Debt Recovery Process and Fees

The following information is published in line with the SRA Transparency Rules which came into force on 6 December 2018 to provide guidance in terms of our debt recovery process and associated costs in respect of uncontested invoice-based debt collection only.

Stage 1 – Letter of Claim

All we need is a copy of the outstanding invoice(s) and we will produce a pre-action protocol compliant letter of claim. The cost of preparing and issuing this letter will be as follows. This fee is not recoverable from the debtor.

Value of debt	Costs of letter of claim
£0.01 – £2,500	£50 plus VAT (at the prevailing rate of 20%)
£2,500.01 - £5,000	£80 plus VAT (at the prevailing rate of 20%)
£5,000.01 - £7,500	£110 plus VAT (at the prevailing rate of 20%)
£7,500.01 - £10,000	£150 plus VAT (at the prevailing rate of 20%)
More than £10,000	£200 plus VAT (at the prevailing rate of 20%)

Please note that the fees outlined above apply to debt collection work within the jurisdiction of England and Wales only. We are able to issue a pre-action protocol compliant letter of claim to a debtor outside of the jurisdiction, such as in Scotland, Northern Ireland, Ireland, Europe and further afield, however our fees will increase slightly as additional information is required. Please speak to a member of our debt recovery team for further information if the debtor in your matter is based outside of the jurisdiction of England and Wales.

Once the letter is issued, how matters proceed will depend on whether the debtor is a company or an individual/sole trader. A company will be given 14 days to make payment whilst an individual/sole trader is required to be given 30 days to make payment. Where the debtor is based outside of the England and Wales, increased timescales may be given.

If payment is made within the deadline given, then this will conclude our instruction.

Please note, our Stage 1 service does not include:

1. Reviewing your contractual or legal position;
2. Dealing with any dispute existing or subsequently raised by the debtor;
3. Dealing with claims in respect of Loan Agreements and/or defaults;
4. Dealing with claims in respect of Consumer Credit Agreements and/or defaults; or
5. Landlord & Tenant debt for the recovery of rent and/or service charge arrears.

Such services can be dealt with separately by solicitors in our dispute resolution team on the basis of an hourly rates charging structure (details available upon request).

Please note we do not provide you with copies of the letters issued to the debtor.

In order to maintain a streamlined and cost effective service we deal with the preparation and sending of all correspondence and will notify you once a response is received, or if the deadline for the debtor to do so elapses without reply.

Stage 2 – Debt unpaid following Letter of Claim

If the debt remains unpaid following our letter of claim (Stage 1), what happens next depends on whether a response has been received from the debtor and, if so, what the content of that response is.

<u>2A - Debtor has not made payment and has not responded</u>

At this stage, we will often recommend legal proceedings are issued against the debtor. A claim form and particulars of claim would be prepared which must contain a statement of truth signed by you or authorised by you to confirm the debt is outstanding. Once we have prepared the claim form and particulars of claim, these will be sent to the relevant court who will serve these directly upon the debtor.

A fee will be payable by you in respect of the Court issue fee. We will also charge a fixed fee in relation to our own costs, dependant on the value of the debt. Our fee for issuing the claim (exclusive of VAT), and the Court issue fee, will be included in the sum sought from the debtor. These fees are dictated by the Court and presently the relevant fees are as set out below:

Value of debt	Court issue fee	Mincoffs' fixed costs on issue
Up to £300	£35	£50 plus VAT (at the prevailing rate of 20%)
£300.01 - £500	£50	£50 plus VAT (at the prevailing rate of 20%)
£500.01 - £1,000	£70	£70 plus VAT (at the prevailing rate of 20%)
£1,000.01 - £1,500	£80	£80 plus VAT (at the prevailing rate of 20%)
£1,500.01 - £3,000	£115	£80 plus VAT (at the prevailing rate of 20%)
£3,000.01 - £5,000	£205	£80 plus VAT (at the prevailing rate of 20%)
£5,000.01 - £10,000	£455	£100 plus VAT (at the prevailing rate of 20%)
£10,000.01 - £200,000	5% of total claim amount	£100 plus VAT (at the prevailing rate of 20%)
More than £200,000	£10,000	£100 plus VAT (at the prevailing rate of 20%)

Please note that the value of the debt is calculated as being inclusive of any interest claimed. As such, once that is added, the debt may move into a higher banding with a higher cost payable.

Please be aware that the fees outlined in the table above apply to claims issued in the jurisdiction of England and Wales only. There are added complications and procedures for issuing court proceedings outside of the jurisdiction, such as in Scotland, Northern Ireland, Ireland, Europe and further afield. If you require us to issue proceedings outside of the jurisdiction, please contact a member of our debt recovery team who will advise regarding the relevant costs and procedures.

Once the court has served the claim, the debtor has 14 days in which to admit the claim (in full or in part), enter an acknowledgement of service or file a defence.

2B - Debtor has not made payment but has responded disputing the sum owed

If the debtor has responded disputing the sum owed, you may wish to consider whether the debtor's dispute is valid.

If you consider the debtor's dispute may be valid, you may wish to approach the debtor directly to resolve matters. Alternatively, you may wish for the solicitors in our dispute resolution team to advise you as to the validity of the dispute, the strengths and weaknesses of your legal and contractual position and/or take over responsibility of the matter and liaise with the debtor on your behalf. Work undertaken by the dispute resolution team is based on an hourly rates charging structure (details available upon request).

If you do not consider the debtor's dispute to be valid, you may wish to instruct us to commence legal proceedings against the debtor. If so, please see section 2A above for guidance as to the initial procedure and cost required to commence a claim within the jurisdiction of England and Wales. For further information about commencing a claim outside of the jurisdiction, please speak to a member of the debt recovery team.

2C - Debtor has not made payment but has responded requesting further information/documents, further time to pay or further time to seek debt/legal advice

The Pre-Action Protocol of the Civil Procedure Rules require that parties attempt to resolve matters without recourse to the courts if possible. Therefore, if the debtor has responded to our letter of claim requesting further information or time, and you consider the debtor's request to be a reasonable one, you may wish to give them the information/time needed. Such requests can be considered and discussed with you on a case-by-case basis. Please remember that the provision of any advice and guidance to you following the debtor's request for information and considering your feedback and assessing it accordingly is work undertaken by the dispute resolution team on the basis of an hourly rates charging structure (details available upon request).

If you do not consider the debtor's request to be reasonable, or, the debtor fails to make payment despite granting their request, you may wish to instruct us to commence legal proceedings against the debtor. If so, please see section 2A above for guidance as to the initial procedure and cost required to commence a claim within the jurisdiction of England and Wales. For further information about commencing a claim outside of the jurisdiction, please speak to a member of the debt recovery team.

2D – Debtor has contacted us to negotiate

If the debtor contacts us to negotiate settlement of the claim, we will communicate their offers to you for consideration. You may accept or reject the debtor's offers of settlement.

If you accept the debtor's offer of settlement and that offer involves an instalment plan for repayment of the sum owed to you, you may wish for us to receive payments from the debtor and monitor their compliance with the plan. In such circumstances, a monitoring fee by Mincoffs will be payable as set out below:

Number of instalments	**Mincoffs' fee**
Up to 3 instalments	£60 plus VAT (at the prevailing rate of 20%)
4-8 instalments	£90 plus VAT (at the prevailing rate of 20%)
8-12 instalments	£120 plus VAT (at the prevailing rate of 20%)
More than 12 instalments	£150 plus VAT (at the prevailing rate of 20%)

The monitoring fee will not be recoverable from the debtor and will be payable by you.

If you reject the debtor's offers of settlement, you may wish to make your own counter-offers of settlement to the debtor. If you wish us to reject the debtor's offer and make a counter proposal, then our fee for doing so will be:

Propose a counter-offer	**Mincoffs' fee**
	£40 plus VAT (at the prevailing rate of 20%)

Alternatively, if you consider that negotiation is not proving fruitful, you may wish us to proceed to issue a claim against the debtor. If so, please see section 2A above for guidance as to the initial procedure and cost required to commence a claim within the jurisdiction of England and Wales. For further information about commencing a claim outside of the jurisdiction, please speak to a member of the debt recovery team.

Stage 3 – Debt unpaid following issue of Claim at Court

Once a claim is issued at court and the debtor has been served with the claim form and particulars of claim, the debtor has 14 days to file an admission, acknowledgment of service or a defence to the claim.

If the debtor files an acknowledgment of service, they will have 28 days from the date they were served with the claim form and particulars of claim in which to file a defence.

What happens next depends on whether the debtor has filed an admission, acknowledgment of service and/or a defence.

3A - Debtor has not responded to the claim

At this stage, we would prepare and file the necessary forms to apply to the Court for a Default Judgment against the debtor. The court usually takes around 10 – 21 days from receipt of the request for Judgment to deal with the request (however timescales vary depending on whether there is a court backlog). The preparation of a request for Judgment, in circumstances where the debtor has not responded at all to the claim, will attract a fee (dictated by the Court and presently) as set out below:

Value of debt	**Mincoffs' fixed costs on application for default judgement**
Up to £5,000	£22 plus VAT (at the prevailing rate of 20%)
More than £5,000	£30 plus VAT (at the prevailing rate of 20%)

Our fee (exclusive of VAT) for preparing the request for Judgment will be included in the Judgment sum sought.

Please note that the fees above apply where we are requesting judgment within the jurisdiction of England and Wales only. Where proceedings have been issued outside of the jurisdiction, e.g. in Scotland, Northern Ireland, Ireland, Europe and further afield, our costs will be increased as the process for obtaining default judgment is more complex and will be undertaken on an hourly rates-basis by the dispute resolution team. Please speak to a member of our debt recovery team for further information should this apply to you.

If Judgment is entered, both we and the debtor will receive a copy in the post from the Court. A Judgment in circumstances where the debtor has not responded at all to the claim will usually require that the debtor make payment of the Judgment sum immediately.

If the Judgment sum is not paid, consideration will need to be given as to enforcement options as set out in Stage 4 below.

3B – Debtor has filed an acknowledgment of service but failed to file a defence

At this stage, we would prepare and file the necessary forms to apply to the Court for a default Judgment against the debtor. A Court usually takes around 10 – 21 days from receipt of the request for Judgment to deal with the request (however timescales vary depending on whether there is a court backlog). The preparation of a request for Judgment, in circumstances where the debtor has filed an acknowledgment of service but failed to file a defence, will attract a fee as set out below:

Value of debt	**Mincoffs' fixed costs on application for default judgement**
Up to £5,000	£25 plus VAT (at the prevailing rate of 20%)
More than £5,000	£35 plus VAT (at the prevailing rate of 20%)

Our fee (exclusive of VAT) for preparing the request for Judgment will be included in the Judgment sum sought.

Please note that the fees above apply where we are requesting judgment within the jurisdiction of England and Wales only. Where proceedings have been issued outside of the jurisdiction, e.g. in Scotland, Northern Ireland, Ireland, Europe and further afield, our costs will be increased as the process for obtaining default judgment is more complex and will be undertaken on an hourly rates basis by the dispute resolution team. Please speak to a member of our debt recovery team for further information should this apply to you.

If Judgment is entered, both we, and the debtor, will receive a copy in the post from the Court. A Judgment in circumstances where the debtor has filed an acknowledgment of service but failed to file a defence will require that the debtor make payment of the Judgment sum immediately.

If the Judgment sum is not paid by the debtor, consideration will need to be given as to enforcement options as set out in Stage 4 below.

3C – Debtor has filed an admission

A debtor may choose to admit the claim in its entirety or in part.

If the debtor admits the claim in full or in part, they are required to set out, to the Court, the manner in which they will make payment of the admitted sum (i.e. by instalment, on a specific date etc.). You will then need to consider whether you accept the manner of payment they have offered.

If the admission is only for part of the claim, our dispute resolution team can advise you on, and deal with, pursuance of the remainder of the claim, based on an hourly rate charging structure (details available upon request).

If you accept the manner of payment the debtor is offering, we will request Judgment against the debtor and agree to their payment proposal. The preparation of a request for Judgment, in circumstances where the debtor has filed an admission and you agree with the debtor's proposed means/schedule of payment, will attract a fee as set out below:

Value of debt	**Mincoffs' fee**
Up to £5,000	£40 plus VAT (at the prevailing rate of 20%)
More than £5,000	£55 plus VAT (at the prevailing rate of 20%)

Our fee (exclusive of VAT) for preparing the request for Judgment will be included in the Judgment sum.

Please note that the fees above apply where we are requesting judgment within the jurisdiction of England and Wales only. Where proceedings have been issued outside of the jurisdiction, e.g. in Scotland, Northern Ireland, Ireland, Europe and further afield, our costs will be increased as the process for obtaining judgment is complex and will be undertaken on an hourly rates basis by the dispute resolution team. Please speak to a member of our debt recovery team for further information should this apply to you.

If you do not accept the manner of payment the debtor is offering, we will request Judgment against the debtor and refuse their payment proposal. The Court will then be required to decide how the debtor is to make payment. The preparation of a request for Judgment, in circumstances where the debtor has filed an admission, and you do not accept the debtor's proposed means/schedule of payment, will attract a fee as set out below:

Value of debt	**Mincoffs' fee**
Up to £5,000	£55 plus VAT (at the prevailing rate of 20%)
More than £5,000	£70 plus VAT (at the prevailing rate of 20%)

Our fee (exclusive of VAT) for preparing the request for Judgment will be included in the Judgment sum sought.

Please note that the fees above apply where we are requesting judgment within the jurisdiction of England and Wales only. Where proceedings have been issued outside of the jurisdiction, e.g. in Scotland, Northern Ireland, Ireland, Europe and further afield, our costs will be increased as the process for obtaining judgment is more complex and will be undertaken on an hourly rates basis by the dispute resolution team. Please speak to a member of our debt recovery team for further information should this apply to you.

If Judgment is entered, both we, and the debtor, will receive a copy in the post from the Court. A Judgment in circumstances where the debtor has filed an admission will set out how and when the debtor is to make payment of the Judgment sum.

If the Judgment sum is not paid by the debtor in line with the Judgment, consideration will need to be given as to enforcement options as set out in Stage 4 below.

<u>3D – Debtor has contacted us to negotiate</u>

If the debtor contacts us to negotiate settlement of the claim, we will communicate their offers to you for consideration. You may accept or reject the debtor's offers of settlement.

If you accept the debtor's offer of settlement and that involves an instalment plan for repayment of the sum owed to you, you may wish for us to receive payments from the debtor and monitor their compliance with the plan. In such circumstances, we will be required to correspond with the Court to confirm that the debtor has proposed an acceptable payment plan and the Court's records should be updated accordingly. This

notification together with our fee for organising or monitoring the arrangement will be payable as set out below:

Number of instalments	**Mincoffs' fee**
Up to 3 instalments	£60 plus VAT (at the prevailing rate of 20%)
4-8 instalments	£90 plus VAT (at the prevailing rate of 20%)
8-12 instalments	£120 plus VAT (at the prevailing rate of 20%)
More than 13 instalments	£150 plus VAT (at the prevailing rate of 20%)

The correspondence with the Court and the organising or monitoring fee will not be recoverable from the debtor and will be payable, by you.

If you reject the debtor's offers of settlement, you may wish to make your own counter-offers of settlement to the debtor. If you wish us to reject the debtor's offer and make a counter proposal, then our fee for doing so and notifying the Court if the counter proposal is accepted will be:

Propose a counter-offer	**Mincoffs' fee**
	£40 plus VAT (at the prevailing rate of 20%)

Alternatively, if you consider that negotiation is not proving fruitful, you may wish us to proceed to request Judgment against the debtor. If so, please see Sections 3A and 3B above for guidance as to procedure and cost for requesting judgment within the jurisdiction of England and Wales.

3E – Debtor has filed an acknowledgment of service and/or a defence.

If the debtor files a defence, the debt is now disputed. A disputed claim cannot be dealt with under our debt recovery process. Our dispute resolution team can advise you on (and, where instructed, deal with) pursuing the claim further in circumstances where the debtor is disputing the sum owed. Such work would be carried out based on an hourly rates basis (details available upon request).

Stage 4 – Debt unpaid following Judgment

4A (1) – Letter to Debtor chasing judgment sum

If you have obtained Judgment against the debtor but have not received payment, you may wish to give thought as to enforcement options available to you. However, in the first instance, you may wish for us to send a letter to the debtor highlighting that we have received Judgment (although the debtor should have received a copy of this Judgment in the post) and chasing the Judgment amount. Within the letter we will state that, should the debt remain unpaid, we will be instructed to proceed with enforcement steps.

Our costs for this letter are as follows:

Value of debt	**Mincoffs' fixed costs**
All debt amounts	£40 plus VAT (at the prevailing rate of 20%)

4A (2) - Debtor has contacted us to negotiate following receipt of Judgment

Should the debtor contact us to negotiate following receipt of the Judgment and/or the letter outlined in 4A (1) above, we will communicate this to you for consideration. You may accept or reject the debtor's offers of settlement.

If you accept the debtor's offer of settlement and that involves an instalment plan for repayment of the sum owed to you, you may wish for us to receive payments from the debtor and monitor their compliance with the plan. In such circumstances, an organising and monitoring fee will be payable as set out below:

Number of instalments	**Mincoffs' fee**
Up to 3 instalments	£60 plus VAT (at the prevailing rate of 20%)
4-8 instalments	£90 plus VAT (at the prevailing rate of 20%)
8-12 instalments	£120 plus VAT (at the prevailing rate of 20%)
13+ instalments	£150 plus VAT (at the prevailing rate of 20%)

The organising and monitoring fee will not be recoverable from the debtor and will be payable by you.

If you reject the debtor's offers of settlement, you may wish to make your own counter-offers of settlement to the debtor. If you request us to correspond with the debtor and make a counter proposal, then our fee for doing so will be:

Propose a counter-offer	**Mincoffs' fee**
	£40 plus VAT (at the prevailing rate of 20%)

Alternatively, if you consider that negotiation is not proving fruitful, you may wish us to proceed to take Enforcement Action as outlined in stage 4B below. The relevant costs for commencing enforcement action in the jurisdiction of England and Wales are outlined in 4B below. For further information about commencing enforcement action outside of the jurisdiction, please speak to a member of the debt recovery team.

4B – Enforcement Action

Once you are in receipt of a Judgment, you are entitled to take enforcement action against the debtor in order to attempt to recover the debt. This action can be taken once either stages 4A(1) and 4A(2) have been undertaken or alternatively as soon as the Judgment has been received.

We have set out below some examples of enforcement action and the relevant costs involved. Please note that the availability of certain enforcement options may be limited dependant on the debtor's personal circumstances. Furthermore, the costs of enforcement options can vary, dependant on the reaction of the debtor to the enforcement action.

Enforcement action	**Court fee or disbursements**	**Our fee ranges**
Writ of control (otherwise known as High Court Enforcement Officers (HCEO))	Court fee - to recover sum of money- £80 Court fee - to recover goods - £80 Court fee - to property or land - £80 High Court Enforcement Officer fee payable by the creditor if the writ is not successful -	£50 - £100 plus VAT (at the prevailing rate of 20%) *

	£90 including VAT (at the prevailing rate of 20%)	
Warrant of control (otherwise known as County Court Bailiffs)	Court fee - to recover sum of money- £94 Court fee - to recover goods - £148 Court fee - to property or land - £148 Court fee - to request a further attempt to execute a warrant at a new address - £37	£50 - £100 plus VAT (at the prevailing rate of 20%) *
Charging order application	Court fee - £135 Counsel/advocate fee for hearing if required - £VARIABLE – likely to be in the region of £100 - £250 plus VAT Registration of charging order - £40 Search fee – up to £12	£50 - £350 plus VAT (at the prevailing rate of 20%)
Issue of statutory demand/threat to wind up.	Process server fee - up to £150 plus VAT (at the prevailing rate of 20%)	£150 - £200 plus VAT (at the prevailing rate of 20%)
Bankruptcy proceedings (for individuals/sole traders only)	Court fee - £343 Petition deposit - £1500 Counsel/advocate fee for hearing if required - £VARIABLE – likely to be in the region of £250 - £400 plus VAT (at the prevailing rate of 20%) Process server - up to £150 plus VAT (at the prevailing rate of 20%) Search fees – up to £12	£750 - £1,500 plus VAT (at the prevailing rate of 20%)
Winding up (for companies only)	Court fee - £343 Official receiver's deposit - £2,600 Search fee - £12 Process server - up to £150 plus VAT (at the prevailing rate of 20%) Counsel/advocate fee for hearing if required - £VARIABLE – likely to be in the region of £250 - £400 plus VAT (at the prevailing rate of 20%)	£1,500 - £2,500 plus VAT (at the prevailing rate of 20%)

	Advertisement in London Gazette - £92.20 - £125.80 excluding VAT (at the prevailing rate of 20%)	
Order that debtor attends court for questioning/oral examination	Court fee – to issue the application - £67 Court fee – to request Bailiff service an order - £135 Counsel/advocate fee for hearing if required - £VARIABLE – likely to be in the region of £100 - £200 plus VAT (at the prevailing rate of 20%) Process server fee - up to £150 plus VAT (at the prevailing rate of 20%)	£100 - £200 plus VAT (at the prevailing rate of 20%)
Attachment of earnings	Court fee - £135 On a consolidated attachment of earnings order, a fee of 10p for every £1, or part £1, of money paid into court, is deducted from the money before it is paid out to the creditors.	£100 - £200 plus VAT (at the prevailing rate of 20%)

* Please be aware that, should matters become contested once they have been passed over to the HCEO or County Court Bailiff, we may be required to have further dialogue with you in order to provide you with our advice and guidance. This dialogue will be undertaken on an hourly rates basis (this includes 3rd party inter pleader proceedings).

Please note that the fees above apply to enforcement action within the jurisdiction of England and Wales only. Where we are required to take enforcement action against a debtor outside of the jurisdiction, e.g. in Scotland, Northern Ireland, Ireland, Europe and further afield, our costs will be increased as the process for undertaking enforcement action is often more complex. Please speak to a member of our debt recovery team for further information should this apply to you.

We can discuss your options for enforcement in greater detail at the relevant juncture.

Stage 5 – Instruction of a tracing agent (if applicable)

There may be occasions during the debt recovery process when it becomes necessary to locate a debtor who can no longer be reached at their last known address. This may occur

when where the debtor has moved properties, relocated their business, or is otherwise unreachable. In such instances, we may recommend instructing a professional tracing agent to obtain a tracing report on the debtor.

Some typical scenarios where obtaining a tracing report may be advisable include (please note this list is not exhaustive):

• **Stage 1 (Letter of Claim):** If correspondence is returned undelivered and marked to indicate the debtor no longer resides or operates at the address, and efforts to determine a new address have been unsuccessful.

• **Stage 2 (Claim Form)**: If documents are returned undelivered upon issuing a Claim Form, and efforts to determine a new address have been unsuccessful.

• **Stage 4 (Enforcement via the HCEO)**: If the HCEO reports that upon our instruction or following an attempted enforcement of the Judgment, that the debtor is no longer at the property.

In such circumstances, we have the ability to instruct a tracing agent to assist in locating the whereabouts of the debtor. A fee is payable both to the tracing agent and to Mincoffs for managing the instruction. Fee details are as follows:

Agent's fee	**Mincoffs' fee**
£75 - £125 (depending on complexity) Please note that some tracing agents operate on a "no trace, no fee" basis, whereby no fee is payable in the event that the tracing agent cannot locate the debtor. We will confirm the applicable terms prior to instruction.	£50 plus VAT (at the prevailing rate of 20%)