

# Getting paid

## **Don't let an inch become a mile**

If you own, or are a credit manager at, any business that effectively provides goods or services or premises on credit, then you know the frustration of unpaid accounts. There will always be excuses - this or that happened, they didn't pay me, business has been slow, the sun rose in the east and set in the west - but it often boils down to one thing.

Your debtors are using your business as a de-facto credit facility. And in most cases they have received an unsecured, interest-free loan.

The more you accept their excuses and allow extensions of time to pay, the more they will feel inclined to leave your accounts till last, or not pay them at all.

An inch will become a mile.

## **Debt collectors?**

You might think that debt collectors are your best and most inexpensive chance of collecting your debt.

Not that long ago, debt collection agencies were seen to be a more cost-effective alternative to instructing lawyers to recover outstanding debts.

Not anymore.

Through the use of smart technology and efficient processes, Anderssen Lawyers is now able to offer rapid, streamlined and inexpensive debt recovery services, without compromising on the quality of the services provided. So, you get the benefit of a highly experienced lawyer at a very affordable cost.

## **Lawyers?**

Where debtors will often ignore your demands and those of debt collectors, even savvy debtors understand that the involvement of lawyers will inevitably cost them time and money. They will understand the risk of a judgment being obtained against them. They will be more receptive to your demands if you force them to take you seriously at the outset, and we consider the best way to do this is to involve a lawyer in the debt collection process from the outset.

There are many different avenues you can take to recover your debt.

1. If you have a charging clause in your agreement, don't waste it. Give the debtor a chance to rectify its non-payment, then take advantage of it. Lodge a caveat over the debtor's assets. Register a security interest under the PPSA. Once there is a direct threat to business or directors' assets, they will, in my experience, resolve their debt if they can.

And, if they can't, then you now know that and can deal with it accordingly. In particular, you will find out before you have invested time, money and product into their business with no prospect of reciprocation.

2. Send a lawyer's letter of demand. A strongly worded letter from a lawyer will often get a result. If not, sometimes the reason is that the debtor does not have, and cannot reasonably produce, the payment to clear the accounts. Again, better you know early and deal with it.
3. Where your agreement contains a properly worded mediation clause, you can send a lawyer's letter, demanding that the debtor participate in mediation under your contract. In my experience, early settlement discussions are always worthwhile. Often, the best offer you will get is the one made before significant expense is incurred.
4. You can issue a court claim against any debtor and guarantor. The threat of a judgment against a guarantor, and the possible interference with their personal assets, is often good motivation for them to ensure payment.
5. You can issue a statutory demand to a company. The threat of liquidation to a trading company should motivate payment, if it wishes to continue to trade.
6. Landlords can serve notices to remedy. If the end result of non-payment is the loss of the debtor's shop, payment usually follows.

There are good reasons to get in early and show recalcitrant debtors that you won't be pushed to the end of the line when it comes to payment.

That you want to be the first to be paid.

That you demand it.

The best reason is that every debt that you can recover is money in your pocket.

The most telling reason for not progressing with legal action early is often the cost. The fees are too high. The fee structure is too uncertain. Costs keep blowing out.

The costs associated with the usual debt recovery processes, including enforcement action, can be fixed, so that you know your potential costs exposure. You can engage in the debt recovery process with full control and transparency. You can take advantage of developing technology which has made it possible to significantly streamline processes and document generation to slash your legal spend by 50% or more.

If you are interested in reducing your legal expenditure without compromising speed of response or quality, and you are interested in improving your business's bottom line through timely recovery of your debts, please contact me at Anderssen Lawyers.



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