



Steeles Debt Recovery Service

Thank you for your interest in our Debt Recovery Services.

We have a dedicated debt recovery team which specialises in debt recovery work for corporate clients, local authorities and private individuals. The team has established good links with tracing agents and enforcement officers and ensures a prompt and effective service through good lines of communication via e-mail and regular face to face meetings with clients.

The team works closely together so if any member of the team is unavailable another colleague will be able to deal with any queries in their absence.

Our debt recovery team is also fully supported by our team of experienced commercial litigation specialists, who are on hand to advise on suitable alternative action, including insolvency, as necessary.

Details of our Fees and Costs are available on request. If you have a high volume of debts to refer, you may be interested in our percentage-based fees, which relate to the amount we recover for you through sending out letters before action.

We set out below an overview of the standard debt recovery procedure and enforcement options available.

Letter Before Action

The first step is to draft and send a Letter Before Action. This letter will contain details of the invoice(s) outstanding and the terms and conditions of payment of the invoice and will request payment of the outstanding balance together with interest to be made within 7 days and threaten legal action if payment is not made.

County Court Proceedings

If no response is received to the Letter Before Action, the next step is to issue a County Court claim. This is done by filing a Claim Form and Particulars of Claim at Court with a Court Fee. This fee will depend on the amount of the Claim and these fees are shown in our Schedule of Fees and Costs.

Once the Claim has been issued, the debtor will then have 14 days to respond in one of the following three ways:

- By filing an Acknowledgement of Service confirming whether it has an intention to admit or defend the Claim. This gives the debtor a further 14 days from date of service (a total of 28 days) to submit a full response;
- By filing an Admission admitting the debt and either offering to pay in full on a certain date or offering to pay by instalments; or
- By filing a Defence.

No Response or Admission

If the debtor does not respond or files an Admission the creditor can then request a County Court Judgment against the debtor for the outstanding balance, interest and fixed costs.

A County Court Judgment will be registered on the Central Register of Judgments, Orders and Fines if it is not paid within 30 days. The Judgment will be registered for six years and is likely to affect the debtor's credit rating.

Defence

If the debtor files a Defence, a Directions Questionnaire will be sent to both parties to find out more about the Claim. Once these have been returned to the Court, the case will then be allocated to a "Track". There are three tracks: The Small Claims Track, The Fast Track and The Multi-Track.

The Small Claims Track is for all money claims up to £10,000.00.

The Fast Track is for all money claims between £10,000.01 and £25,000.00.

The Multi Track is for all money claims over £25,000.01.

Further details of the defended court process and the above-mentioned tracks will be provided should your case be defended.

Enforcement Options

Once Judgment has been obtained, if the debtor still fails to make payment, there are a number of options available to enforce the Judgment debt. These are:

High Court Enforcement Officers/County Court Bailiffs

All Judgments under £600.00 will be enforced by the County Court Bailiffs. For all Judgments over £600.00 the Judgment can be enforced by the High Court Enforcement Officers ("HCEO").

The procedure authorises the Bailiff or HCEO to seize the debtors' goods or chattels. The Bailiff or HCEO can seize as many goods and chattels as required to satisfy the Judgment debt, interest, costs and the HCEO's fees. The items seized are usually sold at public auction. If there are any surplus proceeds once the creditor has been paid, these will be returned to the debtor.

Certain goods belonging to the debtor are excluded from the seizure.

Attachment of Earnings

An attachment of earnings order is an order compelling an employer to make regular deductions from the debtors' earnings and pay them into Court.

A notice of application for an attachment of earnings order is served on the debtor, usually by the Court, together with a questionnaire regarding his means which the debtor must complete. If the debtor completes and returns the questionnaire, Court staff may make an attachment of earnings order and send copies of it to the parties and to the debtor's employer.

An attachment of earnings order will specify the normal deduction rate and the protected earning rate, the latter being the amount which the Court decides the debtor must be allowed to retain out of his earnings.

Charging Order

If it is established that the judgment debtor owns property or land, a charging order will provide you with the equivalent of a mortgage over the land specified in the order. Therefore, your money is effectively tied up in the property.

To obtain a charging order an application notice must be filed at Court. An interim charging order is usually made without notice to the judgment debtor and a date set for it to be made final. This is now undertaken on paper and without a hearing unless the debtor files an objection to the order being made final. The interim order should be registered against the land and copies of the order and application notice must be served on the judgment debtor.

In deciding whether to grant a charging order, the Court will take into account the position of other creditors of the judgment debtor and also any trustee or person beneficially entitled to the land in question. If at the hearing the charge is made final, the Land Registry should be informed that a final charging order has been made.

Third Party Debt Order

If the judgment debtor is himself a creditor of another person, it is possible to obtain an order that his debtor pay you direct. Third party debt proceedings cannot be issued for a judgment sum of less than £50 or the foreign equivalent.

It is possible to find out at an information hearing whether the judgment debtor has any debts due to them.

A Bank or Building Society account in credit can also be the target of a Third Party Debt Order.

If you would like to discuss our Debt Recovery Services in more detail please contact the Debt Recovery Manager, Denise Traube, on 01603 598000 or at dtraube@steeleslaw.co.uk.

This document is intended for general guidance only and should not be relied upon without detailed legal advice on your specific circumstances, which we will be pleased to provide.

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