

E-BOOK

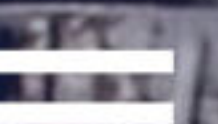
DEBT COLLECTION PREVENTION

E-BOOK : DEBT COLLECTION PREVENTION

**OUR DEBT COLLECTION SPECIALISTS AND LAWYERS SHARE THEIR
TIPS ABOUT DEBT COLLECTION PREVENTION IN THIS E-BOOK**



BIERENS
DEBT RECOVERY LAWYERS





Debt Collection Prevention

Outstanding invoices naturally can cause a lot of frustration among entrepreneurs. After all, it costs extra time and money to get outstanding debts paid. Sending payment reminders, calling your debtor... And if that doesn't have any effect, you can call in an external specialist to get paid for the delivered products or services. But there are things you can do before you get to this stage.

When it comes to debt collection, prevention is definitely better than cure. We know from experience that many debt collection issues could have been avoided. Wondering what your organisation can do to reduce the number of debtors in the future? In this e-book, our debt collection specialists and lawyers provide you tips on how to prevent debt collection.

Of course, we are happy to help you solve your debt collection issues and payment conflicts, but in the end, it is much better for you if they do not occur at all. After all, our aim is for a world without debtors.

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1. Tips for preventing debt collection

It could happen that a customer doesn't pay your invoice on time. Obviously, you would prefer to avoid outstanding invoices. Wondering how you do this? Read the tips below from our debt collection specialists and lawyers.

1. Conduct a credit check before you enter into a new business relationship

Before you start conducting business with a new customer, it is important to check your potential new business partner for creditworthiness and reliability. In addition, check the payment behaviour of your customer. You can request an up-to-date financial report of your customer from various companies. In addition, there are many ways to obtain more information about your new customer. This way, you can better assess credit risks and you will not be faced with any surprises afterwards.

Read more →

2. Make appointments in writing

The best way to avoid debt collection, payment conflicts and other business conflicts is to make clear agreements with a customer or supplier in advance. This way, all parties know exactly what is expected. These agreements should then be recorded in a contract or other type of written document. This means that you always have something to fall back on in the unlikely event that misunderstandings or discussions do arise.

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3. Make clear agreements about the payment

By making proper arrangements about the payment of your invoice in advance, you can prevent problems at a later stage. For example, you can agree on payment terms that you include in the general terms and conditions.

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4. Be aware of customers asking for you to deliver on credit

A customer who quickly places a large order may request for the invoice to be put on their account or on credit. It can be very tempting to go along with this. Because a customer who places a large order is of course very interesting. Our advice, however, is always to think about it before you give in or provide services on credit. It is possible that this interesting customer is not very interesting at all, and that in the end you end up losing out.

5. Keep to the agreements: provide a good service or products

When you make agreements about payment, agreements are usually also made about the service level or quality that you have to provide; the delivery of goods or a certain service. Make sure that you also keep to the agreements made, for example by delivering the right products or by completing an order on time. After all, keeping promises applies to both parties.

Is your customer unsatisfied with your efforts? Then try to solve the problem as quickly as possible. This will prevent payment conflicts arising at a later stage.

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6. Send correct invoices

To speed up the payment process, it is important that you send an invoice immediately after delivery. In addition, make sure that clear invoices are sent. It must be immediately obvious to the customer what the invoice was sent for and that it clearly states what is required: what amount should be paid and to which account number should it be transferred.

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7. Regularly check your debtors

Ensuring a tight credit management process is essential for keeping on top of your invoices. That is why you should keep on top of your outstanding invoices on a regular basis, so that you can intervene in time if invoices aren't paid on time.

Although you cannot always predict in advance whether a customer will default on their invoice, there are indications that your customer isn't going to pay your invoice. For example, if a customer who has always paid on time, suddenly stops making payment within your specified terms and this keeps happening on a regular basis. Read what other signals there are and how you can respond to them.

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Tips for reducing outstanding invoices

These tips will help you to reduce the number of outstanding invoices. However, it is always possible that a customer won't pay your invoice. Wondering how you should deal with this? In our e-book about debt collection you can read all kinds of tips about debt collection. This helps ensure that payments are made on time.

2. Check your new customer

Before you conduct business with a new customer, it is wise to check out the company's creditworthiness, reliability and the identity. This will prevent you from having to deal with unpaid invoices at a later stage. Knowing who you are doing business with is also an important way to prevent fraud. Our collection specialists can give you a number of tips on how to find out whether your new customer is reliable and creditworthy.

Request an excerpt from the national trade register

Many countries have a trade register in which companies are registered. Check whether your potential customer is registered in this register and request an excerpt. The fact that a company is listed in a trade register does not necessarily mean that this company is actually a reliable company. However, you can get a lot of useful information here. Such as the trade name, address details, who is authorised to sign and who is liable. Make sure that when you sign a contract, the correct name and legal form of your customer are stated on the contract. A wrong name can have unpleasant consequences in the future, because you may not be able to prove who you are conducting business with.

Trade register with European companies

Each country has its own trade register. Some also have an English-language version, while others only have a trade register in their own language. European companies can consult the [European e-Justice Portal](#). Here you can retrieve and view data from national trade registers. Almost all EU countries, Iceland, Liechtenstein and Norway are affiliated to this portal.

Perform a credit check

Before you start conducting business with a new customer, it is important to run a credit check. Check the payment behaviour and the creditworthiness of your customer. At various companies such as Altarex - Dun & Bradstreet, you can request an up-to-date financial report from your customer. They often give a score in which the creditworthiness of your customer is indicated. This allows you to assess credit risks and you will not be faced with any surprises afterwards.

Check membership of a trade association

Is your potential customer a member of a trade association? In most cases this is a signal that you are dealing with a reliable company. Branch organisations often apply certain quality standards, which affiliated companies must comply with. Membership of a trade association is therefore usually a positive sign.

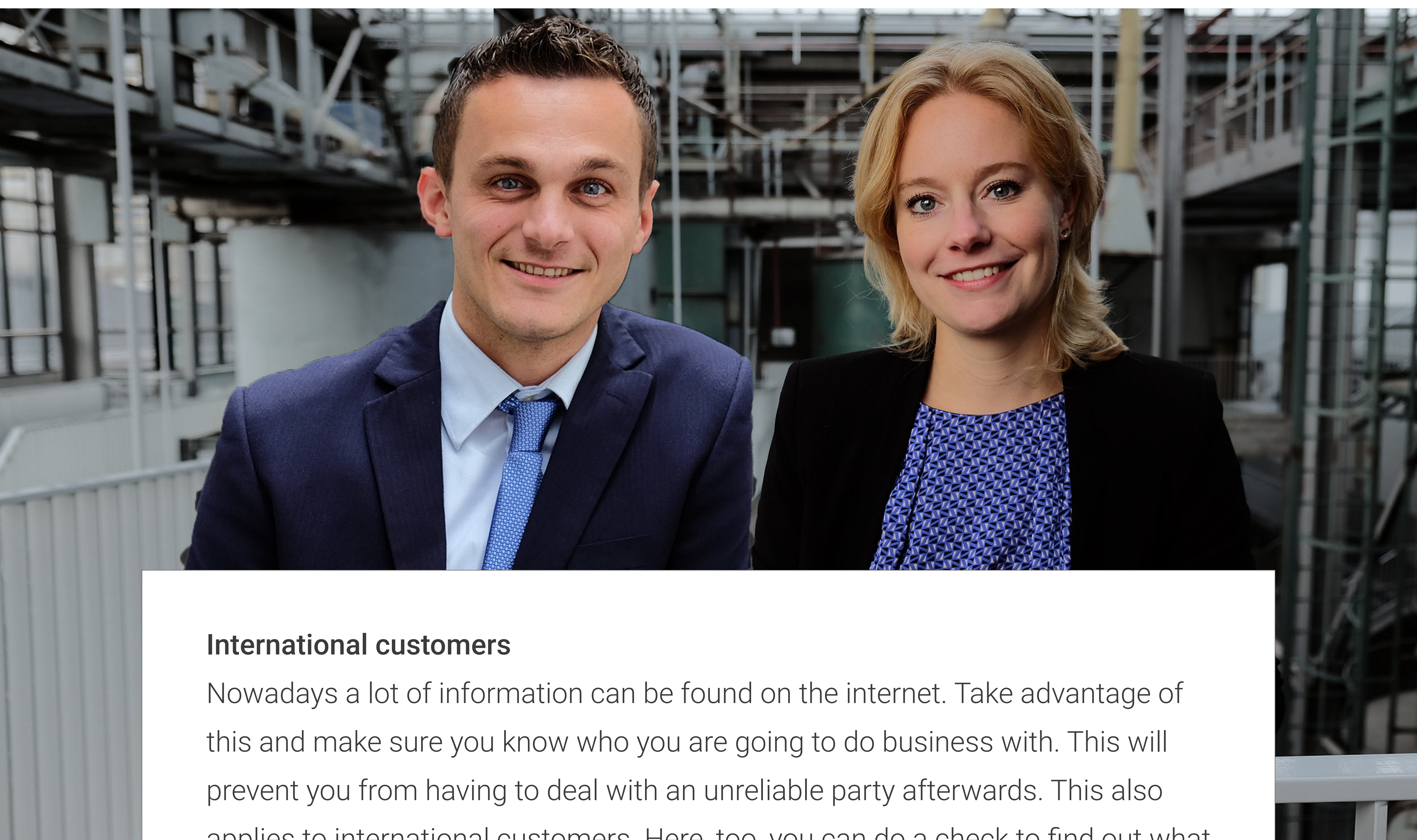
Do research via the Internet

In order to be able to assess whether you are dealing with a reliable company, it is also wise to google the company. Check reviews on review websites such as Kiyoh and Trustpilot to see how others rate the company. This often gives a good indication of how the company treats its customers. You can also check the company's social media channels to find out how the company profiles itself on the internet and how others react to it.

Check the website of the company

In addition to researching external web pages, it is also important that you check the company's website yourself. Are the staff on the website, or have only the so-called stock photos been used? Also check the contact details: where is the company located? Are there possibilities to contact them? A company that only has a P.O. Box address and uses a mobile number is a lot less reliable. This also applies to the e-mail address: a business e-mail address looks more professional than a Hotmail or Yahoo e-mail address.

In addition, use Google Maps to check the location of the company and to see if there are any irregularities. If a production company is located in a residential area, this would be strange and should raise alarms with you.



International customers

Nowadays a lot of information can be found on the internet. Take advantage of this and make sure you know who you are going to do business with. This will prevent you from having to deal with an unreliable party afterwards. This also applies to international customers. Here, too, you can do a check to find out what kind of party you are dealing with. Do you have doubts? Would you like to know exactly what to look out for? Get in touch with us. Our international debt collection specialists will always give you clear and honest advice.

Contact us

3. Record agreements in a contract

The best way to avoid debt collection, payment conflicts and other business conflicts is to make clear agreements with a customer or supplier in advance. This way, all parties know exactly what is expected. Then record these agreements in a contract. This means that you always have something to fall back on in the unlikely event that misunderstandings or discussions do arise.



Tailor-made contracts

When drawing up a new contract, it should almost, always be tailormade. After all, the purpose of a contract is to record agreements in writing and to limit risks. And those risks are different in every situation. That is why it is best to have a contract drawn up by a specialist, i.e. a lawyer or jurist who specialises in contract law. This will result in strong legal contracts that will benefit your organisation. .

Drawing up a contract checklist

Would you like to draw up a contract yourself? Then follow these tips for drawing up a business contract with your supplier, tenant or customer:

Document all agreements

Make sure that you put all agreements in writing. This will ensure they are legally valid. If there is a discussion about the agreements made at any point during the contract, you will always have proof of what has actually been agreed. Therefore, make sure that the agreements are on paper and are signed by both parties.

Think about the type of contract

There are different types of contracts. Depending on the goods or services you are delivering and the type of business you conduct, there will be a specific type of business contract to use. Use the right contract for your appointments. This makes it immediately clear to everyone what kind of contract it is. Keep in mind that each contract has its own points of attention.

Check the representation authority

For a valid contract, it is important that the person who signs the contract actually has the authority to do so. How do you know if the other party is authorised to represent their company? Usually you can request an extract on the other party in the local registers. This also states who is authorised to represent the company and who the company signatories are. When signing the contract, check the identity of the signatories.

Write down what the contract is intended for

Why are the two parties working together? Write down what the aim of both parties is to reach an agreement together and what the intentions of both parties are. This can play an important role when a discussion arises and both parties have to go to court. A judge will also take this into account in their assessment of the conflict.

Include the agreements

It is important to mention the actual agreements in the contract. Make sure that the following parts are included in the contract:

- The names of the parties involved
- What exactly will be delivered or what the work will be
- The duration of the contract
- Which general terms and conditions apply to the contract?
- Liability agreements
- Confidentiality agreements
- Payment agreements
- Cancellation, dissolution or termination of the contract
- Which law applies in case of conflict

Make your general terms and conditions available to your customer

Are there any general terms and conditions applicable to the contract? Make sure

the customer has access to these before concluding the contract. Refer to the general terms and conditions in the contract and make sure that you hand them over to your business partner correctly. In this way, you can also rely on the provisions of the general terms and conditions.

Sign the agreement

Finally, the contract must always be signed by both parties. Make sure that both parties have a signed copy of the contract. In addition to signatures, a date and place of signature must also be filled in. This means that there is proof that a contract has been signed on a certain date or place. You may even want to include witness signatures within the contract.



AGREE

4. The use of payment terms

Payment terms allow you to agree and document the terms of how and when payment should be made and to where. They will also document what will happen if payment isn't made on time. In the payment terms you can make agreements about the payment. Clear agreements ensure that payment problems can be prevented. In addition, you will be stronger if there is a conflict with your customer.



What are payment terms?

Payment terms are agreements put in place about the payment. When you conduct business with another party, you usually make agreements about the delivery of goods or services and the compensation (payment) that goes with it. But also, within what period of time you have to pay. In order to make the payment as smooth as possible, it is advisable to record these agreements in writing in the payment terms.

Advantages of good written payment terms

- Fewer discussions with your customers due to clear agreements
- Better payment behaviour and therefore fewer outstanding invoices
- Strong evidence when non-payment becomes a legal conflict

What's included in the payment terms?

The content of the payment terms depends on the agreements you make. In general, the following sections are included:

Amount

The payment terms specify the amount of money to be paid for the services or goods provided.

Invoicing

When should you send an invoice? After the goods have been delivered, or, for example, is an invoice sent every month for the work done the month before? In

the construction sector, it is customary for a signed man-day register to be attached to the invoice.

Payment term

What is the deadline for payment? The statutory payment term is 30 days. In exceptional cases, however, you can agree that payment must be made within 60 days.

Payment method

How to pay? Debt collection or bank transfer.

Consequences if payment term is exceeded

What if payment is not made within the set payment period? Will a payment reminder or final payment reminder be sent? Are interest and costs charged immediately?

Choice of forum

If a legal conflict arises as a result of non-payment, you can ask the court to give an opinion on this. Usually, the place of residence of the other party determines which court you have to go to. By means of a choice of forum, you can choose a court yourself and record this. Especially if you have international trade, it is advisable to choose a court in your own country.

Payment terms or general terms and conditions?

Payment terms are usually part of the general terms and conditions. Keep in mind that the general terms and conditions contain more agreements than the payment terms. They also contain provisions on the terms of delivery, guarantee, termination of the agreement, liability, complaints, etc. In order to limit your risk of legal disputes as much as possible, we advise you to draw up both payment terms and general terms and conditions.

Establishing payment agreements

It is important that the agreements concerning the payment are properly recorded. The clearer the agreements, the less chance there is of discussions or conflicts. You can record the payment agreements in various ways: on the

quotation, in a contract, in the general terms and conditions or on the invoices.

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Quotation

Do you use quotations? Please enter the payment terms and conditions here. This way, it is immediately clear to your future customer what payment terms your organisation uses.

Contract

When you are going to conduct business with a party, you can lay down arrangements in an agreement. This also applies to the payment agreements.

General terms and conditions

Do you work with general terms and conditions? You should include these with your payment terms in this document. This way, you do not have to draw up the payment terms again and again, but these apply to all agreements that you conclude. It is important that you use the general terms and conditions correctly. Otherwise, your general terms and conditions (and therefore the payment terms) are not valid.

In practice, this unfortunately occurs regularly: a party wants to invoke the provisions in the general terms and conditions, but the general terms and conditions appear to have been used incorrectly. The content is then invalid. Do you want to prevent this? Ask our lawyers for advice on the use of general terms and conditions and/or payment terms. This will prevent you from not being able to fall back on these provisions.

Invoices

Include the payment terms on your invoice.

Please note that if the payment terms are only mentioned on the invoice, they may not be legally valid. After all, you make agreements before you enter into a contract, not after that. Therefore, make sure that the payment terms and/or general terms and conditions for concluding a contract are communicated.

Use of payment terms

If you have made agreements about the payment, it is important that you stick to them. Therefore, send invoices to your customer on time, as agreed in the payment terms. Then check if your customer pays these invoices on time. Has payment not

been received on time? Please contact your customer to point out the agreements made earlier. In this way, you ensure that the payment conditions are also complied with. This of course also applies to your own share. Make sure that delivery is on time and that the products or services meet the expected quality standard.

Keep payment terms up to date

The legislation changes regularly. As a result, general terms and conditions and payment terms may become outdated. It is important to have your terms and conditions checked every few years to see if they are still up to date.

Drawing up payment terms

Would you like to have payment terms drawn up? Our lawyers will be happy to help you with a good set of payment terms. Please contact us and we will look into the possibilities together with you. We will ensure that clear payment agreements are put on paper, so that you can do business with peace of mind.

5. Dealing with dissatisfied customers

Do you want to prevent non-payment? Make sure that you also keep to the agreements made. Satisfied customers are more likely to pay an invoice than dissatisfied customers. Moreover, a dissatisfied customer can not only lead to an outstanding invoice, it can also have a negative impact on the recruitment of new customers. When a customer posts a negative review on your website or on a review site, it can have a negative impact on potential customers.



Make clear agreements in advance

Make sure that it is clear in advance what is expected. Make clear agreements and record them. This will allow you to fall back on this at a later stage, should discussions arise with your customer. Make sure that you work with a contract, quotation or order confirmation in which all activities are described.

Use a complaints procedure

What if a customer is not satisfied with the products or services provided? How do you deal with that? Make a clear complaints procedure so that your customer knows how to complain and who to. This not only gives them insight into how you deal with complaints but also prevents any further issues with your customer.

In a complaints procedure, the following matters are included:

- Where can complaints be submitted?
- How are complaints recorded in your organisation?
- How are complaints handled?
- How do you check whether the complaint has been handled properly?

Listen to your customer

Has your customer indicated that they are not satisfied with your service or products? Listen to their story. Don't defend yourself right away, but let your customer tell their story. By really listening to them, you communicate to your customer that you are taking them seriously. This often helps to take away a large part of the anger of your customer.

Stay business-like

If you have a business issue with your customer, then it is important to stay business relationship. Do not be tempted to respond emotionally to your customer's complaint. If you remain calm yourself, this will ultimately have a positive effect on the conversation with your customer.

Apologise

Even if you are not wrong: indicate that you find it annoying that your customer is not satisfied with the service or products. Make it clear that a good service or high-quality product is very important for your organisation and that you want to solve the problem as quickly as possible.

Get to the bottom of the complaint

Find out what exactly is going on internally. Is the customer right? What exactly happened? How could the problem possibly be solved? Find out and communicate this back to the customer. This way, your customer also has the feeling that their complaint is taken seriously.

Does it appear that your customer is wrong? Did you adhere to the agreements in the contract? Then also link this back. Indicate that clear agreements have been made and that you have complied with them. And that you expect the same from your customer with regard to the payment of your invoice.



6. Signals that your customer is not going to pay

An outstanding invoice often doesn't come out of nowhere. In many cases, there are earlier indications that a customer isn't going to pay. Wondering what to look out for and how to respond to this? Our debt collection specialists and lawyers explain what signals you should pay attention to that indicate a customer isn't going to pay, that there is an imminent bankruptcy or potential fraud.



Late payments

Is your customer only paying the invoices after the agreed payment period? This is often a clear indication that the financial administration of a company is not in order. Or that there are not enough resources to pay the invoices on time.

Especially if your customer used to pay the invoices on time. You should contact your customer to discuss this. This way you can possibly find out where the changing payment behaviour comes from.

Changing purchasing behaviour

Do you have a customer who buys your products or services on a regular basis and then suddenly their business becomes a lot more or less? That is always a signal that your organisation needs to take action. If a company runs well, the entrepreneur tries to streamline their purchasing as much as possible.

When suddenly less is purchased, it may be that your customer is less satisfied with your service or delivered goods. But it can also just be your customer is facing some difficulties and therefore they order less with you. It is always a reason to contact your customer quickly to discuss this.

This also applies if your customer suddenly wants to order a lot. That can also indicate difficulties. Sometimes a customer who is heading for bankruptcy suddenly buys much more. They know that they will not be able to make purchases in the near future, or that they can only buy goods for cash. So be alert to this.

Request for postponement of payment

Has your customer asked for a postponement of the payment term or has your customer made a proposal for a payment arrangement? If you have a good customer relationship, it can be attractive to be flexible about the payment. Be aware that it is a signal that your customer's financial situation is not healthy at the moment.

If you decide to agree to a payment arrangement, it is always advisable to make clear agreements about this and to record them in writing. Payment arrangements should be 'one-offs' and certainly not made a habit of. This way, you prevent invoices piling up and ultimately avoid not getting paid for your products or services.

Change of personnel

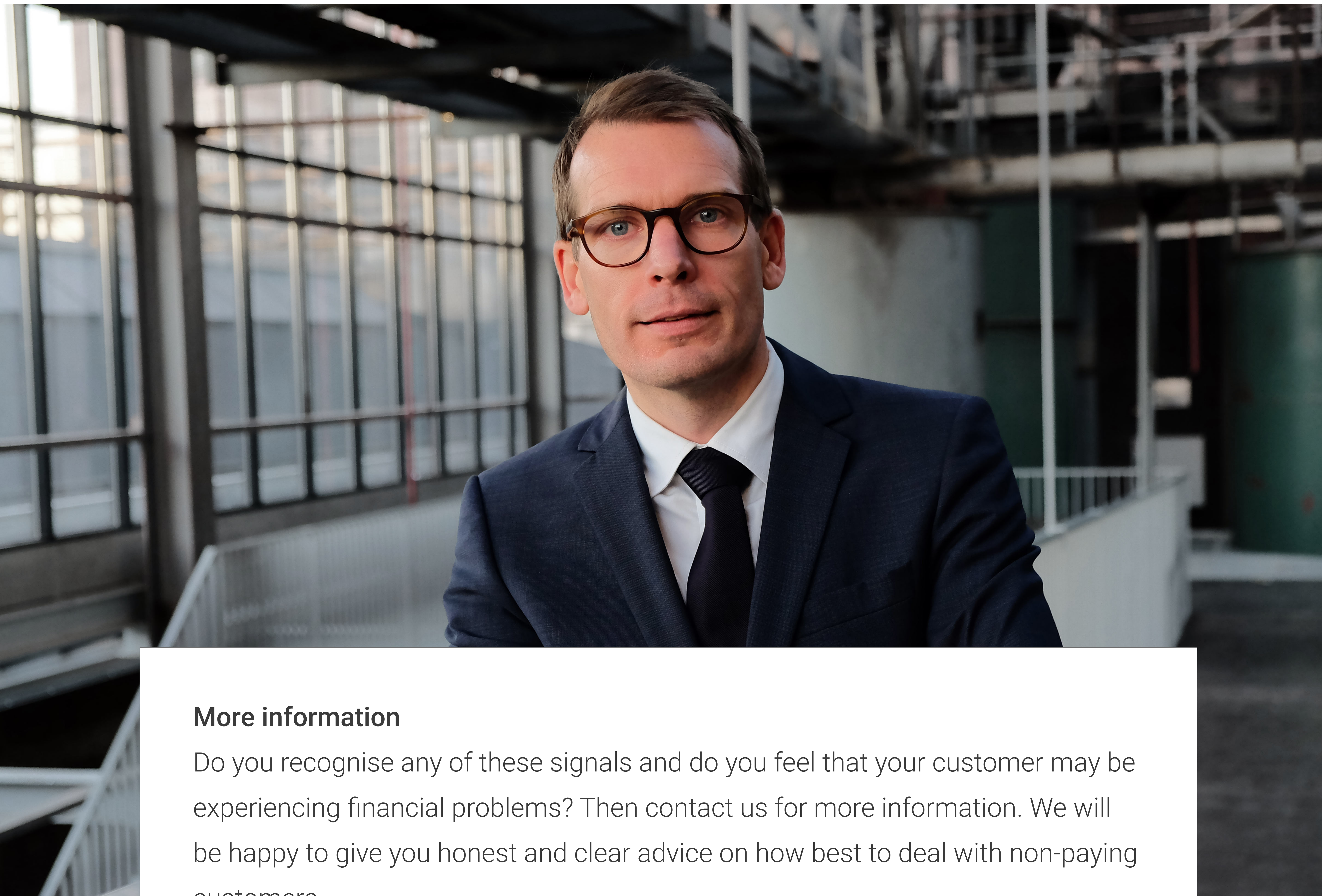
When a company appoints new management, this can be a signal that things are not in order inside the company. Even when there are many staff changes, this can be an indication that there are difficulties within the company. This is particularly true for senior management and better paid employees. These employees are quick to look for other work if they realise that their employer is not doing well. So be alert to this.

Communication is poor

When you conduct business with a company, it is important for the communication between you and their company to run smoothly. Are you finding it difficult to get in touch with the company? For example, because the company is difficult to reach by telephone or e-mails are not answered? This can also be a sign that the company is not doing well financially. Entrepreneurs who see their company go down, often show flight behaviour. Often this entrepreneur prefers to avoid their creditors, rather than fighting for the survival of their company. Either they deny or downplay the deteriorating situation.

Collaborating with other departments

Late payments and requests for deferment of payments are matters that the Finance Department is faced with. However, an employee in accounts receivable management is often unaware of changing purchasing behaviour. This is something that the Sales Department has to deal with. Therefore, make sure that there is internal cooperation. If all forces are combined, outstanding invoices can be better prevented.



More information

Do you recognise any of these signals and do you feel that your customer may be experiencing financial problems? Then contact us for more information. We will be happy to give you honest and clear advice on how best to deal with non-paying customers.

[Contact us](#)

7. What information does a good invoice need to include?

When you have delivered a product or service to your customer, you want to get paid for it. In order to prevent non-payment, it is important to send a good invoice quickly. If your customer knows exactly what is expected of them, there is a greater chance that an invoice will actually be paid. But what exactly does a good invoice have to include?

Include mandatory details on the invoice

An invoice must meet a number of requirements. For example, there are a number of details that you are required to include on the invoice. If you don't, then your invoice is not legally valid. For example, your recipient will not be able to make use of the VAT deduction. Therefore, make sure that the following information is stated on your invoice:

- Your VAT number
- Your company number
- An invoice number or unique serial number
- Invoice date or date of issue of the invoice
- Your name and address
- The name and address of the customer
- Date of delivery of goods or services
- Description of the services or goods provided
- Number of goods or services supplied
- The amount you charge exclusive of VAT
- The VAT rate you charge
- The amount of VAT

Make sure the invoice matches the quote

When entering into an agreement, you will have already agreed on the price of the products or services. Make sure that the invoice corresponds to these agreements. If there are suddenly all kinds of extra costs or surcharges, you can assume that your customer will reject your invoice. If any additional costs are incurred in the meantime, you should inform the customer immediately. This way, the invoice is not a surprise to your customer and the chance that your invoice will be rejected is reduced.

Mention the payment details on the invoice

It may sound obvious, but if you want your invoice to be paid quickly, it is important to clearly state the payment details on the invoice. To which bank

account should the amount be transferred? And what is the name of the account number? Make sure that this information is clearly stated on the invoice and that your customer doesn't have to look for where the money should be transferred to.

Use a payment term

Let your customer know when the payment for the invoice has to be received. Have you made agreements about this before, for example in the general terms and conditions? Then use this payment term. For business customers, a payment term of between 14 and 30 days is common. If no agreements have been made, then the statutory payment term of 30 days after receipt of the invoice applies automatically.

Give clear payment instructions

In addition to the payment details, it is also important to provide clear payment instructions. When should the payment for the invoice be received? It is better to mention a concrete date instead of 'payment within 14 days'. In addition, does your customer have to provide an invoice number or a customer number with the payment? Put this clearly in the box. The clearer your instructions are, the greater the chance that your invoice will be paid quickly.

Send the invoice as soon as possible

Don't wait too long to send your invoice. It is best to send the invoice immediately after completion of the work. Then this is still 'top of mind' for your customer.

Digital invoices or by post?

It doesn't matter whether you send the invoice to your customer by post or e-mail. Both are legally valid. It is advisable to use the same means of communication that you previously used with your customer. Is everything via e-mail? Then you can also send the invoice by e-mail. In fact, nowadays most invoices are sent by e-mail.

If you send invoices digitally, make sure that you send the invoice as a PDF and not as a Word file. This protects your invoice as changes cannot be made to the content of your invoice once converted to a PDF. A Word file can be modified.



8. Still have outstanding invoices?

Although you can take many measures to prevent outstanding invoices, it is of course always possible that customers will not pay. In cases like these, our collection specialists and lawyers can help you to collect your outstanding invoice. But you don't have to call us in immediately if you have an outstanding invoice. After all, there are a number of things you can do yourself before engaging an external debt collection agency. For example, sending a good payment reminder or calling your debtor.



Wondering how you can do this effectively? Then read our e-book 'DIY Debt Collection' for more specific tips and sample templates from our debt collection specialists.

[Download E-Book](#)



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Experts in international debt collection since 1952