THE DEBT RECOVERY BUREAU

COPING WITH THE IMPACT OF COVID-19

By Debbie Mynott, Business Development Manager at The Debt Recovery Bureau LLP

The COVID-19 pandemic has led to a significant increase in the number of deaths, with a growth in the number of funerals - taking place under more difficult circumstances than usual and with additional rules and regulations having to be followed.

It is understandable that this has increased the day-to-day workload of funerals directors so, with this increased workload and business, it is more important than ever to ensure that credit control procedures are in place and followed. Here are some useful reminders on how you can implement credit control procedures to reduce any potential bad debt further down the line.

Ensure you have - and use - terms of business

Make sure you have terms of business that you issue to all clients - which is also a requirement of the NAFDs Code of Practice - clearly defining, among other things, your payment terms. Your terms should also include provision that, should your invoice not be paid on time, the client will be liable to interest and any costs incurred in the recovery of the debt. As a result of having such terms of business in place, in the event you need to use the NAFD Fast Track Debt Recovery Service you will not pay any collection fees.

Be clear about what you will provide

Debt recovery cases are often passed to us where there is a difference of opinion over what the service and/or goods provided should have entailed. This is easily avoided by setting out in writing, beforehand, what will be provided - along with the costs as appropriate. Again, this is a requirement of the NAFD Code of Practice.

Get your contract signed

Once you have your terms of business and a clear definition of the service to be provided, you have the basis of a contract with your client and it is important that this is signed by them. So often we see cases where a customer denies liability as they did not sign anything. It is always worth getting more than one person to sign for liability if you can, either as joint signatories or with the second as a guarantor. This is particularly useful in a case where you know there is likely to be a Department for Work and Pensions (DWP) claim as the main client may struggle to pay the remaining balance.

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Deposit/payment upfront

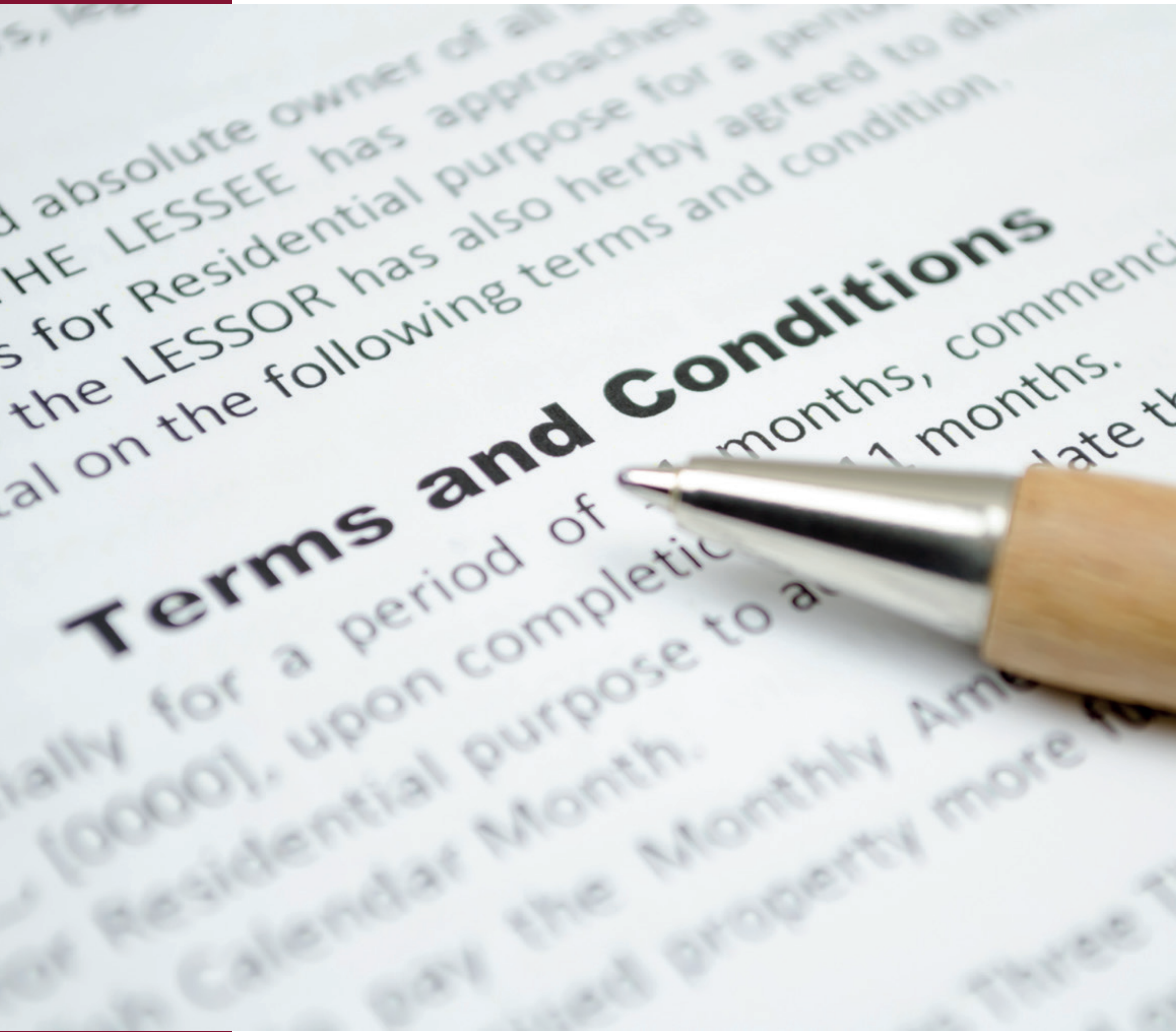
Another common issue is where the funeral director has reason to believe that a certain case may result in a problem debt. If you're unsure of the client's ability to pay, insist on payment upfront, or at least a sizeable deposit, before you agree to carry out the work. This is not always easy, particularly if they are likely to qualify for a DWP Funeral Expenses Payment. It's reassuring to see that most funeral directors at least take payment upfront for disbursements..

Invoice promptly

Once the funeral has been completed, it is important to issue your invoice promptly, clearly reiterating your payment terms.

Deal with disputes promptly

We regularly have issues with alleged disputes with regard to funerals. Often, these are unfounded and used as a tool by the client to avoid payment. However, we do have cases passed to us with unresolved issues that need dealing with before we can recover the debt. Should any disputes or issues be raised, deal with them promptly and get confirmation that your client is happy with the resolution. It is important that you retain copies of any letters dealing



with such issues and keep notes of telephone conversations and any agreement reached.

Remind before due

To ensure an invoice is paid on time, it's always worth sending a gentle reminder just prior to it becoming outstanding - perhaps in the form of a quick telephone call. Particularly with funeral invoices, people can push the matter to the back of their mind and it may become apparent at this point, if excuses start to be made, that you have a potential problem debt on your hands.

Follow up when overdue with a call or letter

Once your invoice is overdue, it's time to make another call or send a letter, hopefully prompting payment.

Strict credit control procedure

Make sure you have a clear credit control procedure for chasing up overdue invoices. This should include a number of letters to send at certain times past the due date, complemented by telephone calls. Bear in mind that, if your client obviously does not have the means to pay and there is no-one else liable who can pay (see above), you may well have to accept payment in instalments.

Pass to the experts

Know when to seek assistance and use the NAFD Fast Track Debt Recovery Service. Too often, companies spend a lot of time and energy chasing overdue debts when they should be concentrating on their core business. If you've used suitable terms of business, the recovery costs should be at no cost to you.

If you would like more information on anything in this article or you're unsure about any debt issues, related or unrelated, please feel free to call the NAFD Fast Track Debt Recovery Service on 0800 440 2358 or email dmynott@tdrb.co.uk.