

## Pricing Transparency – Debt Recovery

### Our Team

Any debt recovery work we are instructed on is carried out by our commercial litigation team (details of which are under our Commercial Litigation page) and supervised by Naomi Duxbury-Tetley (a Partner, with 13 years' experience post qualification). The team also includes a Trainee Solicitor and a paralegal.

### Debt Recovery procedure

Our commercial litigation team are regularly instructed in debt recovery for individuals and businesses. Each case is unique, and a range of factors may affect the total cost and the timescale for the matter to reach conclusion.

If you choose to instruct us, we will provide you with a tailored estimate of fees and other costs and likely timescales based on your specific circumstances. Such costs may vary depending on the complexity of the claim and the most appropriate recovery route and court.

**Unless otherwise specified, the costs and disbursements set out below do not include Value Added Tax (VAT) which if applicable will be charged at the prevailing rate of VAT. The current rate of VAT is 20%.**

### What factors will affect the amount of our legal fees?

Our legal fees will depend on the following factors:

- the amount of time we need to spend on your claim;
- which members of our Litigation team predominantly work on your claim (since, as explained below, our Litigation team have different hourly fee rates);
- the value of the debt you are seeking to recover;
- the complexity of the debt claim;
- whether the debt claim is disputed or not;
- whether the parties choose to use mediation to try and resolve the dispute;
- if it is disputed, whether the claim is defended;
- if it is defended, whether the claim is listed for a court hearing;
- if it is listed for a court hearing, the fee for the court hearing and our attendance at the hearing; and
- whether enforcement action or insolvency proceedings are required.

We will be happy to initially discuss any debt recovery dispute you have (either in person or by telephone) for a maximum of 30 minutes free of charge. Any work done thereafter will be charged based on our hourly rates unless we have agreed with you a fixed fee for any initial stage of work carried out.

### How are our fees and other costs are determined

Our work on debt recovery matters is charged based on the following hourly rates:

Team Member:	Hourly Rate:
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Partner	£300 to £350 (plus VAT)
Associate	£250 (plus VAT)
Trainee Solicitor / Paralegal	£150 (plus VAT)

In addition to our hourly rates, we may also need to pay costs (known as “**disbursements**”) on your behalf which relate to your matter and are payable to third parties, These will depend on your claim but may include the court fees payable to HM Court Service to file your claim and the cost of serving the same.

We are obliged to charge you separately for disbursements and we will normally request monies on account to pay these disbursements once they have been identified.

Below is a table setting out the initial court fees payable to HM Court Service:

<b>Value of your claim:</b>	<b>Court Fee:</b>
Up to £300	£35
More than £300 but not more than £500	£50
More than £500 but not more than £1,000	£70
More than £1,000 but not more than £1,500	£80
More than £1,500 but not more than £3,000	£115
More than £3,000 but not more than £5,000	£205
More than £5,000 but not more than £10,000	£455

Once you have issued proceedings, and if your claim is defended by a debtor(s)/defendant(s) and a final hearing is listed at the Court and allocated to the small claims track, you will also be responsible for paying a court hearing fee.

Below is a table setting out the additional court hearing fees payable to HM Court Service for claims allocated to the small claims track:

<b>Value of your claim:</b>	<b>Court Fee:</b>
Up to £300	£27
More than £300 but not more than £500	£59
More than £500 but not more than £1,000	£85
More than £1,000 but not more than £1,500	£123
More than £1,500 but not more than £3,000	£181
More than £3,000	£346

We will always provide you with information on our fees and a written estimate of the likely costs in advance. We will always be happy to discuss these with you and review them on an ongoing basis. If you would like to discuss agreeing a capped figure, beyond which you do not want us to incur costs, or if you would like to set periodic dates to review costs, we will be happy to do this.

### **What types of claims are involved in the debt recovery process?**

The type of claim will depend on the value of the debt you are seeking to recover. There are 3 types of claim:

1. *Claims with a value no greater than £10,000 (including VAT and interest\*\*):*

We offer a fixed fee structure for a straightforward undisputed debt claim which is no greater than £10,000 and is recoverable in the County Court (whether the claim is listed in the County Court or not). Where the claim is listed in the County Court, it will generally be assigned to the Small Claims Track meaning that the amount of costs, fees and expenses you will be entitled to recover will be in the region of £350-500.

2. *Claims with a value between £10,001 and £100,000 (including VAT and interest\*\*):*

Where the claim is listed in the County Court, it will generally be assigned to either the Fast Track or the Intermediate Track. Your claim will then be assigned by the Court to a specific complexity band which will determine the level of recoverable costs (by reference to various tables set out in Practice Direction 45 of the Civil Procedure Rules). The Court will consider various factors to determine which complexity band your claim will be assigned to, including, amongst others (i) the financial value of the claim; (ii) the nature of the remedy sought; (iii) the complexity of the facts, law or evidence; and (iv) the number of parties. As explained above, our fees will therefore depend on various factors.

Please note that a fixed recoverable costs regime was implemented in England and Wales on 1 October 2023 for all claims with a value of between £10,001 and £100,000. In practical terms, this means that, if your claim is valued between £10,001 and £100,000, the amount of costs you can recover from your opponent if you win will be fixed irrespective of the amount you in fact incur.

**Please note that the fixed recoverable costs regime impacts upon the recoverability of costs as between the parties to a litigation or debt recovery matter. The fixed recoverable costs regime is separate from, and does not alter, the fees we charge to act for you in respect of the service provided. In practice, therefore, the actual costs you incur with us may exceed the amount you are able to recover under the fixed recoverable costs regime or, alternatively, the amount you are awarded to pay to your opponent if you are unsuccessful. It is unlikely that the costs quoted below will be recoverable in full.**

If you have any specific queries about the recovery of costs we will be happy to explain this to you.

3. *Claims with a value greater than £100,000 (including VAT and interest\*\*):*

Where the claim is listed for a court hearing, it will be assigned to the Multi Track which is generally means that it will be listed for hearing in the High Court. The fixed recoverable costs regime does not apply to claims with a value greater than £100,000.

\*\* The value of the claims set out above are calculated to include VAT and interest as follows:

- VAT: the rate of VAT will be the applicable rate of VAT prevailing at the time. The current rate of VAT is 20%.
- Interest: the rate of interest will be the rate stated in the relevant contract or terms of business (if applicable) or, if there is neither:

- where the debt is owed by one business to another business, the rate of interest will be the statutory rate of interest under the Late Payment of Commercial Debts (Interest) Act 1998 prevailing at the time. The current rate of statutory interest is 8% plus the Bank of England base rate; and
- where the debt is owed by a consumer, and if a court claim is issued to recover the debt, interest can be added to the value of the claim from the date when the debt was due. The rate of interest will be the statutory rate of interest under section 69 of the County Courts Act 1984 which is 8% (but please note that, as with any other element of a court claim), interest will be awarded at the discretion of the court.

### **What are the precise stages in the debt recovery process?**

The stages and costs involved in the process to pursue a debt recovery claim (i.e. from the point at which the debt is owed to when it is resolved) are set out below.

Please note: in what follows, the rate of VAT to be applied on top of our fees will be the applicable rate prevailing at the time. The current rate of VAT is 20%.

#### *1. Pre-issue*

This stage involves time spent on an initial review of documents, considering the nature of the debt and any contractual terms and conditions, obtaining your instructions, drafting the Letter Before Action ("LBA"), considering any response from the debtor, obtaining your approval of the LBA before sending it and providing advice as to next steps.

Our costs for undertaking work in this stage will range from £300 (plus VAT) to £900 (plus VAT)\* depending on whether we receive a response from the debtor and on the instructions we receive from you following any response.

Please note that this fee estimate does not include any time spent by our Litigation team in negotiations with the debtor (by telephone, post and/or email) to try and settle the claim prior to issuing proceedings. Such negotiations will be charged at the appropriate hourly rate. We would not anticipate that pre-issue negotiations would exceed 2-3 hours over a period of 4 weeks, if they are required. Usually, a debtor has between 14 days and three months to reply to a LBA depending on the complexity of the claim.

#### *2. Issuing a claim form*

This stage involves issuing a claim form to initiate County Court proceedings, if the debtor does not respond to the LBA or disputes the debt and negotiations breakdown. County Court proceedings can be commenced to encourage the debtor to make payment, to engage further in negotiations or to seek recovery via the court process.

The work we would need to carry out includes drafting the claim form and issuing proceedings (including any time we spend advising on the claims procedure, drafting a defence and drafting and preparing a reply).

Our cost for undertaking work in this stage will range from £300 (plus VAT) to £1,200 (plus VAT)\*.

Please note that, once a claim is issued, the debtor(s)/defendant(s) has 14 days from being served with the claim to file an acknowledgment of service at court. If an acknowledgment of service is filed, the debtor(s)/defendant(s) has a further 28 days to file its defence to a claim.

### *3. Next Steps*

#### *(a) Applying for judgment*

This stage involves applying to the Court to enter a judgment in default against the debtor(s)/defendant(s) if the debtor(s)/defendant(s) does not respond to the claim or file any acknowledgment of service or any defence within the required time periods or the debtor(s)/defendant(s) admits to the whole claim,

Our cost for undertaking work in this stage will range from £175 (plus VAT) to £350 (plus VAT)\* depending on the circumstances of the application for default judgment (including any time we spend completing the judgment application form, confirming your instructions on interest and any payments made, liaising with the Court and sending to you and the debtor(s)/defendant(s) a copy of the judgment obtained from the Court when received). Usually, an application for judgment in default is decided by the Court within 6 weeks of the date of the request for judgment.

#### *(b) Mediation*

This stage applies if you and the debtor(s)/defendant(s) have agreed to use mediation in an attempt to resolve the dispute prior to court proceedings being heard and you instruct us to deal with this for you.

Our cost for undertaking work in this stage will range from £300 (plus VAT) to £900 (plus VAT)\* and is based on the assumption that the mediation is held by telephone with the small claims court mediation service and takes no longer than three hours. If there are any circumstances which fall outside of these assumptions, we will let you know in advance and we will provide you with a detailed estimate of any additional costs you will incur.

#### *(c) Defence*

This stage applies if the debtor(s)/defendant(s) files a defence to the claim and the matter is allocated to the small claims track. At this point, we will discuss the situation with you and provide with a fee estimate so that you can consider whether it would be economical for you to pursue the claim. We will advise you as to your prospects of succeeding in a Court hearing based on the information contained within the defence and whether you should consider other debt recovery methods available (including winding up or bankruptcy proceedings and the service of a statutory demand) .

The work we would need to carry out includes preparing the claim in advance of a final hearing (and includes time spent reviewing your documents, preparing a witness statement for you to approve, considering documents for the debtor(s)/defendant(s) and one statement).

Our cost for undertaking work in this stage will range from £1,200 (plus VAT) to £2,500 (plus VAT)\* and is based on the assumption that there is no case management conference listed and that the final hearing is listed for no more than half a day.

We will then advise you on the likely timescales involved once a defence is filed and the claim has been allocated to a court hearing centre. If a final hearing is listed at Court, we will provide you with an estimate of our costs to attend the hearing (which will depend on the nature and amount of evidence filed and the time estimate allocated for the hearing to take place).

If there are any circumstances which fall outside of these assumptions, we will let you know in advance and we will provide you with a detailed estimate of any additional costs you will incur.

#### 4. Enforcement

This stage arises if the debtor(s)/defendant(s) fails to make payment of any Court judgment against them, in which case, the judgment can be enforced against the debtor(s)/defendant(s) using the following methods:

<b>Enforcement Action:</b>	<b>Disbursements*:</b>		<b>Our Fee (plus VAT)*</b>	<b>Total Fee Estimate*</b>	<b>Approximate Time Estimate:</b>
Charging Order	Land Registry Search Fee	£3	£170	£323	12 weeks
	Court Fee	£110			
	Registering Interim Charging Order	£40			
County Court Bailiffs	Court Fee	£83	£170	£253	6-12 months
High Court Enforcement	Court Fee for obtaining Writ of Control (valid for 12 months)	£71	£170	£241-316	3-9 months
	Abortive Fee (if unsuccessful)	£75 (plus VAT)			
Application for Third Party Debt Order	Court Fee	£119	£170	£289	3-6 months
Attachment of Earnings Order	Court Fee	£119	£170	£289	3-6 months
Application to call the debtor(s)/defendant(s)	Court Fee	£59	£170	£384	3-6 months
	Bailiff Service of Order	£119			

into Court for questioning					
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\* the rate of VAT to be applied on top of our fees will be the applicable rate prevailing at the time. The current rate of VAT is 20%.

Our cost for undertaking work in this stage will range from £200 (plus VAT) to £500 (plus VAT)\*and will be charged on an hourly rate basis. We will provide you with an estimate of our fees.

Please note the following points in relation to our fees set out at point 4. above:

- the fees are based on the assumption that the debtor(s)/defendant(s) does not contest any enforcement action taken. We may need to increase our fees (which will be charged on the appropriate hourly rate basis) if the debtor(s)/defendant(s) contests the enforcement action taken and the Court lists the matter for a hearing. Enforcement action usually takes in the region of 3-6 months to happen;
- the fees do not include any costs incurred to negotiate with the debtor(s)/defendant(s) if, after the commencement of enforcement action, they wish to reach an agreement on payment. In those circumstances, we will need to increase our fees for any negotiations we undertake (which will be charged on the appropriate hourly rate basis). We would not anticipate that such negotiations would exceed 2-3 hours of time over a period of 4 weeks should the debtor engage and be forthcoming with information about their financial circumstances.

Please note: we cannot guarantee that enforcement action will lead to payment of the judgment debt, since this will depend upon the asset position of the debtor(s)/defendant(s)

### 5. Insolvency Proceedings

This stage is an alternative method of debt recovery and arises if the debtor(s)/defendant(s) fails to make payment of any Court judgment against them. It can be used either instead of the issuing of a County Court claim or as an alternative to the enforcement methods set out at point 4. above once judgment is secured.

Please note: it will only be appropriate to use the insolvency methods set out below to seek to recover sums owed if the debt claimed is not disputed by the debtor(s)/defendant(s):

Insolvency Action:	Disbursements*:		Our Fee (plus VAT)*	Total Fee Estimate*	Approximate Time Estimate:
Statutory Demand	Process server fee to personally serve the Statutory Demand	£175	£570-855	£745-1,030	Within 5 days of receiving all of the required information

Bankruptcy Proceedings	Process server fee to personally serve the Statutory Demand	£175	£1,425-1,710	£3,694-3,979	Once a statutory demand is issued, it can take 2-3 months for a bankruptcy hearing to take place
	Bankruptcy Search	£2			
	Court Issue Fee	£302			
	Official Receiver Deposit (refundable if the petition is dismissed or withdrawn)	£1,500			
	Process server fee to personally serve the Bankruptcy Petition	£175			
	Advocate Fee to attend hearing of undisputed Bankruptcy Petition	£115			
Winding-Up Proceedings	Company Winding-Up Search	£5,25	£1,425-£1,710	£4,866.45 - £5,151.45	Once a Petition is issued, it can take 2-3 months for a winding-up hearing to take place
	Court Issue Fee	£302			
	Official Receiver Deposit (refundable if the petition is dismissed or withdrawn)	£2,600			
	Advertising in London Gazette	£109.20			
	Process Server Fee to personally serve the	£175			



	Winding-Up Petition				
	Advocate Fee to attend hearing	£250			

Our costs for undertaking work in this stage will range from £700 (plus VAT) to £5,500 (plus VAT)\* and will be charged on an hourly rate basis. We will provide you with an estimate of our fees.

\* the rate of VAT to be applied on top of our fees will be the applicable rate prevailing at the time. The current rate of VAT is 20%.

Please note that the costs and fees set out at point 5. above are based on the assumption that the debtor(s)/defendant(s) does not seek to delay or defeat the insolvency process. Our costs will be charged on an hourly rate basis and we will provide you with an estimate of our fees, if the debtor(s)/defendant(s) commences one of the following courses of action to seek to delay or defeat the insolvency process:

- an application to set aside the Statutory Demand; or
- an application to obtain an injunction to restrain the presentation, or advertisement, of a Winding-Up Petition.