

# Debt Recovery Fees

*This information is provided in accordance with the Solicitors Regulation Authority (SRA) Transparency Rules made by the SRA Board on 30 May 2018*

## Stage 1 – Pre- Action Debt Recovery Fees

This stage consists of Pre-Action letters to the Debtor. Please note that your legal fees are not recoverable at this stage.

Value of Debt	Our Fees plus VAT
Up to 1000.00	£150
1001 to 10 0000	£250
Over 10,000	£350

Typical disbursements involved in at stage 1 are as follows

Description	Fee (inclusive of VAT)
RPM Fee (case management system)	£34.80

## Stage 2 – Legal Proceedings

There are two options under this stage, you can either issue a County Court money claim against your debtor or, if the debt meets a minimum threshold, you can issue a Statutory Demand.

### County Court Money Claims

Under this route, we will prepare a claim form and submit it to the Court for you. The debtor will have 14 days to either respond to the claim or settle the debt. In the event that they fail to respond, we will apply for Judgment on your behalf and advise you on the best course of enforcing the Order.

### How long will it take?

This stage will take around four to 6 weeks providing there are no delays in the Court dealing with the matter.

You will need to pay a Court fee in addition to our fixed costs. The Court fee will depend on the value of the claim but is not subject to any VAT.

### Charges

We will charge you the following for this stage:-

Value of Debt	Our fees	Court fee
Up to £1,000	£150.00 plus VAT	£25 to £60
£1,001 to £10,000	£250.00 plus VAT	£70 to £410
£10,001 to £100,000	£350.00 plus VAT	4.5% of the claim value
£100,001 to £200,000	£500 plus VAT	5% of the claim value

Please note that the above fees **does not cover disputed debt**. In the event that the debtor disputes the debt, we will provide you with an individual estimate for dealing with the dispute. You can refer to our firms hourly rates below.

### Stage 3 – Enforcement Action

Should the debtor not pay the debt after stages 1 and 2 have been completed , the final stage will consist of enforcing any Order obtained. There are various different ways of enforcing a Judgment, however the most suitable method will be dependant on the debtor's circumstances.

## What assets does the judgment debtor have?

It is important to ascertain what the judgment debtor's assets are. Enforcement steps cost money, which will be wasted if the judgment debtor has no assets to pay the judgment in any event.

You may wish to obtain information about the judgment debtor's assets before making any decisions about enforcement. There are a number of ways of obtaining such information:

- Ask the judgment debtor, who may respond voluntarily. If he does not, we can apply (without notice to the judgment debtor) for an order to obtain information under Civil Procedure Rule 71. This order would require him to give answers orally on oath to a court officer. Failure to comply will result in the matter being referred to a judge, who may commit the judgment debtor for contempt of court. However, you may prefer not to use either of these alternatives. They will both warn the judgment debtor that you are considering enforcing and this may lead to assets being hidden or transferred. Other options for finding out about assets may therefore be preferable.
- Instruct an enquiry agent to make lawful enquiries about the judgment debtor and his assets.
- Check the Insolvency Register to see if the judgment debtor is bankrupt or subject to an individual voluntary arrangement, debt relief order or any bankruptcy restriction order and undertaking.
- Conduct a Land Registry search to establish the ownership of any address you have for the judgment debtor. Inspection of the charges register will also ascertain whether the property is mortgaged and to whom.
- Consult the Attachment of Earnings Index. You can search this to find out if a judgment debtor has had any attachment of earnings orders against him. Each business centre of the County Court is obliged to keep an index of the names of judgment debtors within their district who have an attachment of earnings order registered against them. There is no fee for such search.
- Check the Register of Judgments, Orders and Fines to see if the judgment debtor has any other judgments or orders against him. All County Court and High Court judgments for the payment of money since 6 April 2006 are in this public register unless exempt. They remain on it for six years from the date of the judgment unless

the judgment is set aside or reversed, or the judgment sum paid within one calendar month of the judgment. Judgments entered in Family proceedings, the Administrative Court or the Technology and Construction Court are exempt from registration.

- Conduct a search on a company or limited liability partnership at Companies House (the official UK government register of UK companies) and obtain basic information about the company and their latest filed accounts.
- Check for any insolvency procedures against companies by searches of the Bankruptcy and Companies Court, Companies House and the London Gazette.

We will advise you on the most appropriate course of enforcement and what each option entails. The following enforcement options are available:-

### **Taking control of goods by writ or warrant of control**

Taking control of goods requires the issue of a court document (in the High Court, a writ of control; in the County Court, a warrant of control) which commands an enforcement officer to then take control of and sell a judgment debtor's goods (provided they are not exempt goods or do not belong to a third party), and raise funds to satisfy a judgment debt.

Successful enforcement by this method can be done quite speedily, but it depends on the judgment debtor having goods of sufficient value. We can apply for a "writ of control" which would enable a High Court Bailiff to attend the debtor's home or place of business and seize goods to pay the debt. Our fees would include advising you in relation to this, preparing the Court application and instructing the Bailiff. The process is likely to take around 4 weeks

Our fixed fee for this would be £90 plus VAT and you would also need to pay a Court fee of £110. If the Bailiff is successful they will recover their fee from the debtor, however if they are not successful you would need to pay them a fee of £90 plus VAT

### **Third party debt order**

By third party debt orders, sums owed to a judgment debtor that are in the hands of a third party (such as a bank) are frozen and seized for the benefit of the judgment creditor. Third party debt orders are not the most popular method of enforcement, as they depend on there being a third party debt. However, they can be useful where the judgment creditor knows that the judgment debtor has a bank account into which his salary is paid.

Our fees would include advising you, preparing the Court application and instructing someone to represent you at Court. The process is likely to take up to 12 weeks, depending on Court listing times.

Our fixed fee for this would be **£90 plus VAT** and you would also need to pay a **Court fee of £110** and the costs of representation at Court which is likely to be around **£450 plus VAT**

### Charging orders

A charging order is a way of securing a judgment debt by imposing a charge over a judgment debtor's beneficial interest in land, securities or certain other assets. This prevents the judgment debtor from selling the land without settling his debt to the judgment creditor, provided that there is enough equity left for the judgment creditor after payment of prior creditors.

For a court to use its discretion to grant a charging order, it will examine whether enforcement by this method is proportionate. Therefore, the court may choose not to secure a small judgment (for instance, £100), when this could be enforced by another method.

A charging order is most effective when there is substantial equity in a property and the judgment debtor is the sole owner.

The process for obtaining a charging order can be slow, and a charging order of itself does not realise funds to satisfy a judgment debt. To satisfy the debt, the judgment creditor then has to apply separately for an order for sale of the property. Alternatively, he could simply await its sale in due course by the owners, or following an order obtained by other creditors.

Our fees would include advising you, obtaining confirmation that the debtor owns the property, preparing the Court application and sending required notices to anyone who already has a charge on the property, instructing someone to represent you at Court and registering the Order with the Land Registry.

The first stage of issuing and registering the Interim Order is likely to take around 6 weeks. To obtain the Final Order is likely to take around 12 weeks, depending on Court listing times.

We are not able to carry this work out on a fixed fee, but would be charge on the basis of the time spent at an hourly rate. Our fees for an application for a charging order are usually between **£750.00 and £900.00 plus VAT**. In addition, you would need to pay a **Court fee of £110, Land Registry fees of £46** and the **costs of representation at Court which is likely to be around £450.00 plus VAT**

### Attachment of earnings

An attachment of earnings order provides that a proportion of a judgment debtor's earnings is deducted by his employer and paid to the judgment creditor in instalments, until the judgment debt is satisfied. It is only available against individuals and in the County Court (although a judgment can be transferred from the High Court to the County Court for the purposes of obtaining an order).

Attachment of earnings orders are a popular method of enforcement, as they are inexpensive and fairly easy. Automatic deduction from wages means that you do not have to rely on the debtor making payment. However, it depends on the judgment debtor being in employment and it can take a long time to pay off a large judgment debt by this method.

Note that, where the judgment debtor has other creditors and his total indebtedness does not exceed £5,000, the court has a duty to consider whether the debtor's liabilities should be dealt with together under a County Court administration order. Under such an order, the judgment debtor makes one payment to the court each week or month, from which the court attempts to pay all its creditors. If it is making a County Court administration order, a court can refuse an application for an individual attachment of earnings order.

Our fees would include advising you, preparing the Court application and sending the Order to the debtor's employer. The process is likely to take around 4 to 6 weeks if you have the details for the employer; if you do not have these details, the process is likely to take up to 12 weeks depending on Court listing times.

Our fixed fee for this would be **£90 plus VAT** and you would also need to pay a **Court fee of £110**

### Insolvency proceedings: bankruptcy and company liquidation

If you are owed more than £5000 by an individual judgment debtor, you can apply to make him bankrupt. You can also apply for a debtor company to be wound up as long as the debt is over £750. After a bankruptcy or winding-up order is made, the judgment debtor's assets will be collected by a trustee in bankruptcy or liquidator, and distributed among all the creditors according to priority under insolvency law. However, this can be expensive and time-consuming, and may not ultimately lead to any recovery.

The threat of insolvency can sometimes lead to judgment debtors making payment, but the courts discourage the use of insolvency procedures as a debt collection exercise. If the debt is

genuinely disputed or if the judgment debtor has a genuine cross-claim or right of set-off, then the courts may not only dismiss petitions, but also penalise those bringing them in costs.

Our fees for this will cover advising you, preparing the paperwork and arranging for this to be served on the debtor. If the debtor fails to settle or respond to the statutory demand then we would advise you as to the steps you can take to commence insolvency proceedings. This process is likely to take around 4 weeks.

Our fees for carrying out this work would be **£300 plus VAT for a debt up to £10,000 and £500 plus VAT for a debt over that sum.**

There would be no other costs you would need to pay, however our charges do not extend to any work needed to commence insolvency proceedings and if this is required we will discuss the costs with you at that stage.

In the event that the debt you are pursuing becomes disputed or, in instances where you may benefit from additional advice/services, your file may be referred to a member of our Dispute Resolution team.

### Our Hourly Rates

The above fees will only be incurred in this way once we have obtained your express instructions. As it is not always possible to accurately know in advance what work is going to be involved, we will provide you with the best information possible about the likely cost at the beginning of the matter and at intervals while the matter proceeds.

Hourly rates will only be charged in exceptional circumstances for complex matters where a fixed fee cannot be provided:

Position	Hourly rate plus VAT
Partners	£250.00 to 350.00 + VAT
Associate/Senior Solicitors	£220 + VAT
Solicitors and admitted Legal Executives	£165 to £195 + VAT
Trainee Solicitors and Paralegals	£120.00 + VAT