

COSTING GUIDE

Debt Recovery

KEY CONTACT



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Please note that the following costs are for non-complex debt recovery work based on non-payment of invoices up to a total of £100,000 and are not applicable to cases where a substantial legal dispute has already arisen. For such cases please contact us to discuss your case and to obtain case-specific costs information.

The below costs are indicative only and are not intended to be binding. Please contact us on 0345 646 0406 to obtain an accurate cost estimate for your matter.

Stage 1: Tracing the Debtor

If you need to trace your debtor, we can instruct our tracing agents to carry out a search of their extensive databases to find your debtor.

We charge a fixed fee of £30 +VAT for preparing all necessary administration to instruct the agent to carry out this service.

The tracing agents provide their services on a no find, no fee basis for £35 + VAT.

If the search produces positive results your total costs would be £65 + VAT.

If the search does not produce positive results your costs would be capped at £30 + VAT.

Typical time frames for a trace are seven to 14 days.

Stage 2: Letter Before Action

The first stage would be to prepare a letter before action, compliant with the relevant Pre-Action Protocol making a demand for payment and setting out the consequences of failing to do so.

Commercial Debtors

For debts owed by a limited company or a partnership, we can send a letter before action requesting payment within 14 days.

You would be entitled to claim interest up to the point of judgment at the rate of 8% above base rate pursuant to the Late Payment of Commercial Debts (Interest) Act 1998 or at the rate specified in your terms and conditions. In addition you would be entitled to claim a fixed amount of compensation for late payment.

If no payment or response is received, you can typically expect to proceed to Stage 3 or 4 within one month.

Individual Debtors

The Pre-Action Protocol for Debt Claims came into force on 1st October 2017 and applies to any business (including sole traders and public bodies) seeking to recover debts owed by individuals and sole traders (subject to certain exceptions). Such debtors are entitled to much more information about a debt owed than a limited company or partnership and must be provided with certain prescribed information and forms (as set out in the Protocol). They are entitled to 30 days to respond and if they raise queries, this time frame can be extended significantly whilst legal advice is sought and/or queries are addressed.

If no payment or response is received, you can typically expect to proceed to Stage 3 or 4 within two to three months.

If a response is received it could take up to about four months to progress to Stage 3.

In addition to the principal invoices owed, you would be entitled to claim interest up to the point of judgment at the statutory rate of 8% or at the rate specified in your terms and conditions.

Our charges for a letter before action are based upon the number of invoices outstanding and the type of debtor as follows:

Letter	Fee
Letter Before Action to Company to include interest calculation for one invoice	£50 +VAT
Letter Before Action to Individual to include interest calculation for one invoice	£50 +VAT
Interest calculation for each additional invoice	£10 +VAT

The above price is exclusive of VAT. VAT is charged in addition to the above at 20%.

The above price does not include any advice as to the viability of the debtor, prospects of success of recovery, any trace in respect of debtors or issuing your claim. Such services are priced separately.

Stage 3: Negotiations (Optional)

In the event that payment is disputed, either before a claim is issued or after a claim is issued, we offer a fixed fee service for two hours of a solicitor's time to consider the disputed issues, advise you and negotiate with the debtor, whether verbally, in writing or via the small claims mediation service for a fixed fee of £250 +VAT.

We will let you know when we are nearing the two hours of agreed time and you can instruct an additional

fixed fee period of negotiation, should you wish to do so.

Alternatively, we can provide our negotiation services at the hourly rates of our fee earners, which vary between £120 per hour +VAT to £340 per hour +VAT depending on experience and seniority.

This service does not include any disbursements which may be payable such as court fees (to file a consent order) or any time in excess of two hours spent negotiating and reporting to you.

In the event that court proceedings have been issued any agreement will need to be recorded in a consent order for which there is a court fee payable to the court of £100.

Stage 4: Issue Claim

If no resolution is reached, the next stage is to draft your claim and issue this at court.

Upon service of your claim, the debtor would have 14 days from the deemed date of service to respond to the claim and to file an acknowledgment of service or defence. In the event that an acknowledgement of service is submitted, the debtor would have a period of 28 days from the deemed date of service to file a defence.

If the debtor does not respond to the claim, you can apply for judgment in default.

Our charges for drafting the claim form and particulars of claim are based upon the value of the claim.

In addition, court fees are payable to the court at the time of issuing your claim based upon the value of the claim

The applicable fees are:

Value of the Debt	Our Fees	Our Fees (inclusive of VAT)	Court Fees	Total Cost (excluding VAT)
Up to £4,999	£250 +VAT	£300	£35 - £205	£335 - £505
£5,000 - £9,999	£400 +VAT	£480	£455	£935
£10,000 - £25,000	£450 +VAT	£540	5% of value of claim	£540 + 5% of value of claim
£25,000 - £100,000	£750 +VAT	£900	5% of value of claim	£900 + 5% of value of claim

The above price includes applying to the court for judgment in default in the event that the claim is not defended.

The above price is exclusive of VAT. VAT is charged in addition to the above at 20%.

The above price does not include any advice as to the viability of the debtor, prospects of success of recovery, any trace in respect of debtors or any costs incurred in the event that the claim is defended. Such services are priced separately.

Stage 5: Defended Proceedings

In the event that proceedings are defended, you can elect to take advantage of our negotiation fixed fee package [Stage 3] to see if the dispute can be resolved.

In the event that negotiations are not successful or you do not wish to enter into negotiations, the claim

is no longer non-complex and our fixed fee debt recovery structure will cease to apply. All further costs incurred in dealing with the defended proceedings will be charged at our hourly rates on a time spent basis which vary between £120 per hour +VAT to £340 per hour +VAT depending on experience and seniority.

Typically, for defended proceedings of a value of less than £100,000 typical costs are likely to be as follows:

Value of Claim	Our Fees
Claims allocated to the small claims track (typically less than £10,000 in value)	£3,000 - £6,000 +VAT (20%) and disbursements (see below)
Claims allocated to the fast track (typically of a value between £10,000 - £25,000)	£6,000 - £12,000 +VAT (20%) and disbursements (see below)
Claims allocated to the multi-track (typically of a value in excess of £250,000)	£15,000 - £40,000 +VAT (20%) and disbursements (see below)

Please note that our hourly rates are exclusive of VAT which is charged in addition at 20%.

Please note that if any counterclaim or additional work is required, such as an application to the court for an order, dealing with unless orders, injunctions or additional court appearances this estimate is likely to be increased and we will advise you as to the likely costs at the time.

We will be able to provide you with a more accurate cost estimate for dealing with the defended proceedings once the points of dispute have been ascertained.

In the event the claim is defended all the way through to a final hearing, hearing fees will be payable to the court in respect of the final hearing as follows:

Value of Claim	Hearing Fee
Up to £500	£55
£500.01 - £1,000	£80
£1,000.01 - £1,500	£115
£1,500.01 - £3,000	£170
£3,000.01 - £10,000	£335
Claims allocated to the fast-track (typically between £10,000 - £25,000)	£545
Claims allocated to the multi-track (typically in excess of £25,000)	£1,090

In the event that any applications to the court become necessary, there will be a court fee of £255 payable to the court in respect of each application.

In the event that you wish to be represented by a barrister at any hearing and / or specialist advice is required from a barrister, barrister's fees will be charged in addition to Nockolds fees. Cost estimates will be provided and appointment of a barrister agreed with you prior to proceeding with any instruction.

The fees for a barrister vary depending on seniority and experience. Typically barrister fees are likely to be in the region of:

Value of Claim	Advice	Final Hearing (1 Day)
Claims allocated to the small claims track (typically less than £10,000 in value)	£500 - £1,000 +VAT	£500 - £1,000 +VAT
Claims allocated to the fast-track (typically of a value of between £10,000 - £25,000)	£750 - £2,000 +VAT	£750 - £2,000 +VAT
Claims allocated to the multi-track (typically of a value in excess of £25,000)	£2,000 - £4,000	£2,000 - £6,000 +VAT

Stage 6: Enforcement Action

In the event that you secure judgment this does not guarantee payment and it may be necessary to seek to enforce payment of the judgment debt. Enforcement costs vary depending on the type of enforcement pursued.

We will advise you as to appropriate enforcement options at the relevant time. Typical enforcement costs can be found on our Enforcement Cost Sheet.

International Matters

In the event that the claim involves matters outside of England and Wales, additional steps may be required to seek the permission of the court to serve the debtor outside of the jurisdiction and steps may need to be taken to secure recognition of an England and Wales judgment overseas.

Cost estimates for matters regarding an international element are available upon request. It is likely that an international element will increase the above cost estimates by 10-20%.

Meet the Team

All work will be carried out by one of our Debt Recovery specialists within the team. Debt recovery work forms approximately 25% to 50% of their work. The remainder of their work comprises mainly of complex and/or high-value litigation.

- » **George Burton**, Senior Associate
- » **Gemma Dudmish**, Senior Associate
- » **Lucy Slatter**, Senior Associate
- » **Daniel Winter**, Partner

Regardless of who works on your matter, they will be supervised by Daniel Winter, Partner and Head of our Debt Recovery Team.

Hourly Rates

Our hourly rates vary from £155 per hour +VAT to £320 per hour + VAT depending on the level of experience and seniority of the member of the team dealing with your matter.