

WHAT IS INVOLVED IN RECOVERING A DEBT?

The first step in recovering your debt is for us to arrange a cost-effective initial consultation to enable us to thoroughly review your relevant documents and correspondence, to take instructions (remotely if you prefer) before drafting an advice letter and pre-action letter of claim to the debtor that complies with the pre-action guidance. For some debts this might be relatively straightforward. We aim to send the pre-action letter to the debtor within 10 working days of being instructed.

If a debtor does not respond to a letter of claim the next step is to file a claim, The court fees are currently:

- £35.00 for claims up to £300
- £50.00 for claims between £300.01 and £500
- £70.00 for claims between £500.01 and £1,000
- £80.00 for claims between £1,000.01 and £1,500
- £115.00 for claims between £1,500.01 and £3,000
- £205.00 for claims between £3,000.01 and £5,000
- £455.00 for claims between £5,000.01 and £10,000
- 5% of the claim for claims between £10,000.01 and £100,000

Once a claim is issued, the defendant must respond. A failure to respond means the claimant can apply for default judgment and the proceedings end. In some cases, a defendant faced with default judgment will apply to set it aside.

It is impossible to give precise estimates on costs without knowing the facts of a case and the extent of the evidence. Some legal arguments are more complex than others which often means more work involved. The more evidence there is, the greater the costs. How parties conduct themselves can also have a great impact on the amount of costs.

Only disputed debts tend to go all the way to a trial. The information below gives an idea about the type of costs involved, but again we stress that this is a guide and the facts and matters of each individual case can vary enormously, so once we properly understand your case, we can give a far better indication on the costs we anticipate.

ESTIMATED TIME/COSTS FOR A CLAIM WITH A VALUE OF LESS THAN £10,000 (SMALL CLAIMS)

- Issuing the claim – 1 to 2 hours of work.
- Reviewing the defence and drafting any reply – 1 to 2 hours of work.
- Dealing with any counterclaim – 2 to 3 hours of work.
- Directions – 1 to 2 hours of work.
- Witness statements – 2 to 3 hours of work per witness statement.
- Preparation for final hearing – 2 to 4 hours of work.
- Final hearing (trial) – will depend on how long the hearing is listed for. For a debt claim where no counterclaim had been issued, we would anticipate that a hearing of about 3 hours. Our costs would equate with about 2 to 3 hours of work, plus the cost of a junior or 'pupil' (trainee) barrister (if that would be proportionate) at an additional cost of about £500 to £750 plus VAT.

For claims valued at less than £10,000, we anticipate that a substantial amount of work is completed by trainee solicitors or paralegals under supervision, at their respective lower hourly rates (see below). Work is supervised by a senior associate or partner at their respective hourly rates (see below).

ESTIMATED TIME/COSTS FOR A CLAIM VALUED BETWEEN £10,000 AND £24,999 (FAST TRACK CLAIMS)

- Issuing the claim – 2 to 3 hours of work.
- Reviewing the defence and drafting any reply – 2 to 4 hours of work.
- Dealing with any counterclaim – 3 to 5 hours of work.
- Directions – 1 to 2 hours of work.
- Mediation – 5 to 12 hours of work (if mediation is proportionate).
- Disclosure – 2 to 4 hours of work.
- Witness statements – 2 to 4 hours of work per witness statement.
- Preparation for final hearing (trial) – 3 to 5 hours of work.
- Final hearing – trials are often listed for between half a day (no counterclaim) and a day, and attendance is charged at hourly rates. Barristers' fees for final hearings are between £500 and £3,000 plus VAT depending on length, number of documents in the trial bundle and number of witnesses.

For a claim valued at more than £10,000, up to £25,000, we anticipate that a more substantial part of the overall work is completed by a senior associate or partner at their respective hourly rates (see below). Trainee solicitors or paralegals will certainly assist where possible, at their respective hourly rates (see below) to reduce costs.

ESTIMATED TIME/COSTS FOR A CLAIM VALUED AT OR ABOVE £25,000 – (INTERMEDIATE AND MULTI-TRACK CLAIMS)

- Issuing the claim – 4 to 10 hours of work.
- Reviewing defence and drafting any reply – 3 to 15 hours of work.
- Dealing with any counterclaim – 4 to 10 hours of work.
- Directions – 1 to 3 hours of work.
- Mediation – 10 to 20 hours of work, plus barristers' fees (typically £2,500 to £3,500 plus VAT for a day of mediation, and mediators' fee of about £1,000 to £2,000 plus VAT per party).
- Disclosure – 3 – 20 hours of work.
- Witness statements – 2 to 6 hours of work per witness statement.
- Expert evidence – 5 to 15 hours of work.
- Costs and Case Management Conference (CCMC) – 10 to 15 hours of work in preparation, plus attendance at hourly rates, plus barristers' fees (typically £2,500 to £3,500 plus VAT).
- Pre-Trial Review hearing (PTR) – 5 to 10 hours of work in preparation, plus attendance at hourly rates, plus a barrister barristers' fees (typically £1,500 to £2,500 plus VAT).
- Preparation for final hearing (trial) – 3 to 20 hours of work.
- Final hearing – The trial length and location (for example in the High Court in London) impacts on costs. A day at trial on average requires attendance of about 8 to 10 hours, plus barristers' fees which can vary enormously depending on the seniority of counsel and the amount of preparation required in terms of the amount of reading, complexity of the legal issues, and type of skeleton argument the case demands.

For a claim valued at or above £25,000, we anticipate that most of the substantive legal work will be completed by a senior associate or partner at their respective hourly rates (see below). Trainee solicitors or paralegals will assist where possible at their respective hourly rates (see below) to reduce costs.

After obtaining judgment, the next step is enforcement. Estimated legal costs within the enforcement framework can vary considerably depending on the type of enforcement. Typically work can total about 2 to 6 hours of time, plus court fees and sometimes third-party disbursements.

Examples of enforcement action include:

- **Attachment of Earnings Orders** (to obtain a proportion of a debtor's earnings if they are in employment).
- **Third-Party Debt Order** (typically when a debtor's bank accounts are frozen, and the court decides balances should be paid to a creditor).
- **Charging Orders** (securing debtors' assets against debts owed, often property).
- Instructing **County Court Bailiffs** (for judgments under £600) or **High Court Enforcement Officers**, for larger debts, to seize the debtor's assets for sale in order to satisfy what is owed.

The court fees, generally and including the fee for Attachment of Earnings Orders, Third-Party debt Orders or Charging Orders can be found at the gov.uk website and is currently £131.

The court fee to seal a writ of control to enable High Court Enforcement Officers to take action (where the judgment debt exceeds £600 and is not a Consumer Credit Act claim) is currently £78.

Assets seized are typically sold at public auction to satisfy the debt owed.

If High Court Enforcement Officers are unsuccessful, the creditor pays an abortive execution fee, typically about £90 plus VAT. If officers are successful, they collect the fees from the debtor.

FEE EARNER RATES

Claims are managed by qualified solicitors (up to partner level) in the Litigation & Dispute Resolution team, with hourly rates currently up to £265 plus VAT. Solicitors are supported by trainee solicitors and paralegals charging significantly lower rates, at £185 plus VAT.

Where possible we use lower rate fee earners to undertake work, to keep your costs down.

DISBURSEMENTS

A disbursement is any third-party cost charged outside the firm, for example:

- Court fees.
- Barristers' fees (also known as 'counsel fees').
- High Court Enforcement Officers' fees.

Court fees do not attract VAT, but counsels' and High Court Enforcement Officers' fees (that vary from organisation to organisation) will usually attract VAT.

CONDITIONAL FEE ARRANGEMENTS OR DAMAGES-BASED AGREEMENTS

Conditional fee arrangements, damages-based agreements or other deferred fee payment arrangements are considered on a case-by-case basis, often depending on our perceived merits of the case.

We are always happy to discuss any initial queries you may have or to discuss debt recovery packages tailored to you. For more information please contact us on 01603 723783 or [email us](#).