



Taylor *Bracewell*

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Debt Recovery fees information

Initial Debt Letter

We often receive requests by telephone requesting that we send a Letter of Claim without carrying out a review of the documents or legal position. Whilst we will consider sending such a letter in certain circumstances, we do not consider it appropriate to send such a letter without review of documents for any debt of £5,000 or more.

Where we do send such a letter we would do so for a fixed fee.

The fixed fee includes :

- Taking your instructions by email or telephone;
- Drafting a Letter of Claim.

The fixed fee for this initial letter **DOES NOT** include :-

- Meeting with you to discuss the claim;
- Reviewing documents;
- Assessing the legal basis for you to pursue the debt;
- Entering in to substantive correspondence with the debtor or their solicitors;
- Preparing Court papers;
- Instructing any Expert, Barrister or Mediator;
- Attending any Court appointments;
- Entering in to any settlement negotiations.

Cost - £160.00 plus VAT

In the event that you provide multiple repeat instructions we will prepare initial debt letters for - **£85.00 plus VAT.**

Initial Meeting

We charge an agreed fixed fee for an initial meeting with you. The applicable fee will be dependent upon the number of documents that need to be reviewed, the legal complexity of the matter and the likely time that will be spent in our meeting.

The fixed fee includes :-

- Reviewing the documents provided by you;
- Considering the legal issues that are relevant;
- Meeting with you in order to take full instructions and provide advice;
- Discussing the various methods of funding your potential dispute (see our funding options advice sheet);
- Advising on the likely cost of your matter;
- Advising on whether the likely costs of your action is proportionate to the outcome you are seeking to achieve;

- Confirming your instructions and advice in writing.

The fixed fee for the initial meeting **DOES NOT** include :

- Drafting a Letter of Claim;
- Entering in to substantive correspondence with the Debtor or their solicitors;
- Preparing Court papers;
- Instructing any Expert;
- Instructing a Barrister;
- Attending any mediation or settlement meeting;
- Attending any Court appointments.

Cost – starting from £250.00 + VAT

Letter of Claim following meeting and review

If you are seeking to recover a debt owed by another business the first step to take will be to serve on them a Letter of Claim setting out the amount that you are seeking and the basis upon which you are claiming that amount. There are requirements contained in the Civil Procedure Rules 1998 (which govern all disputes in England and Wales) for what a Letter of Claim must include.

In straight forward cases we will ordinarily agree a fixed fee for the preparation of the Letter of Claim and any documents required to be enclosed.

What the fixed fee (if any) includes :-

- Reviewing the legal and contractual position
- Preparing a draft Letter of Claim;
- Sending the same to you for comment/approval;
- Serving the Letter of Claim on the debtor;
- Reporting to you as to any response.

The fixed fee **DOES NOT** include :

- Entering in to substantive correspondence with the Debtor or their solicitors;
- Preparing Court papers;
- Instructing any Expert;
- Instructing a Barrister;
- Attending any mediation or settlement meeting;
- Attending any Court appointments

Cost : from £260.00 plus VAT (total £312.00)

Additional Work

Any additional work beyond the initial meeting and serving a Letter of Claim will normally be calculated by reference to the time spent in dealing with your matter. This will include attendance upon you and perhaps others, time spent travelling and waiting, considering, preparing and working on documents and correspondence, making and receiving telephone calls, and attendance at Court. If a fixed fee arrangement for any additional work is applicable, we will discuss that with you at our initial meeting and discuss any fixed fee with you.

At the initial meeting we will discuss whether a fixed fee would be appropriate and if so would agree a fee with you at that stage.

Letters of a routine nature and telephone calls of a routine nature, made and received will be charged in units of 6 minutes. Other letters and telephone calls will be charged on a time spent basis.

Our current hourly rates of charge (exclusive of VAT) are between £225.00 and £250.00. You will be notified of the applicable rate at the initial meeting.

Court Procedure

Following the issue of a Letter of Claim the Courts will expect the parties to exhaust all possibilities of resolving the dispute without the need to commence Court proceedings.

The Courts will expect the parties to exchange sufficient information to enable them to understand each party's position and to seek to resolve the matter by way of negotiation, offers of settlement or settlement meetings.

If all attempts to resolve a dispute fail, Court proceedings may need to be commenced.

Even if Court proceedings are commenced, the Court will expect the parties to keep in mind the need to try and settle the matter throughout the course of any litigation and will encourage parties to seek to settle a dispute by way of mediation.

Below we have set out the potential costs that you may incur in a straight forward debt claim.

Costs of Court Proceedings

No two disputes are ever the same and therefore it is difficult to predict with any certainty what the likely costs will be if Court proceedings must be commenced.

By way of an indication we set out below a range of costs which, in our experience, could be incurred in a debt claim. The estimates are based on assumptions as set out below :-

- There is a written contract in place;
- The matter does not settle and proceeds to a Trial;
- There are no unusual or complicated issues or fact of law;
- No expert evidence is required.
- There is no counterclaim.

Based on the above assumptions the costs that may be incurred are as follows :-

- (a) For Small Claims of less than £10,000 our fees could be in the range of £5,000 to £8,000 plus VAT;
- (b) For claims in the Fast Track with a monetary value of between £10,000 and £25,000 our fees could be in the region of £12,000 to £15,000 plus VAT;
- (c) For claims in excess of £25,000 allocated to the Multi Track, our fees could be in the region of £30,000 to £60,000 plus VAT.

In addition to our fees there will be costs (known as disbursements) payable to other parties. Examples of usual disbursements you could expect in Court proceedings are as follows :-

a) Court fees

In order to commence a claim, you will need to pay a Court fee. The amount of the Court fee will depend upon the amount that you are seeking to recover. We attach a link here to the

information sheet from the Court Service website setting out the applicable Court fee to commence your claim. <https://www.gov.uk/court-fees-what-they-are>

In addition to the Court fee to issue a claim you will need to pay a hearing fee before the matter is heard at Trial. Details of the applicable hearing fees is also set out in the Court information sheet.

b) Barrister's Fees

Depending on the nature and complexity of your claim, it may be necessary to involve the services of a Barrister.

The costs of the Barrister will depend on the seniority of the Barrister that you wish to instruct and the amount of their involvement.

We will discuss with you the likely costs of instructing a Barrister during the currency of your claim.

c) Costs Lawyers

Any claim that proceeds in the Multi Track (that is a claim for money in excess of £25,000), the Court will require the parties to submit a budget setting out their estimated costs that will be incurred in progressing the litigation up to and including trial.

The costs of the Costs Lawyers in preparing the budget are usually £1,000, or 1% of the amount set by the Court for your budget.

d) Expert Fees

In more complex disputes it may be necessary to involve an expert in a certain discipline in order to assist the Court in determining the matter at trial.

Common experts that are instructed include :

- Accountants;
- Forensic Computer Experts;
- Surveyors.

We will obtain estimates and, where possible, quotes for the likely cost of any expert that may be appropriate in your dispute.

e) Mediator's Fees

As referred to above, the Courts will expect the parties to resolve the matter without the matter proceeding to trial. A common way in seeking to resolve a dispute is by way of mediation.

Mediation involves the parties jointly appointing a neutral third party who will attempt to facilitate a settlement between the parties.

The cost of a mediation is shared equally between the parties to the litigation.

The mediator's fees vary depending on the value of the claim but from our experience, the mediator's fees will begin at £650.00 plus VAT per party for lower value disputes.

In addition to the mediator's fees it is sometimes necessary for the parties to hire a venue at which the mediation can take place. That will depend on the type, and location of the venue.

f) Travel Expenses

In addition to our charges, if we have to travel, for example to mediations, Court hearings, conferences with Barristers etc we will charge travel expenses as a disbursement.

If we travel by train, we will invoice you for reimbursement of the train fee incurred.

Any travelling by car will be charged at the rate of 45p per mile plus VAT. In addition, we will invoice you for any parking fees incurred.

g) Other factors

The estimated costs set out above are, as stated, for straight forward claims.

There are various factors which are commonplace in claims which would result in the estimated costs being different from those estimated above. Examples of such factors are :-

- The matter settling before trial;
- There being three or more parties to the litigation;
- The Debtor being outside of England and Wales;
- A failure by you or the Debtor to comply with the timetable of the Court resulting in applications being made;
- The Debtor going in to liquidation;
- Interim applications being made by you or the Debtor; and
- Delays experienced with the Court system.

h) Time Scales

It is always difficult to predict with any certainty the time scale for litigation.

The time scales can be dependent upon various factors such as :-

- Which Court the claim proceeds in;
- Whether there is a transfer between one Court and another;
- Court availability to hear the dispute;
- Whether the parties comply with the timetable provided by the Court; and
- Whether any interim applications must be made during the course of the litigation.

As a very rough guide, the timescale between the issue of claim and the matter being listed for a trial could be within the following timescales:-

- (a) Small Claims Track – 3 to 6 months.
- (b) Fast Track – 6 to 9 months.
- (c) Multi Track – in excess of 12 months.

i) Enforcement

In the event that you are successful in the litigation the usual Order is that the Debtor will be required to pay the amount owed to you within 14 days of the Judgment.

Should the Debtor fail to pay you would need to seek to commence enforcement action against the Debtor in order to recover the monies.

There are various ways in which you can seek to enforce a money Judgment, such as :-

- (a) Instructing Bailiffs to seize the Debtor's goods to the value of the debt.

If your claim proceedings in the County Court you have the option to either instruct the County Court Bailiff to seize goods to the value of the debt. The Court fee to issue the County Court Bailiff is £110.00.

If you have a County Court Judgment of £600.00 or more, or if your claim proceeds in the High Court, you can instruct a High Court Enforcement Officer to seek to seize goods to the value of the debt.

To transfer a County Court Judgment to the High Court there is a fee of £66.00 payable to the High Court Enforcement Officer to apply to the High Court for Warrant of Control.

- (b) Winding Up Petition.

If the Debtor cannot pay its debts as and when they fall due, then it is insolvent and consideration will need to be given as to whether you need to wind the Company up.

Should a Winding Up Petition be necessary then our fees for preparing the necessary paperwork and obtaining a Winding Up Order will be from £1,000 plus VAT. In addition, there will be Court fees, an Official Receiver's Deposit which is £1,880.00. In addition, there may be Barrister's fees to attend the hearing of the Winding Up Petition.

(c) Third Party Debt Orders.

If you are aware that the Debtor is owed money from a third party, you can in certain circumstances apply to the Court for an order that the third party pays the money to you rather than to the Debtor.

We will discuss the costs of such an application if appropriate.