

What is TradePay?

TradePay is new transparent collection solution which embraces new legislation to deliver collection of overdue debt at potentially no cost to you. On your behalf, we look to recover all collection fees resulting in a cost neutral service for your business.

We aim to tell you in advance any costs involved as well as providing online access to view the latest stage of action being taken.

How Does TradePay Work?

TradePay works using the creditor's statutory rights in the late payment legislation (The Late Payment of Commercial Debts (Interest) Act 1998 and the Late Payment of Commercial Debts Regulations 2013). As such the creditor is entitled to recover costs and interest from the debtor. The position is slightly different for debts arising from contracts entered in to before and after 16 March 2013 but we will assume we are talking about debts incurred after 16 March 2013.

How Much Does it Cost?

In simple terms if we collect the debt PLUS the costs and interest from the debtor then the creditor (you) has nothing to pay – the debtor pays 15% of the amount recovered. If however the debtor refuses to pay the costs and interest and it is not financially viable to recover these through the Courts then the creditor pays us 6% of any amount we collect subject to a minimum fee of £25.00.

The compensation to which the creditor is as set out in the table below plus reasonable debt recovery costs which include the cost of debt recovery incurred (i.e. the 15%) and any legal fees.

Debt Value	Compensation
£1 - £999.99	£40.00
£1,000 - £9,999.99	£70.00
£10,000+	£100.00

The creditor is also entitled to statutory interest at the rate of 8% over the reference rate. The reference rate is currently 0.5% so the creditor is entitled to 8.5% interest per annum calculated daily.

An Example:

An invoice raised for £1,500 on 30 September 2013 and due on 30 October 2013 for a contract entered in to with the debtor (after 16 March 2013) collected today by TradePay would work as follows:

Debt Principle	£1,500.00
Statutory Compensation	£70.00
Statutory Interest (8.5% per annum on £1,500 x 70 days)	£24.45
Recoverable Collection Costs from Debtor (15% of £1,500)	£225.00
AMOUNT PAYABLE BY THE DEBTOR	£1,819.45
AMOUNT PAYABLE BY YOU/ THE CREDITOR	£0.00

If the debtor paid the debt but refused to pay the costs and interest and it was decided between us and you the creditor that it was not economic to pursue them through the court then the amount paid by the debtor would be £1,500 and we would then bill you 6% which would be £90.00

Hopefully you can see how this would be **cost neutral** to you the creditor and there is an incentive on us to collect the costs and interest from the debtor because if we do the fee goes up from £90 to £225.

The difference for debts incurred on contracts entered in to before 16 March 2013 is that the £225.00 is not recoverable and the creditor would have to pay the 6% instead. The older the debt then the higher the commission rate we would charge as obviously the older a debt is the more difficult it is to collect and so the 6% is a headline figure which is subject to change.

Why Us?

Our Director of Non-Regulated Business, Richard Antipas explains:

"As a credit manager myself I know what I wanted from debt recovery but couldn't find it in one solution. Designed for credit professionals by credit professionals, ICBA TradePay is the culmination of years of experience and detailed client research which delivers that solution."

It's simply not about the collection of the debt as there may be a requirement to enter into dispute resolution or legal discussions. We have the capability to issue legal proceedings from our desks which ensures a prompt resolution to the debt placed.

Can I Pass Over Old Debt?

Typically many companies have aged debt sitting on their ledger which is normally either written off or deemed as uncollectable. We have been successful in collecting a high percentage of these debts so why not pass these over to us on a no collection no fee basis?

My Insurer/Underwriter Does My Collections...

For many credit insurance policies there is a requirement for insured's to pass an overdue account to their collection department. You do however have the option to opt out of this clause and place this debt with TradePay.

Based upon a number of collection cases we have been successful in collecting higher volumes of debt placed more quickly than the average collection rate. This has resulted in improving our clients working capital therefore increased profit as well as reduced credit insurance claims. We undertake proactive debt collection to avoid bad debts, which if you have a credit insurance policy will assist in renewal negotiations.

I Have a Credit Insurance Policy and a Debt Below my First Loss, Can I Pass this Over?

Yes, of course. We have some clients that pass us all their overdue debts below the first loss.

...But the Debt is in Dispute?

Given the experience of the collection team, disputes really are our specialty. They are not traditional debt collectors in the fact that they have held commercial and credit positions and actually understand the business world.

What Else Does TradePay Offer?

TradePay also offers clients a review of their terms and conditions of business, sales ledger audits, ledger risk assessment and credit control support.

How to Get in Touch:

If you want to know more about TradePay or have any queries please don't hesitate to get in touch. Or if you want to talk to other clients about how it works for them we can put you in contact.

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