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HOW DO YOU RECOVER A DEBT THAT REMAINS OUTSTANDING

PAST THE SPECIFIED TERMS/DATE OF PAYMENT?

Each customer will respond in a different way to phone calls, demands, legal proceedings, entry of Court judgments and enforcement of judgments, which may be by way of bankruptcy proceedings on an individual, or liquidation/winding up proceedings on a company debtor.

Once you have attempted phone calls and demand letters yourself without success, the next step is the referral of the matter to a solicitor who should deal with it in a clinical way, by following a set procedure and timeline to recover the outstanding debt.

The legal process can be carried out on a fixed cost basis.

How do you demand payment of a debt from an existing customer?

With great skill and care.

If the customer is not paying your past debts, are you sure that they will pay for future goods or services to be provided? To protect your business going forward, you can obtain security for the goods/services supplied, such as personal guarantees or registration of a Security Interest (retention of title) on the Personal Property Securities Register.

Is it worthwhile issuing legal proceedings for recovery of the debt, or placing the individual into bankruptcy/company debtor into liquidation?

By the time you refer the matter to solicitors, the chances are that you are no longer trading with the customer that owes the debt and there is no foreseeable prospect of re-establishing that relationship.

Sometimes, mediation between the parties, prompted by solicitors, can re-establish the trading relationship.

Legal practitioners must provide cost estimates for legal proceedings to be issued. Make sure you are advised if the legal costs exceed the amounts estimated.

Litigation does not always lead to a successful outcome, no matter the legal advice you may first receive, as new evidence is often discovered after enforcement action has been commenced. However, the issue of a Creditor's Statutory Demand, Court proceeding and bankruptcy/liquidation proceedings often prompts a silent debtor into action.

In the world of debt recovery, an angry debtor is better than a silent debtor.

The amount outstanding usually determines whether the issue of legal proceedings is worthwhile.

Please contact SRM Lawyers to answer any enquiry you have relating to your business and debt recovery options.

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