



# Debt Recovery & Enforcement

A GUIDE TO OUR SERVICES & FEES



## Introduction

Thank you for expressing an interest in Christian Burnett's Debt Recovery & Enforcement services. Whether your business is facing a legal dispute over unpaid invoices, or simply seeking to improve its cash flow, we appreciate that the need to seek legal support and the cost associated with this are important considerations.

Our debt recovery process is divided into 4 different stages:

**Stage 1: Threatening legal action & demanding payment**

**Stage 2: Starting legal proceedings**

**Stage 3: Dealing with defended debts**

**Stage 4: Enforcing your claim**

To ensure transparency between our services and the cost to your business right from the outset, this guide sets out the fixed fees we charge for recovering commercial debts at each stage of the process.

## A few things first...

Please note the following regarding the way we carry out debt recovery services:

- Our debt recovery work is handled by Brendon Christian and Sheree Burnett who together have over 15 years qualified experience. Further information concerning specific experience and qualifications for each solicitor can be viewed [here](#).
- Our fees apply where the value of the debt is above £500.00. It is not cost-effective for us to offer a debt recovery service for debts below £500.00 and so we recommend that you claim them without incurring solicitors' fees.
- Our fees will always include the following services to you:
  - ✓ Taking instructions and reviewing your documents (including the contract, terms & conditions, invoices and statements, where applicable)
  - ✓ Undertaking appropriate searches
  - ✓ Providing our professional legal advice
  - ✓ Reviewing and drafting court documents
  - ✓ Sending correspondence to your debtor and dealing with any response(s)
  - ✓ Telephone / email updates and liaising with you for instructions
  - ✓ Receiving payment and sending it onto you

- The fees set out in this guide do not cover the following:

high volume / bulk debt recovery

- non-legal debt recovery matters
- cases of non-standard or complex nature
- external costs and charges that may be incurred as part of the debt recovery process (e.g. damages, fines, penalties or other liabilities).

If you require assistance with any of the above, please contact us to discuss a bespoke strategy and pricing solution.

- VAT is payable on all our fees and the VAT element cannot be reclaimed from your debtor.
- Our fees become payable if your debt payment is made directly to you as a result of Christian Burnett being instructed to contact your debtor.
- Sometimes we may increase the rates outlined in this guide - we will notify you of any changes prior to them taking effect.

## Stage 1: Threatening legal action & demanding payment

The initial stage of the debt recovery process involves sending either a Letter Before Action or a Statutory Demand to your debtor demanding immediate payment of the outstanding amount owed. This will threaten County Court or insolvency proceedings.

Please note that our fees set out for Stage 1 apply to **unpaid** and **undisputed** debts. If at any point the matter becomes disputed, we can discuss any further work required and the change in fees, which could be charged on a fixed fee or hourly rate basis.

### Letter Before Action (LBA)

A Letter Before Action is a court compliant letter to the debtor that outlines the sums owed and provides an appropriate deadline (usually 14 days) in which to pay the debt to avoid legal proceedings. It is effective in prompting payment and, with the further help from our solicitors taking active steps to contact the debtor directly where possible, recovery rates are generally very high.

If you are claiming against another business, you are also able to claim compensation under the Late Payment of Commercial Debts (Interest) Act 1998 which means that you are entitled to recover between £40 to £100 depending on the size of the debt. There is also the possibility of recovering other reasonable charges which we shall discuss with you.

The fee payable for preparing and sending a compliant LBA on your behalf will depend on the value of the debt owed to you. However, this fee will always be fixed and there is no commission payable on the amount recovered:

Debt Value	Our fee*
£500.00 - £5,000.00	£100.00 plus VAT
£5000.01 - £10,000.00	£150.00 plus VAT
£10,000.01 - £50,000.00	£200.00 plus VAT
£50,000.01 +	1% of the sum claimed plus VAT

\*Please note that LBA's addressed to sole traders shall incur an additional £50.00 plus VAT. In compliance with the revised Pre-Action Protocol laid down by the court, LBA's to sole traders require much more information and documents to be provided, and for

an initial 30-day period to be granted to provoke a more detailed response. Further information about the Pre-action Protocol for Debt Claims can be found at <https://www.justice.gov.uk/courts/procedure-rules/civil/pdf/protocols/debt-pap.pdf>

## Statutory Demand

In some instances, it may be appropriate to serve a Statutory Demand upon a company debtor to threaten insolvency proceedings if payment remains outstanding. The debt must exceed the value of £750.00, be undisputed and you must be able to show that the company is unable to pay its debts. The debtor must comply with the statutory demand in 21 days to avoid winding up proceedings.

A statutory demand can be a powerful debt recovery tool if used carefully, and there are risks with court penalties if used in a manner contrary to insolvency rules. Our solicitors will advise you as to whether this option would be appropriate for your claim upon review of the facts of the matter and the financial position of the company.

Our fees for drafting and serving a Statutory Demand will depend on the amount you are owed. Our fees will always be fixed and there is no commission payable on the amount recovered:

Debt Value	Our fee
£750.00 - £10,000.00	£250.00 plus VAT
£10,000.01 - £50,000.00	£450.00 plus VAT
£50,000.01 +	£750.00 plus VAT

If we are unsuccessful with recovering the debt at Stage 1, we will obtain your instructions as to whether to proceed to Stage 2.

## Stage 2: Starting Legal Proceedings

Where it becomes necessary to commence legal proceedings, Christian Burnett will prepare court documents to issue claim against your debtor for the original debt plus interest, late payment compensation and costs at the County Court Money Claims Centre (CCMCC). The debtor will usually be required to respond to the court or settle the debt within 14 days.

### Undisputed Claims

We have set out in the table below our fees based on the value of the debt you are claiming, to include interest and compensation, court fees and fixed costs for issuing the claim that are automatically added to the debt (these may be changed by the Government), and the total sums you can claim back from the debtor:

Debt Value	Our fee	Court fee	Fixed Costs for issuing Claim	Costs recoverable from the debtor (Court fee + fixed costs)
£500.01 - £1,000.00	£100.00 plus VAT	£70.00	£70.00	£140.00
£1000.01 - £1,500.00	£150.00 plus VAT	£80.00	£80.00	£160.00
£1,500.01 - £3,000.00	£150.00 plus VAT	£115.00	£80.00	£310.00
£3,000.01 - £5,000.00	£200.00 plus VAT	£205.00	£80.00	£285.00
£5,000.01 - £10,000.00	£250.00 plus VAT	£455.00	£100.00	£555.00
£10,000.01 - £50,000.00	£300.00 plus VAT	5% of claim	£100.00	£5% of claim plus £100
£50,000.01 - £100,000.00	£350.00 plus VAT	5% of claim	£100.00	£5% of claim plus £100

## County Court Judgment

If the debtor does not respond to the claim within the 14-day period, we will apply to the court to register a judgment. The court normally takes 2-3 weeks to confirm that a judgment has been registered. We will then send a letter to the debtor with a copy of the judgment order and demand immediate payment of the debt.

Where we make a request for judgment against your debtor, we will also charge the fees below depending on the value of the claim and how the judgment was obtained:

Judgment Description	Debt value: £25.00 - £5,000.00	Debt value: £5,000.01+
Judgment in default of an acknowledgment of service	£22.00	£30.00
Judgment in default of a Defence	£25.00	£35.00
Judgment on acceptance of an offer from the debtor	£45.00	£55.00
Judgment	£55.00	£70.00

It is difficult to determine how long it would take to receive payment from the other side from the point of instructing us. However, on a case that is undisputed, it can usually take around 2 - 3 months to resolve your matter where a judgment in default has been obtained and the debtor has paid promptly.

## Winding Up Proceedings

If your debtor fails to comply with a Statutory Demand within 21 days, then the option to commence insolvency proceedings to wind up the company will become available to you without further notice to your debtor.

We charge a fixed fee of £900.00 plus VAT for preparing and filing the petition at court, instructing agents to serve the petition, filing a certificate of service at court, advertising the petition and filing a certificate of compliance, instructing counsel to represent your business and dealing with any adjourned hearings.

A winding up petition can typically take 2 - 3 months to conclude, depending on the court's timetable.

Debt Value	Our fee	Disbursements*
Up to £100,000.00	£900.00 plus VAT	<ul style="list-style-type: none"> <li>• £280.00 - court fee</li> <li>• £1,600.00 petition deposit (to manage the 'winding-up')</li> <li>• £15.00 - Search fee</li> <li>• £80.00 (approx.) - Process Server's fee</li> <li>• £90.00 (approx.) - Advertisement fee</li> <li>• £200.00 - Counsel's fee</li> </ul>

\*Disbursements are costs related to your matter that are payable to third parties, such as court fees. We handle the payment of these disbursements to ensure a smoother process. Estimates of such disbursements would be relayed to you for approval during proceedings prior to them being confirmed.



## Stage 3: Dealing with defended debts

If a county court claim becomes defended, we will need to assess the strength of that defence and provide advice on the prospects of successfully continuing with your case.

If there are success prospects and you would like us to continue acting on your behalf, our fees will depend on the value of the claim. We have divided our fee structure between small claims (i.e. claims up to £10,000.00) and higher value claims (i.e. claims over £10,000.00) to ensure that the costs to you are affordable and proportionate:

### Defended Small Claims (up to £10,000.00)

Debt Value	Our fee	Fee for each phase*
£1,000.00 - £5,000.00	£600.00 plus VAT	£200.00 plus VAT
£5000.01 - £7,500.00	£750.00 plus VAT	£250.00 plus VAT
£7,500.01 - £10,000.00	£900.00 plus VAT	£300.00 plus VAT

\*As we cannot always know in advance precisely how your case will be resolved, we divide our defended small claims fixed fees in three phases to enable you to spread your costs and not be tied into a full fee in case of a settlement earlier than anticipated. You therefore pay for each phase upfront, and have the option to join the scheme part way through your claim, or opt to pay for just one or two phases if you wish:

**PHASE 1:** Includes an initial meeting with you to understand the issues in your case, along with preparing any relevant documents for court (defence/reply to defence).

**PHASE 2:** Includes the preparation your directions questionnaire, settlement attempts and arranging and conducting mediation appointments.

**PHASE 3:** Preparing a witness statement, reviewing the other side's evidence, instructing court advocates and preparing for a final court hearing.

Please note that the above fees do not include any fees payable to the court (for e.g. hearing fees), nor do they cover costs associated with court applications and adjourned hearings. We will notify you of the separate costs associated with these if necessary.

### Defended High Value (Fast Track & Multi-Track) Claims (over £10,000.00)

Unlike Small Claims, legal costs in respect of defended claims over £10,000.00 are recoverable from the losing party and an array of different procedural rules apply.

For this reason, and given the unpredictability of fast & multi-track claims, our solicitors apply an hourly rate to the work undertaken. Factors that will determine what the final price will be include the complexity of the case, the duration of the proceedings, the number of parties participating in the claim, and the amount of documentation involved. However Christian Burnett endeavours to provide you with estimates about the likely cost when the Defence is received and during intervals while the matter progresses.

The maximum hourly rate applied to work in our debt recovery team is £265.00 plus VAT.

## Stage 4: Enforcing your claim

If your debt remains unsettled after Stages 1 - 3, you may wish to consider the enforcement options available to you to recover the monies outstanding.

Our solicitors will advise you of the most appropriate and cost-effective enforcement measures for your case, considering the information that can be obtained about the debtor's financial circumstances and whereabouts.

Our fixed fees for the various enforcement measures are set out below and are intended as a guideline only, as the expenses we pay may vary from case to case:

Enforcement action	Our fee	Court Fee
Application for Writ of Control (High Court Enforcement Officer)	£150.00 plus VAT	£66.00 (debts over £600.00 only)
Application for Attachment of Earnings order	£150.00 plus VAT	£110.00
Application for Third Party Debt Order	£150.00 plus VAT	£110.00
Application for Order for Questioning	£200.00 plus VAT	£55.00 + process server's fee for service (approx. £80.00)
Application for European Enforcement Order	£200.00 plus VAT	£50.00
Application for Charging Order	£500.00 (includes court representation)	£100.00 (plus £40.00 land registry fee)

For further information about our debt recovery services, the options available to you and our charges, please contact our debt recovery department on 0203 290 5747 or email [info@christian-burnett.com](mailto:info@christian-burnett.com).



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