

# Frequently Asked Questions

## COVID-19 Support from Direct Route Collections

### How much is it going to cost me?

The Direct Route COVID-19 Reminder service is **free of charge**. *You can use it as many times as you like* after making your initial NHS frontline support donation of just £1.

### Is there any charge if my customer pays?

No. There is no charge payable by your company to Direct Route for any recovery made from using the COVID-19 Reminder service.

### What happens after 7 days if there is no response?

This depends on the circumstances. At the expiry of your COVID-19 Reminder, Direct Route will help you to assess the merits of moving to the next stage. This can include commencing with increased debt collection activities on your behalf. Factors that are relevant will be if we can evidence that the customer has opened (and ignored) the email Reminder sent to them for example. Whatever happens, it won't cost you anything to progress to the next stage.

If you do instruct us, it could possibly cost a modest commission of 2% if we successfully recover a debt of over £3,000 (below £3,000 there is no cost). For example, a high-risk recovery made in the current climate of £3500.00 with £3430.00 to your office and £70.00 to Direct Route represents exceptional value, especially when the alternative might be to write off the full £3500.00. Our client ethos is to provide an expert and professional service with the emphasis always on delivering excellent value.

### Will the service remain free after the COVID-19 pandemic is over?

This particular initiative from Direct Route is underpinned by a desire to help beleaguered SMEs and the NHS frontline collectively. It is possible that in the future we could replace this with an alternative 'stepping stone' email or letter solution. A more than adequate and proven credit control pre-legal chasing service already used by many Direct Route clients is readily available through our sister company AccountAssyst. (<https://directroute.accountassyst.com>).

### How long on average does the Reminder process take?

The Direct Route COVID-19 Reminder offers your customer 7 days to get in touch after which you will ideally have established that they have paid, are going to pay or are making an instalment offer for you to consider. *These are all good options*. This enables you to identify swiftly those high-risk customers and to accelerate the collection process to the next stage in your cycle.

### **Do I have to use your normal debt recovery service after 7 days?**

You are under no obligation to use Direct Route's zero cost debt collection service options for the next stage of the process. However, if you do select this service Direct Route will potentially *further bolster NHS frontline support by automatically donating 10% of any debt collection revenues or successful debt recovery commissions generated from your instruction.*

If we are making further donations it means we will have secured a successful recovery outcome of some type for you because no fee is generated for the benefit of any involved party unless monies are recovered from your customer.

### **If I am struggling to get hold of anyone in my customer's finance department, how will you succeed?**

Whilst nothing can be guaranteed in these challenging times, we send communications by email. This is important because we have a 'track and trace' facility on any emails sent to your customer through our systems. This means we will know with certainty if a customer has opened your email and indeed how many times they have done so. You can view this information within your Live Customer Table when logged in to help you with any decisions as to what steps to take next. For example, is the customer deliberately ignoring the email?

### **If you can't recover our debt will you be able to get back the goods we supplied?**

We do not provide this service so you would need to make these arrangements directly with your customer. Your legal right to do so may in any event be subject to having a suitable Retention of Title clause within your Terms and Conditions that have specifically been agreed to in your contractual arrangements with your customer.

If you feel having read this response that you may need some support with regards to having more robust systems that will give you such rights in future dealings you may wish to consider discussing this with one of our local support representatives. They can advise you and introduce our sister company AccountAssyst because this is precisely the type of service we provide. Alas the need for this service only becomes apparent when the problem is exposed as it is in times like these.

### **Does my customer pay you? If so, how long will you take to pay me and do you take a handling fee?**

On COVID-19 Reminders your customer does not pay any monies to Direct Route. We do not offer this option and do not provide any bank details within our Reminder. The customer sends all payments directly to you as usual and as mentioned earlier your only outlay is the £1 donation to the NHS frontline support.

**Our T&Cs allow us to charge late payment and interest. Can you collect this for us?**

It is not advisable to add interest and late payment penalties. The focus of the Reminder is on keeping your customer and getting them to pay if possible, rather than alienating them.

**Do I have to pay VAT on your service?**

No. Because the £1 fee you are paying for this service is a charitable donation VAT does not apply.

**All courts are closed currently for CCJs and actions against late payments, so debtors are safe for the foreseeable future. Is this situation not going to worsen?**

It is not possible for any one of us to say with certainty where the COVID-19 pandemic is going and for how long businesses will have to work with the challenges and restrictions it is imposing on daily life. Payment information feeds and exchanges between businesses and the credit reporting companies may have a significant part to play, as will up to date information available through mediums such as credit insurers and invoice discounting or factoring organizations.

One resource unique to Direct Route is the Register of Outstanding Invoices (ROSI) which is used as a debt collection catalyst in the collections' process and an early warning alert system that a business is not paying invoices on time. This is available through our sister company AccountAssyst. Knowledge is power so up to date business intelligence as to what is actually happening now is crucial.

When CCJs are finally recorded against a business the horse has often already bolted given it is several stages down the slippery slope of a company in cash flow difficulties; most often it is the final straw. A CCJ in our experience is an indicator that a company is on its last legs. Throughout these questions you will see us recommend that working with your customers on instalment plans is by far the best way to keep a customer and get paid. From this you will gather that we do not see the court process as the answer in the present circumstances.

Our recommendation to you is that you work with customers and only use debt collection agencies for those customers that are not responding satisfactorily rather than using solicitors or court processes that could cost you money as opposed to the no collect, no fee or zero cost debt recovery solutions that are available.

**What size of debt will the COVID-19 Reminder handle?**

There is no upper or lower limit on the COVID-19 Reminder. The intention is to get the supplying party and the customer talking and resolving, or indeed identifying that a bigger issue has to be addressed.

### **I have a debt that is 18 months old. Can you help me?**

Yes. We have many years' experience successfully collecting aged debt. It is your choice whether to take the first step with the COVID-19 Reminder or to accelerate matters to a stronger recovery approach such as Direct Route's Fairway Gold service. This particular service provides for zero cost debt recovery on all debts up to £3,000 with a 2% subsidised commission chargeable on successfully recovered debts of greater value (no commission fee no collect).

### **We have used debt collection agencies before with limited success. What makes Direct Route different?**

We have built a reputation over 23 years of being tenacious, professional and effective in the field of business to business debt recovery and credit management. Our client base ranges from thriving SMEs to household brand PLCs spanning a myriad of sectors. We are successful at recovering aged debt not to mention debt of any size from a modest amount to six figure sums. We have been a member of the Credit Services Association for 23 years and conform to the highest standards of professional integrity. We are not miracle workers but will provide you with a good old fashioned personal service and practical advice underpinned by experience as to the best course of action on any case you send to us.

### **We're currently using solicitors that have handled our B2B debts for years. Why change?**

Solicitors generally work on a fixed fee for a letter of action followed by a recommendation to issue court proceedings. We are not of the opinion that this unfriendly-customer process works in these unusual times. There is a far greater chance of success for all involved, if both suppliers and customers recognise the difficulties we are all in and are prepared to work together to create instalment plans so that both parties can gradually trade out of their position, rather than risk formal insolvency or throwing good money after bad.

Direct Route will listen to your customer and try to help both of you reach an instalment plan that works as opposed to exposing the respective parties to lengthy court cycles, (often 21 days plus) and avoidable solicitors' costs and court fees. *Sometimes legal is inevitable, but it should only be a last resort after all amicable routes have been eliminated.* Other times it is advised against because it can be a case of throwing good money after bad.

### **If my customer does not answer emails and phone calls will this be seen as a legitimate excuse not to pay and how would the courts treat this?**

There is no real legitimate legal protection against paying an invoice for a business that has received the goods and services and not paid for them. *This is especially so where the invoice was overdue prior to the COVID-19 health outbreak.* That said, suppliers are advised to be helpful in supporting those customers that are struggling to pay

by offering instalment solutions because a court could have some sympathy in certain circumstances with any customer that appears to be unreasonable and aggressively pursuing a debt. This is not a black and white answer. Inevitably in all matters legal there are grey areas so do talk to us.

**I have emailed the debtor company but they are not responding to phone or email. How will Direct Route achieve what we can't?**

Each COVID-19 Reminder we send on your behalf is by email. As mentioned earlier this is important because we have a 'track and trace' facility on any emails sent to your customers through our systems. We know with absolute certainty whether a customer has opened your email or not and indeed how many times they have done so. You can view this information within your Live Customer Table when logged in, to help you with any decisions as to what steps to take next e.g. is the customer deliberately ignoring you for example.

The fact that a professional third party is involved could make them respond, especially if they want to save their business. Most importantly Direct Route can help with our expertise as to whether you should write off a debt or take further action. We would not encourage you to incur fees taking legal action for example if we considered this was simply going to add further costs to your already unrecoverable invoice(s). Common sense advice applies; hard though it might be to accept at times.

**I've extended a customer's credit line considerably over this crisis but am now concerned it is too big and they may not be able to settle invoices at the end of this crisis.**

Any Direct Route COVID-19 Reminder you send through us will establish this one way or the other. An overstretched legitimate customer that has a future will likely offer you an instalment plan to clear their debt in response to the Direct Route Reminder, whereas a customer ignoring you altogether should be progressed to the next stage without any hesitation if you are to have any realistic chance of recovering your outstanding monies.

**I'm not owed money yet but am worried about a good customer who I know owes competitors money. Should I turn them down for further credit despite the fact they have previously paid invoices on time?**

Tread with caution. You have no control over what action a competitor could take in pursuance of their money. If you have decent margins however one middle ground solution might be to offer your customer a 50% up front and 50% credit situation. If the returning customer can't or won't commit to this arrangement you should be concerned. You could agree to work with them on credit if the Directors offer a personal guarantee to support their debt with you (subject to the Directors being of substance should it all go wrong).

If a Director is not prepared to put their own name to the credit risk you are kindly affording them why should you be expected to do so? This is a clear indication they do not have the confidence in their own business but nevertheless are expecting you to take all the risk.

### **I would like to retain my best customers in the future. Is that possible if I chase them via a debt collection agency?**

The tone and wording of the Direct Route COVID-19 Reminder *is designed specifically not to alienate any customer of any size and any standing.* It is diplomatic and firm in content but equally it is an olive branch to talk about an overdue account. The most important point here is that it is overdue and so you are perfectly entitled to ask for your money or at least to discuss proposals for discharging it. *Good customer or not, we should always remember that what they are effectively doing by failing to pay you on time, even in the current difficult climate is prioritising their business over yours.*

It is sometimes hard to be strong with good and indeed large customers but this is the truth. The COVID-19 Reminder brings this subject into the spotlight. Be prepared to say the aforementioned if needs be, as diplomatically as you are able.

### **Do you deal with companies abroad who owe us money?**

Potentially we can help, but there are several factors that complicate matters, which need establishing first. For example, has the overseas customer agreed to your Terms and Conditions and the exclusive jurisdiction of the UK courts as part of your contractual position with them? Please contact us on 01274 223190 to discuss your individual case and we will provide some preliminary initial guidance at no charge.

### **We have overdue invoices that are being disputed. Can you help?**

Potentially we can help. However, is the dispute legitimate? If it is then you should credit the invoices. If it is a partial dispute then negotiation of a settlement that both parties can agree on is the solution. If this is a so-called dispute from the customer that you do not agree with and you have said so then it is a straightforward debt collection matter. We will do our best to help but if the customer digs their heels in this is precisely why the court process exists – to decide who is right and who is wrong. Again, we can help if you find yourself in this situation.

### **If you can't collect will I have to go legal?**

The control over what happens with your case always rests with you. At COVID-19 Reminder stage there are many other amicable processes to go through and consider before legal action should come into the equation. Direct Route would not advise you to go legal in any event unless there is realistic chance of a successful recovery being the outcome. Finding out, either at COVID-19 stage or increased debt collection activities thereafter will cost you nothing regardless.

### **Do you visit my customer?**

No. Not in any circumstances. This method of pre-legal recovery service is outdated, unpleasant and unnecessary although it is still deployed by some collection agencies. Direct Route is a professional organization more akin to the legal sector. We conduct our business by post, email and telephone.

### **We are owed money by a company already in liquidation or formally insolvent, can you help?**

Unfortunately we can't help in these circumstances. We can only help you avoid this type of situation from occurring in the future. We do this by working with you to establish robust credit management systems for customer account vetting, monitoring and effective chasing using AccountAssyst and Direct Route. To find out more please contact us on 01274 223190. AccountAssyst has been designed to help companies like yours establish the most effective and time efficient invoicing, chasing and customer account opening systems.

### **We only had a verbal agreement. Can you still help?**

Possibly but an audit trail of paperwork/ email confirmations will help significantly in backing up the claim that you are owed monies. It will come down to your customer namely if and how they react to the COVID-19 Reminder.

### **We are fine currently, but may need your help in the future. Can we join Direct Route to future-proof our business?**

Keep our details to hand and in your mind. In future weeks it will become apparent whether you will need a COVID-19 Reminder type demand should customers fall due for payment. This should always be your first choice as it provides the invitation to talk to a customer before costs are incurred.

**Hopefully you won't need us at all.**