



Debt Recovery Charges and Court Fees for Business Debt Recovery

The costs guidelines below apply to undisputed business debt claims with a value of up to £100,000 where no enforcement action is required.

1. Initial Letter of Claim

Before issuing a court claim it is normal practice to send the debtor a Letter of Claim following the Court [Practice Direction - Pre-Action Conduct and Protocol \(Protocol\)](#). This sets out the sums owed and gives the debtor a deadline (usually 14-21 days) to pay the debt in order to avoid a possible court claim.

Our normal charge for a Letter of Claim for an unpaid invoice debt is: £200 + VAT@20%

This includes:

- taking your instructions and reviewing documentation;
- preparing and sending the Letter of Claim in accordance with the Protocol

2. Court Claim

If the debt remains unpaid, all or in part, after the time for payment in the Letter of Claim then the next step may be to issue a court claim.

Court Issue Fees

You will have to pay to the Court an issue fee, based on the value of your claim (including interest) and whether the claim is to be issued on paper or online. See: <https://www.gov.uk/make-court-claim-for-money/court-fees>. The current court fees as at 20th March 2020 are as follows:

<u>Claim amount</u>	<u>Paper claim</u>	<u>Online claim</u>
Up to £300	£35	£25
£300.01 to £500	£50	£35
£500.01 to £1,000	£70	£60
£1,000.01 to £1,500	£80	£70
£1,500.01 to £3,000	£115	£105
£3,000.01 to £5,000	£205	£185
£5,000.01 to £10,000	£455	£410
£10,000.01 to £100,000	5% of the claim	4.5% of the claim

Our Charges

Our standard charges to issue an invoice debt claim are:

- for a debt up to £10,000: £250 + VAT@20%
- for a debt of £10,001-£50,000: £375 + VAT@20%
- for a debt £50,001-£100,000: £550 + VAT@20%

These charges include:

- drafting and issuing the Claimant court; and
- where no Acknowledgment of Service or Defence is received, applying to the court to enter Judgement in default.

Please note:

1. In an undefended claim the debtor will only be ordered to pay the court fee and a small amount of fixed costs which are less than our above charges.
2. The VAT element of our charges cannot be reclaimed from the debtor.
3. Additional Interest or other compensation may take the debt into a higher banding for court fees and our charges. If your claim is disputed at any point or enforcement action is needed, then we will discuss any further work required and advise you about possible further costs as appropriate. If enforcement action is needed we will discuss your options, including costs, timescales and prospects of recovery.

According to the circumstances, these may involve charges based on a fixed fee or an hourly rate.

4. Our above guideline charges do not include:
 - after a Judgement in default writing to the debtor regarding payment;
 - if the judgement is not satisfied promptly, advising you on possible next steps and likely costs;
 - negotiations with the debtor over payment or payment proposals;This additional work will be charged on an hourly rate basis.

3. Timescale

How long it takes to recover your debt depends on whether or not it is necessary to issue a court claim, how quickly the claim and request for judgment is processed by the Court and how promptly the Debtor pays. However, it usually takes 6-10 weeks from sending the Letter of Claim to obtaining a judgment in default. It may be another 2-4 weeks before receiving payment if the debtor pays on receipt of the default judgment.

4. Who will be dealing with the matter?

This work is dealt with by our Dispute Resolution team and will be handled or supervised by a Partner, Asim Munir. Where our work is charged on an hourly rate basis the hourly rate for a partner is £260 + VAT@20% .

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