

A practical guide to Debt Recovery

ArmstrongWatson®

Accountants, Business & Financial Advisers

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Do you have an issue recovering debts?

Our creditor services team can help

It is an unfortunate fact of life that not all people settle their debts on time, in some cases communication breaks down resulting in payment being avoided or at worse ignored altogether. This can have a devastating impact on business's, cashflow and even a personal impact on business owners. If the debt owed is significant it can have a knock-on effect and negatively impact a businesses, cashflow and even short, medium and long term commercial sustainability.

There are various ways of trying to recover a debt, from letters demanding payment, to obtaining a county court judgement, using collection agencies and Bailiffs. However, these methods can be very stressful, costly and time consuming and risk having minimal effect, especially on larger debts, therefore bankruptcy petitions can be the most effective means of eliciting a positive response from a debtor.

What is bankruptcy?

Bankruptcy is a legal status of an individual (including sole traders and partnerships) who cannot repay debts to creditors. In most jurisdictions, bankruptcy is imposed by a court order, initiated by the debtor or a creditor. Certain restrictions are placed upon the bankrupt which normally last for one year from the date of the bankruptcy order. Once an order is made, a Trustee in Bankruptcy 'TiB' is appointed and the Bankrupt's assets vest in the TiB. The TiB has far reaching powers of investigation and is responsible for realising assets, adjudicating claims and making payments to creditors.

Benefits of bankruptcy petitions

One of the main advantages of issuing bankruptcy petitions is that it tends to result in greater debtor engagement. This often results in a debtor prioritising your debt over that of others and making payment in full as the debtor seeks to avoid a court hearing, increased costs and the consequences of bankruptcy.

It is also harder for a debtor to frustrate, ignore and delay the process, unlike with other debt recovery methods where it can take up to 18 months to obtain a judgement, should a debtor enter a defence. Bankruptcy petitions prevent a debtor delaying payment by entering a defence.



How could this service work for you?

The Three Step Debt Recovery Process



Step One

The client supplies details of their debt (of over £5,000), traditionally a copy invoice or statement, and Armstrong Watson's Creditor Services team will evaluate the situation and supply an options document for you to consider at no cost.



Step Two

If you see bankruptcy as the most appropriate means of recovering the debt, we will introduce you to a firm of trusted solicitors who we work in conjunction with and they will issue the petition and seek a bankruptcy order on your behalf on a Conditional Fee Agreement (CFA) basis. This means that you pay no fees in advance with costs and disbursements normally recovered from the debtor themselves.



Step Three

If a debtor fails to settle the debt prior to the hearing, a bankruptcy order is made at court and a TiB will be appointed to realise the necessary assets in order to make payments to creditors.

For further information and to have a confidential no obligation discussion to see if our Debt Recovery process is the recommended process for your case then contact:



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...we're with you

