

Money Collection

Recovering Debts



Cash flow is imperative to business growth, development and survival. Slow paying debtors hinder this.

Alternative means of debt recovery may be pursued in order to minimize cash flow issues and any subsequent problems that may follow. These are briefly summarised below.



Judgment and Enforcement

You may choose to issue a Letter Before Action (“LBA”). If no defence to the claim is received, you may issue a claim in the County Court.

Ultimately, a County Court Judgment (“CCJ”) can be obtained setting out the amount payable. If the debtor does not comply with the Judgment and pay the amount due, there are multiple ways in which you can enforce the same.

Statutory Demand

This is a written request for repayment of a debt and may be used on an individual or corporate entity, requiring the debtor party to either:

- Settle the debt; or
- Secure the debt by reaching agreement to pay at a later date; or
- Set aside the debt by challenge or agreement.

All reasonable efforts must be made in order to bring the statutory demand to the attention of the debtor.

The debtor party has 21 days from receipt of the statutory demand to either pay, or reach an agreement to pay, the debt. Non satisfaction of a statutory demand within 21 days of receipt is sufficient grounds to petition for the bankruptcy or liquidation of the debtor party pursuant to Sections 267/268 or 122/123 of the Insolvency Act 1986 (“IA1986”) respectively.

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Petition for Bankruptcy or Liquidation

In the event that you are owed more than £5,000 from an individual debtor or more than £750 from a corporate entity and the statutory demand has not been settled, secured, or set aside, you may petition for the bankruptcy or liquidation of the debtor party as appropriate.

Let us Introduce Ourselves



Email: contact@ouryclark.com

Oury Clark London:
10 John Street, London WC1N 2EB

Tel: +44 (0) 20 7067 4300

Oury Clark Slough:
Herschel House, 58 Herschel Street
Slough SL1 1PG

Tel: +44 (0) 1753 551111



Disclaimer: This note does not contain a full statement of the law and it does not constitute legal advice. Please contact us if you have any questions about the information set out above.

Bankruptcy (Individual) and Liquidation (Corporate) are statutory procedures outlined by the Insolvency Act 1986 which afford an Insolvency Practitioner authority to realise and distribute the assets of the debtor party for the benefit of its creditors.

Filing a bankruptcy petition will incur costs, both for the court proceedings and the administration of the bankruptcy, if the petition is successful. The realisation of any of the debtor's assets will however aim to reimburse such expenses.

The procedures for petitioning for a bankruptcy order or winding up order are similar and are summarised below:

On the basis of an unsatisfied statutory demand:

- Complete the petition, verified by a statement of truth and send to court to endorse.
- Upon receipt of endorsed petition, serve the same on the debtor party.
- File Certificate of Service with Court.
- Advertise the petition.
- File Certificate of Compliance with Court together with list of any additional creditors supporting the petition
- Finally, the hearing, at which the Court will make the appropriate order.