

TradePay client case studies

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Effective Resolution

Our client, an electrical components wholesaler was owed a significant sum of money from one of their customers, a mechanical electrical installation contractor. This customer had not paid invoices that in total exceeded £122,000.

Our client was insured for £50,000 and this was reported to the Insurer. The customer paid £10,000 but was only making vague assurances about payment of the balance

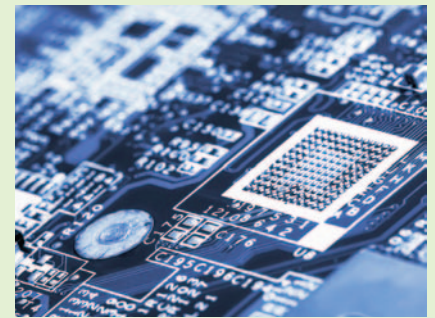
culminating in an offer of £10,000 per month on a “take it or leave it basis”. Whilst this was business critical to our client it was unacceptable to the Insurer.

The settlement agreement negotiated by EFCIS allowed for the client to recover the debt in full plus 19% of the outstanding amount by way of interest, Late Payment compensation, costs and charges.

This case study shows our ability to provide bespoke, responsive and adaptable solutions to high risk debt problems. We understand the

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importance of acting swiftly in these situations. Further delay in the recovery of the debt can have a major impact on a client's business.



Effective Overseas

A UK based international supplier of products to the hotel leisure industry was owed €15,000 by a hotel in mainland Spain and \$2,000 by a hotel in Tenerife. Both debts remained unpaid after 12 months.

EFCIS collected the debt in Tenerife, clearing funds within a week of being instructed and discovered a dispute in respect of the mainland debt which enabled native Spanish speaking commercial

collectors to bring legal proceedings enforceable in Spain.

This case study gives an indication of how EFCIS can collect debts worldwide through the use of multi-lingual

Case study 3

commercial collectors based in the UK and our worldwide affiliation of in-territory offices that provide guaranteed compliant collections in over 90 countries.



TradePay from EFCIS

When your in-house collections' team has tried to collect a commercial debt without success you're usually faced with three choices: initiate legal proceedings, write the debt off, or appoint a third party commercial collections specialist. It's astonishing how many businesses still write off debts, especially if the debtor is based overseas, before consulting with a collections specialist.

Some of these written off debts could have been collected. And it is not always the best policy to take formal legal proceedings and incur what may be significant costs, before appointing a collections specialist, who could collect the unpaid debt without the need for legal action.

EFCIS acquired a specialist dispute and debt collection business in 2011 because our clients were regularly asking us to provide this service. This has become one of our most sought after services, not least because clients can draw on our expertise in resolving complex disputed debts, in the UK and overseas and we

can instruct legal action on their behalf working with our panel of solicitors.

Here are the questions we are most frequently asked by businesses interested in appointing us as their commercial collections specialist. If you are struggling to recover one or more commercial debts, no matter how old or writing some off because you feel all avenues have been exhausted please talk to Richard Antipas; EFCIS Director. Richard is well-qualified and heads up EFCIS TradePay. An initial meeting is without charge and you will benefit from Richard's advice, expertise and experience.



Key Questions & Answers

Here are the questions we are most frequently asked about **TradePay**.

How is your approach different?

Our goal is to secure the payment of your debt within 30 days. We achieve this by taking real ownership of the debts placed with us and not simply following a standard industry process. We research and then undertake a risk assessment of your debtor from a collections and legal perspective to understand why the debt arose in the first place. Only then do we apply a bespoke collections strategy.

If we have not collected the debt within 30 days we will recommend further actions supported by our activity. If a recommendation is to take formal legal action we will provide you with an assessment of the likely outcomes; the costs involved and our frank views on the likelihood of recovery.

Can you initiate legal actions on our behalf?

Litigation is carried out under our management using our in-house panel solicitors Beeston Shenton Solicitors. We operate fixed legal fees unless a claim is defended. You then have the option of agreeing a fixed fee or hourly rates for defended claims. We also have a hand selected panel of solicitors for higher value or more complex cases that require the involvement of a national firm. These firms include Shoosmiths, DWF and Brabners. Each one offers EFCIS clients beneficial fee rates.

Can I track the progress online?

TradePay, our collections system, has a client portal that provides real time information on collection activity. We also have the latest legal case management system and electronic referral to our preferred High Court Enforcement team with case management access. We report to you twice a month with all sums recovered, paid over to you at the same time – usually after the middle and end of each month. You can always contact us by telephone or email for ad hoc updates.

Continued over...

Key Questions & Answers

What is the Late Payment Legislation and how can this be of benefit to me?

The Late Payment Legislation enables us to add on reasonable debt collection costs to the debt. These costs are paid by the debtor. These are in addition to your statutory right (assuming you have a reserved contractual right) to recover statutory compensation and interest. Our fee is 15% of the debt balance (which we regularly recover from debtors). For example, as you will see in the case study further on, for one of our clients, (a market leading wholesale designer and distributor of fabrics and wall coverings) we have achieved a successful recovery rate of 112% (accurate at the time of print). The successful implementation of The Late Payment Legislation could result in neutral costs to you.

What are the costs?

Your liability to pay fees arises in the event that the debtor pays the debt balance but refuses to pay the debt collection costs. In these circumstances we ask you to pay 6% of the amount recovered. We then take a joint decision whether to litigate to recover the costs. Our clients regard this as fair and equitable. On a case by case basis we can discuss reducing this rate or adding a cap for high balance accounts.

The fixed fees and disbursements for legal action are payable on an 'as you go' basis to our solicitors and again when possible are recovered from the debtor. The usual

principles apply and where debts have been successfully recovered 70%-80% recovery of legal costs is the norm. Judgments of £600 and above are enforced in the High Court and insolvency proceedings can be taken.

Can you collect overseas debts and initiate legal proceedings?

We have entered into a number of collaboration arrangements which means that we can collect debts and go legal in over 90 countries.

Can you collect 'aged' debts?

We have a track record of collecting aged debts of 12 months, sometimes older. These are often debts that are in the process of being written off. They are passed to us as a last resort because the original collections specialist cannot recover them.

How does TradePay work with my Trade Credit Insurance policy?

Our approach to collections, litigation and enforcement ensures you comply with the terms of your Trade Credit Insurance policy. We provide you with the information that's required to satisfy your reporting obligations to your Insurer. In the event of a claim on your policy we will work with you to achieve payment. We always assess the risks and the likelihood of recovering your uninsured losses. We have developed a system generated



report that highlights notifications which must be notified to the Underwriter to ensure policy compliance.

What happens if my customer becomes insolvent before collecting the amount due?

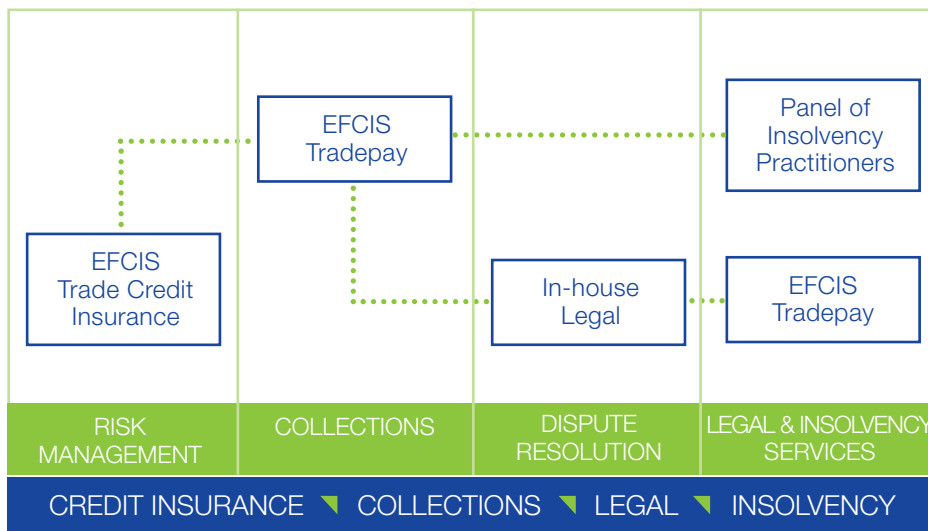
We work with Insolvency Practitioners who review cases and look to become appointed as trustees or liquidators. Whilst Insolvency Practitioners are independent and do not work on behalf of individual creditors, our experience is that the returns for all creditors are improved by having a proactive Insolvency Practitioner. We manage these relationships on your behalf. At all times our aim is to effect a recovery including against directors personally in cases of wrongful or fraudulent trading.

Can I pass uninsured debt for collections?

Yes. Often these debts have been written off. We will assess each case at no charge and without obligation.

The non-regulated services within EFCIS have been designed to complement our insurance brokerage business and are headed up by Richard Antipas. Richard graduated with an honours degree in law and has over 20 years' experience in commercial credit management, collections and recoveries including 7 years with a leading multinational distribution group. Richard is a member of the Institute of Credit Management and a Fellow of the Association of Credit Professionals.

EFCIS TradePay is represented to your debtors in the name of CCI Legal Services Limited; a member of the Credit Services Association and conforms to ISO 9001 (UKAS accredited).



What two of our clients have to say about **TradePay** from **EFCIS**

National bank subsidiary provider of short term hire, contract hire and leasing of commercial vehicles

"EFCIS have achieved significant results with collection of overdue accounts as well as debt recovery litigation and enforcement in the last 12 months. We have been particularly impressed by the way in which they have dealt with difficult and long term accounts, providing us with constructive and cost effective assistance. In many cases EFCIS have also been able to recover our costs and have been highly effective in managing debt on our behalf.

Our new Collections Manager inherited a ledger of historic delinquent accounts which EFCIS were able to advise on, prioritise and produce results on where others had failed. As we also instruct EFCIS on Trade Credit Insurance brokerage it is very useful to entrust our collections and debt recovery litigation to them as well. They work hard on our behalf to maximise insured claims and uninsured loss recovery on bad debt to give us the very best return."

National wholesale supplier of meat and meat products

"EFCIS TradePay has helped us achieve a high standard of debt recovery, collections, legal action and enforcement in the last 12 months. This complies with the requirements of our Trade Credit Insurance policy. It has been a cost effective and valuable contribution to the bottom line success of our business in its own right, achieving impressive results.

We had a number of historic cases we had not seen results on over a period of time but in a number of instances EFCIS were able to add value, effect recoveries, negotiate legally enforceable settlements or obtain and successfully enforce judgments. We have had a healthy net return from this.

We have been particularly pleased with the way they have explained the process to us and taken the burden of managing these cases away from us and produced results. We can confidently rely on their ability to manage and recover delinquent and disputed accounts for us."

TradePay client case studies

Effective Solutions

EFCIS began collecting debt for an internationally recognised distributor of high quality fabrics and wall coverings; a market leader in the world of home fashion. Our client has Trade Credit Insurance that covers its high volume business to retail multiples on the high street. They also sell to a large number of independent retailers and interior designers, mostly micro businesses for whom Trade Credit Insurance cover cannot be obtained.

Our client was writing off bad debts from many of these micro businesses, unable to find a cost effective recovery solution. Using its TradePay collections department and panel solicitors EFCIS provided a collections and debt recovery litigation service. We took full advantage of the Late Payment Legislation to recover the overdue amounts and costs from these customers.

How did we achieve this for our client?

- ▶ We encouraged our client to enforce a strict 'on-stop' policy for overdue SME accounts.
- ▶ Debts are then referred to EFCIS TradePay on a monthly basis.
- ▶ We implemented a process that blends outbound telephony, letters, emails and SMS text messages.
- ▶ Debtors that do not respond to this process are passed to EFCIS' panel solicitors but

only after being risk assessed for litigation, with judgments enforced by transfer up to the High Court automatically.

As a result the collections performance has been high. Recent performance figures (accurate at the time of print) continue to show that by using Late Payment Legislation and in particular the Late Payment of Commercial Debts Regulations 2013, EFCIS TradePay has recovered 112% of the debt value placed by the client including late

Case study 1



payment compensation, interest and debt recovery charges.

In many instances the debt and the costs have been paid, the client's relationship with the customer has been reinstated and the accounts have moved from being 'on-stop' to trading again on a pro-forma basis.

This case study demonstrates our ability to provide a holistic solution to our clients. We protect their sales ledger further still with a combination of insurance and debt recovery.