need to be taken (and the costs involved) to investigate and deal with that dispute.

Our fee does not include:

- Settlement negotiations;
- Dealing with any disputes or correspondence received in response from your debtor; and
- Issuing court proceedings, obtaining Judgment or undertaking enforcement action.

### How long will it take?

If you are a business:

- A letter of claim sent to a company or partnership will allow a 7-14 day response period;
- Under the Debt Pre-Action Protocol, if you are a business a letter of claim sent to an individual, including a sole trader, must allow a minimum period of 30 days for a response. In some instances, further time may need to be allowed

If you are an individual:

- A reasonable period of time is considered to be 7-14 days.

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## Issue of proceedings

To issue a claim in the county court, we will charge you a fixed fee as set out below. In addition, you will have to pay the applicable court fee. The amount of the court fee is set by the government and is subject to change from time to time. The fees as set out below, are current as of August 2020.

As you can see, the total amount you will have to pay is dependent upon the size of the debt you want to collect. These fees and costs are in addition to our pre-issue costs described above.

<u>Amount of debt</u>	<u>Our fee (incl.VAT)</u>	<u>Court fee (not liable to VAT)</u>	<u>Total (including VAT)</u>
<b>Up to £300</b>	£60 (£50 plus £10 VAT)	£35	£95.00
<b>£300.01 to £500</b>	£60 (£50 plus £10 VAT)	£50	£110.00
<b>£500.01 to £1,000</b>	£84 (£70 plus £14 VAT)	£70	£154.00
<b>£1,000.01 to £1,500</b>	£96 (£80 plus £16 VAT)	£80	£176.00
<b>£1,500.01 to £3,000</b>	£96 (£80 plus £16 VAT)	£115	£211.00
<b>£3,000.01 to £5,000</b>	£96 (£80 plus £16 VAT)	£205	£301.00
<b>£5,000.01 to £10,000</b>	£120 (£100 plus £20 VAT)	£455	£575.00
<b>£10,000.01 to £15,000</b>	£120 (£100 plus £20 VAT)	5% of the value of the claim	Variable dependent upon value of the claim
<b>£15,000.01 to £200,000</b>	£120 (£100 plus £20 VAT)	5% of the value of the claim	Variable dependent upon value of the claim
<b>Over £200,000</b>	£120 (£100 plus £20 VAT)	£10,000	Variable dependent upon value of the claim

Should you wish to proceed with a claim please note the following key information:

- The VAT element of our fee is not recoverable through court proceedings;
- In addition to your debt, you might be able to add interest and compensation to the amount claimed from the debtor. Any interest and compensation you charge may take the debt into a higher banding and may attract higher costs; and
- The above costs only relate to the cost of commencing court proceedings, further costs may be required to enter Judgment and commence enforcement action, for example, to instruct a bailiff or obtain a charging order.

Our fee includes:

- Carrying out up to date solvency and asset searches;
- Drafting the Claim Form and Particulars of Claim;
- Presenting the claim at court for issue and service;
- Receiving payment and sending on to you; and
- If payment is not received within 14 days of the service of the Claim (28 days where an Acknowledgement of Service is filed by the debtor) providing you with advice as to the next steps and likely costs. This might involve entering judgment in default or seeking summary judgment for example.
- Updating you as to service and the periods by which the debtor is required to respond.

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Our fee does not include:

- Attending to service of the Claim where it is not possible for the court to do so, for example, if the debtor is residing outside of England and Wales;
- Dealing with any Acknowledgement of Service or Defence that is filed by the debtor;
- Settlement negotiations; and
- Dealing with any disputes and/or additional correspondence received from the debtor.

#### How long will it take?

The process will vary depending upon the nature and complexity of the case and whether the court is working in arrears. Generally, however, it will take between 3-6 weeks for a claim to be issued at court, served upon the debtor and for the debtor to file a response to your claim (should they choose to do so). If an Acknowledgement of Service is filed by the debtor, they will be allowed an additional 14 days to respond thereby extending these timescales.

If a defence is filed, you would be advised fully as to anticipated timescales based upon the individual facts of your case.

#### **Entering Judgment**

Once you have issued a claim, if the debtor does not respond we can ask the Court to enter judgment without the need for a hearing to take place. In these circumstances, judgment can usually be obtained within 3-6 weeks of the proceedings being issued (though the timing is dependent on the Court). We will charge you a fixed fee for entering judgment. The amount we will charge you depends on the size of the debt. Details of the fees we charge you are set out below. These fees are in addition to the costs described above for sending the debtor a letter before action and for issuing proceedings at Court.

<b>Amount of debt</b>	<b>Our fee (incl VAT)</b>	<b>Total (incl. VAT)</b>
<b>Up to £5,000</b>	£26.40 (£22.00 plus £4.40 VAT)- £66 (£55.00 plus £11 VAT)	£26.40-£66.00
<b>Over £5,000</b>	£36 (£30.00 plus £6 VAT)-£84 (£70.00 plus £14 VAT)	£36.00-£84.00

Should you wish to proceed with Judgment please note the following key information:

- The VAT element of our fee is not recoverable through court proceedings; and
- The above costs only relate to obtaining Judgment from the Court, further costs may be required to commence enforcement action, for example, to instruct a bailiff or obtain a charging order

Our fees include:

- Completing the judgment request form;
- Liaising with you as to payment made since the Claim was issued;
- Submitting the judgment request to court and monitoring receipt;
- Providing you with a copy of the judgment upon receipt and advising you and seeking your instructions as to whether (and how) you wish to enforce the judgment; and
- Receiving payment and sending onto you.

Our fees do not include:

- Settlement negotiations;
- Dealing with any application made by the debtor to set aside Judgment; and
- Dealing with disputes and/or any additional correspondence received from the debtor.

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## Enforcement proceedings

Once we have obtained judgment against the debtor, you might want to take steps to enforce the judgment if the debtor still does not pay. The cost involved in doing that varies depending on the method of enforcement:

<u>Method of enforcement</u>	<u>Our fee (incl.VAT)</u>	<u>Court fees / other disbursements (not liable to VAT unless specifically stated)</u>	<u>Total</u>
<b>Warrant of execution</b>	£120 (£100 plus £20 VAT)  Recoverable element: £2.25.	£110 court fee	£230.00
<b>Writ of execution</b>	£270 (£225 plus £45 VAT)  Recoverable element: £51.75	£66 court fee (there may also be a termination fee of £75 plus VAT (£15.00) to pay should the case be withdrawn for any reason)	Up to £426.00
<b>Order to obtain information</b>	£300 (£250 plus £50 VAT)  Recoverable element: £15.00 per half hour interview of debtor	£55 court fee	£355.00
<b>Charging order</b>	£600 (£500 plus £100 VAT)  Recoverable element: £110	£110 court fee. A Land registration fee of £43 will usually be incurred to obtain information about the property and to deal with registration formalities.	£753.00
<b>Attachment of earnings</b>	£600 (£500 plus £100 VAT)  Recoverable element: £0	£110 court fee	£710.00

Should you wish to proceed with enforcement please note the following key information:

- The VAT element of our fee is not recoverable through enforcement proceedings; and
- Only part of the main element of our fees are recoverable from the debtor (that is, forms part of the court order that the debtor has to pay in addition to the debt). The recoverable element is listed above. The remainder of the costs cannot be recovered from the debtor. However, as we have explained below, you will remain liable for all of our costs regardless of whether those costs are recoverable from the debtor.

Our fees include:

- Making enquiries/searches in relation to what assets you debtor owns and what their income is;
- Advising you as to viability of enforcement action and which method may result in the best prospect of recovery;
- Completing the enforcement application request;
- Liaising with HM Land Registry, if so required;
- Liaising with the court as necessary;
- Liaising with you as to payment made;
- Submitting the enforcement application to court and monitoring receipt of the initial order;
- Dealing with service of the court order, if so required;
- Registration at HM Land Registry, if so required;
- Providing you with a copy court order and providing regular updates; and
- Receiving payment and sending onto you;

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Our fees do not include:

- Settlement negotiations;
- Dealing with any applications made by the debtor to set aside Judgment and/or to stay enforcement; and
- Dealing with disputes, any additional correspondence raised by the debtor and/or contested applications.

#### How long will enforcement action take?

This will be largely dependent upon the method of enforcement you use and/or is suitable to your case. It can take in the region of 2-9 weeks, on average, to conclude the process.

#### How long will it take for the entire process and how much will it cost in total?

The Court process will vary in length depending upon the mode of enforcement you use. Typically, however, with a standard, non-disputed claim the duration of the whole process will be between 6-15 weeks.

The range of costs you will incur for the whole process for a non-disputed claim is likely to be between £650-£11,000 including VAT (where applicable) depending upon the value of the debt and how quickly your debt is settled.

#### **Defended/disputed cases**

The costs set out above are what it will cost you to bring county court proceedings where the debtor does not dispute your claim.

If a matter is disputed at the outset (or it becomes disputed as the case progresses), we will not charge you all of the fixed fees set out above. The fixed fees will apply up to the point your claim becomes disputed and for the remainder of the work we will instead charge you an hourly rate. The hourly rate we charge you will depend on who is dealing with the case and their experience. The applicable hourly rates are set out below:

Senior Partner	£340 plus VAT
Partner	£310 plus VAT
Associate	£280 plus VAT
Solicitor 3 years + experience	£230 plus VAT
Solicitor 2-3 years' experience	£215 plus VAT
Solicitor 1-2 years' experience	£200 plus VAT
Legal Executive	£192 plus VAT
Solicitor newly qualified	£190 plus VAT
Paralegal	£85-£155 plus VAT (dependent upon experience)

As each defended case will vary according to the issues raised, upon a case being defended or disputed, a member of the team will provide you with a detailed estimate based on the hourly rate charges and the time that we anticipate it will take for your case to reach trial.

#### **Who will deal with your case**

Cases will usually be handled by a paralegal with experience of the recovery process, under the supervision of a qualified solicitor. Please [click here](#) for details of our team.

A number of the paralegals have law degrees and/or have undertaken the postgraduate Legal Practice Course and/or a Master's Degree in Law. The team is managed, and supervised, by Vicki Alexander, a Solicitor who handles any defended and/or complex cases.

#### **Recoverability of costs**

Where possible we will claim the above costs and court fees from your debtor in addition to the debt. In most instances the fixed costs and court fees are recoverable, however, the VAT element of our fees and expenses might not be recoverable from your debtor. Fees and costs in excess of the fixed costs and court fees might not be recoverable from your debtor.

The Late Payment of Commercial Debt Regulations (Interest) Acts of 1998 and 2013 also allow creditors to charge interest on some outstanding debts at 8% above the Bank of England base rate and compensation of up to £100 (dependent upon the value of the debt) per debt. Where applicable we will also seek to recover this from the debtor.

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Please note that interest and compensation might take your debt into a higher fee banding. You will also have to pay our costs regardless of whether our costs are recoverable from the debtor.

### Volume instructions

Where commercial cases are sent in volume (and depending on the nature of the debts), we might be able to offer you a "cost neutral" charging structure, which keeps the costs we charge you to a minimum unless we actually recovery money from your debtor. If this is of interest to you please contact us to discuss a fee structure which meets the needs of your business.

### Additional Information

For each stage, our fee includes:-

- Taking instructions and reviewing documentation
- Undertaking the appropriate searches – eg. Bankruptcy and Land Registry searches, though please note depending on the search that needs to be undertaken you might have to pay additional third party costs, such as the Land Registry's standard charges. The searches you might need will vary on a case by case basis, but for a typical business to business debt collection case except where we have said otherwise above, none of these searches are likely to be needed. We will advise you if the circumstances of your case are likely to require additional searches and we will not carry out any of these searches without getting your agreement to the cost in advance.
- If your debtor pays, receiving payment and sending it on to you
- Providing you with advice on next steps and likely costs

VAT is charged at the standard rate which is currently 20%.

The costs set out above all assume that the debtor is based in England and Wales and that the claim you have is subject to English law.

Please note that our fixed fee service only applies to straight forward debts, such as outstanding invoices for goods that you have supplied. If your case is not a straight forward debt claim, your case may require a more detailed set of proceedings to be prepared. If your claim is of a more complex and/or disputed nature, it might therefore fall outside of the scope of our fixed fee debt collection service altogether. If that is the case, we can still assist you – we have an expert team of commercial litigators with a specialism ranging from construction litigation through to insurance or licencing claims. If a case is not appropriate for our debt collection team, the charges set out above will not apply to your case but our litigation team would be more than happy to provide you with a detailed costs estimate.