TRANSPARENCY IN PRICING

DEBT RECOVERY

LP LEATHES PRIOR

DEBT RECOVERY

For undisputed contractual debt claims under £100,000, we provide a fixed fee service. Leathes Prior has provided a cost effective, fixed fee debt recovery service for low value debts (up to £10,000) for many years. We now provide a similar service for debts up to £100,000, details of which are here and set out below.

Most claims for less than £10,000 are likely to be allocated to the small claims track of the county court. If the debt is above £10,000, any court proceedings are likely to be allocated outside the small claims track, which means that more complicated procedural rules will apply and there is a risk you may be ordered to pay your opponent's costs if unsuccessful or where you have acted unreasonably. Before proceeding with a claim we will consider the merits of your case so that we can advise on the risks. For undisputed contractual debt claims less than £100,000, we provide a fixed fee service as set out below. For debts above the value of £100,000 please contact us for a fee estimate.

It is worth bearing in mind that if a debt is undisputed, the reason it is not being paid may be that the debtor is unable to pay. In such circumstances, it may not be worth incurring the cost of pursuing the debt at all. Cases where the debtor is able to pay, is not disputing the debt, but is still not willing to pay are comparatively rare but occasionally arise; the below fixed fees apply to those sorts of cases.

For undisputed contractual debts (i.e. where money is due from one party to a contract to another in circumstances prescribed under the contract, and there has not been any indication from the debtor that it disputes the debt) the following fees apply:

Letter before action

Before commencing legal proceedings, the Civil Procedure Rules require a prospective claimant to set out its claim in a letter to the prospective defendant, explaining the amounts owed and the contractual basis for demanding payment. The amount of detail required in such a letter will vary depending on the value of the claim. Our fees to prepare a letter before action are as follows:

Value of claim	**Charge (plus VAT)**
Up to £1,000	£40
Up to £5,000	£70
Up to £10,000	£100
Up to £20,000	£250
Up to £100,000	£300
Over £100,000	Please call us for an estimate

Preparing and issuing court proceedings

If we do not receive a response to our letter before action, we can then proceed to draft legal proceedings against the debtor. If the debtor indicates that it contests the debt at this stage (even if the dispute is spurious), this will fall outside the scope of our fixed fee debt collector service and our usual hourly rates will apply. Where the debtor does not contest the claim, our fees to prepare and issue court proceedings will be as follows:

Value of claim	Charge (plus VAT)
Up to £500	£50
Up to £1,000	£100
Up to £5,000	£150
Up to £100,000	5% of the value of the claim, capped at £2,500 and less the cost of our letter before action.
Over £100,000	Please call us for an estimate

For example, if your undisputed debt claim is worth £30,000, we would charge £300 plus VAT to prepare a letter before action. If the debtor doesn't respond to that letter, our fees to issue proceedings will be calculated by reference to 5% of the value of the claim (£1,500 plus VAT), which includes the cost of our letter before action (£300 plus VAT). This means that our charges, up to the issuing of proceedings, would total £1,500 plus VAT.

If your claim was for £80,000, our fee to prepare a letter before action would also be £300 plus VAT. In terms of issuing proceedings, 5% of the value of your claim would be £4,000 plus VAT. As this is over our £2,500 plus VAT cap, you would only be charged £2,500 plus VAT, which includes the cost of our letter before action (£300 plus VAT). This means that our charges (to include our letter before action), up to the point where proceedings are issued, would be £2,500 plus VAT.

In addition to our fees, a Court Fee will also be payable, and you can find more details of that on the Courts and Tribunals Service Website here.

We charge an additional £22 plus VAT to enter judgment if the debtor fails to file a defence in response to the claim.

Enforcement

Given the variety of enforcement methods, and the effect of them, we are unable to provide a fixed fee service for enforcement; however, we should be able to give you a reasonably accurate estimate of fees before embarking on enforcement of a county court judgment. Advising on, and then proceeding with, enforcement can cost as little as £50 plus VAT (e.g. for instructing bailiffs on a debt of up to £600 or so) but could cost up to £5,000 plus VAT, depending on the value of the debt, which enforcement method was chosen and whether any issues are encountered along the way. There are court fees to pay for all enforcement methods, and often a service agent is also required to effect service in person. The cost could be more if multiple enforcement methods are pursued or if a very complex enforcement method was required, such as a freezing injunction, equitable tracing or ancillary orders in insolvency proceedings.

INSOLVENCY PROCEDURES

In some cases, it may be appropriate to follow an insolvency process rather than the civil claim process. This route is only available for debts over certain levels (over £750 for a company or over £5,000 for an individual). If a statutory demand, followed by an insolvency process, is considered appropriate to your case, the fees are likely to be as follows:

Preparing and serving the statutory demand

The first step in pursuing an insolvency process is to prepare and serve a statutory demand. This is a demand for payment in a prescribed form which requires the debtor to make payment within 21 days. The statutory demand must be served by a process server (an external agent who will seek to personally serve the demand on the debtor). The process server's fees are likely to be in the region of an additional £100 - £150. Our fees to prepare a statutory demand in a simple case are as follows:

Value of claim	**Charge (plus VAT)**
Up to £20,000	£250
Up to £100,000	£500
Over £100,000	Please call us for an estimate

Commencing bankruptcy or winding up proceedings:

The debtor may respond to the statutory demand to pay the amount due, seek to make arrangements for payment or contest the debt. If the debt is not paid, and so long as it's not contested, the next step may be to apply to court have the debtor wound up (if it is a company) or made bankrupt.

Our fees to prepare such a petition in a simple case are as follows:

Value of claim	**Charge (plus VAT)**
Up to £20,000	£1,500
Up to £100,000	£2,000
Over £100,000	Please call us for an estimate

In addition, there are a number of court fees and disbursements which will be due, and we will require these to be paid on account before we can pay them to third parties. These include court fees of £1,270 for bankruptcy or £1,880 for winding up a company, plus around £200 - £350 for further disbursements including service, searches, advertisements and an advocate's fee.

Exclusions

These fees are only relevant to undisputed debts where the matter is not urgent or complex. We are happy to provide a fee estimate for dealing with a disputed claim or where there may be a need to take urgent action (such as urgent freezing injunction or other interim remedy). As each case is very different we would need to find out more before giving that estimate. Where what appears to be an undisputed debt is challenged

we will provide a fee estimate for advising and dealing with any defence and counterclaim.

The above fees also apply only to undisputed contractual debts. Where there are questions over whether a contract has been entered into debts under such agreement will fall outside of the scope of our fixed fee service. By undisputed contractual debt, we mean an amount which is due in accordance with the terms of a contract (e.g. where Party A provides services to Party B, and Party B fails to pay the agreed amount for those services). Where you are seeking damages for breach of contract (e.g. where Party B's services fell below the contractual standard, and Party A suffered a loss as a result), or if you are not able to determine who the debtor is (e.g. if more than one company in a group of companies could be the correct debtor), this is not an undisputed debt claim, and therefore falls outside the scope of our fixed fee service. We are, however, happy to discuss your claim with you and, even if it falls outside the scope of our fixed fee service, we may be able to assist you at our usual hourly rates.

The fixed fee service is also limited to the two procedures set out above (i.e. debt recovery through the civil claim and insolvency routes). Where other proceedings subject as adjudication, arbitration, expert determination or mediation are required to pursue a debt (for example in construction contracts) this will fall outside of the scope of our fixed fee service, but please give us a call to discuss what we may be able to do to assist you.

Our fees (where the fixed fees do not apply) are chargeable by reference to the amount of time we spend dealing with your case at our hourly rates, which range from £100 plus VAT to £285 plus VAT (depending on seniority).

We always advise on settlement options and encourage clients to settle whenever possible because the cost of dealing with a disputed claim through to trial can cost many thousands of pounds.

If you and the debtor agree that the debt can be paid by instalments, we will expect you to received and monitor those instalments. If you would like us to do so, there will be an additional charge.

Which lawyers will handle my case?

Details of the lawyers in the team can be found here.