

## **Debt Collection Costs Details for Debts up to £100,000 in Value**

We provide debt collection services for our clients which often exceed the above-mentioned value and in those cases clients should contact ourselves in respect of costs details. If the debt recovery sought is £100,000 or less we charge on the basis of three alternative hourly rates that broadly relate to the three categories of court cases as follows:-

- (i) small claims valued at up to £12000 – hourly rate of £210.00
- (ii) fast track claims valued at £12,000.01 to £25,000 – hourly rate of £225.00; and
- (iii) multi-track cases of £25,000.01 and above (here limited at £100,000) – hourly rate of £250.00.

The stated hourly rates are net of VAT which is chargeable if you are registered for VAT. Sometimes debt collection work only involves the writing of some letter. Sometimes it may require the commencement of litigation. In the event that litigation is required, court fees will need to be paid including a claim form fee graded on the basis of the claim value up to £455 and then either 4.5% or 5% of the value of the claim if £15,000 or over. There may be application fees applicable of £255 and hearing fees ranging between £25 and £1090 depending on the size of the claim. These court fees are not subject to VAT. There are also court fees for having costs assessed if you are successful in your claim and enforcement costs if the defendant does not pay which would be discussed with you as necessary. You may incur other fees relevant to witnesses and any expert evidence if necessary although this would be unusual in a debt case. If the debt case is complex we may need to employ counsel to deal with the hearings. Their fees would be set by their Chambers and we would agree them with you before incurring these.

Your work will be conducted by our Principal who has over 25 years' experience of handling such claims. The stages will involve brief opening correspondence under the Debt Protocol of the Civil Procedure Rules to see if the debt may be resolved or the issues relative to the debt may be narrowed. This should not take more than a couple of months. Litigation may then be necessary. It may be possible to seek summary judgment if there is no reasonable prospect of the Defendant defending the claim. That would involve an application, witness statements, and a hearing and should take a couple of months depending on court availability. If that is not possible the case will proceed to trial unless settled beforehand through mediation or other dispute resolution process or an acceptable offer being made and accepted.

It is difficult to advise the likely costs as each case would be dependent on its own merits. There may be a viable defence to consider or a counterclaim to consider. The total costs of handling a debt claim can be extremely variable ranging from a few hundred pounds (if a solicitor's letter serves to encourage the debt to be paid) to several thousands of pounds if legal process and a successful summary judgement application follows) and tens of thousands of pounds if a trial is required. There then may be an appeal and, if not, enforcement costs and costs assessment costs to be included. For these reasons if you have a debt claim that you wish us to handle it is important to discuss with us the value and whether there may be a defence or counterclaim to enable us to give a better estimate of likely costs and whether the case is of the nature that may warrant an appeal or enforcement process of costs assessment.

Not all legal costs are recoverable. To be recoverable legal costs need to be of or occasioned by litigation so generally speaking pre litigation costs where no litigation ensues are not recoverable. Costs are not generally recoverable in small track cases. Recoverable costs in fast track cases are limited and multi-track costs are generally recoverable on a standard basis which is generally about

65-75% or on an indemnity basis in certain circumstances at about 85-95%. This may mean that you do not recover a significant amount of the costs you spend in seeking recovery. There is therefore benefit in seeking to resolve matters early and well before trial which we shall work with you to try and achieve.