

THE BEST

DEBT COLLECTION TIPS FOR ENTREPRENEURS



E-BOOK : DEBT COLLECTION TIPS FOR ENTREPRENEURS

**OUR DEBT COLLECTION SPECIALISTS AND LAWYERS SHARE THEIR
TIPS ABOUT DEBT COLLECTION FOR ENTREPRENEURS IN THIS EBOOK**


BIERENS
DEBT RECOVERY LAWYERS




The best debt collection tips for entrepreneurs

Do you have outstanding invoices with your customers? Although you usually agree on a payment term with your customers, not every customer strictly adheres to this term. Almost every entrepreneur therefore has to deal with outstanding invoices. From our collection practice we know that acting fast works best. By taking quick action, you have the best chance that an invoice will still be paid.

But what is the best thing to do if you are dealing with outstanding invoices? It is usually not advisable to call in a collection agency or lawyer directly. Although you can usually transfer an expired invoice directly for collection, it is better to first try to get the claim paid yourself. In addition to paying the invoices, this also contributes to maintaining your customer relationship.

In this e-book our collection specialists and lawyers share their tips. They explain what you can do yourself if you are confronted with outstanding invoices. After all, it is always possible to call in a collection party.

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1. The best way to collect outstanding invoices

Has the payment date on your invoice expired? Then you need to send a friendly payment reminder to your customer. There may be many reasons why your invoice has not yet been paid. Your customer may have simply overlooked the invoice. In the first instance, you should try not to assume the worst. Initially, you should approach your customer in a friendly way.

1. Call your customer

Has the payment reminder been ineffective? Is your invoice still outstanding? You should call your customer. Personal contact with customers is always good, it can help to find out why the payment has not yet been made. During a phone call, it often becomes clear what the reason is for non-payment. Moreover, your customer is unable to say they have never received the invoice.

Many organisations skip this step because they are reluctant to call debtors; it's awkward and uncomfortable. For our debt collection specialists however, this is a daily exercise. That is why they have happily provided a number of tips to help with calling debtors in chapter 3.

One of these tips is that you have to take into account excuses. Some debtors are not (yet) planning to pay and will shower you with excuses. It is important that you are prepared for this. That is why we have provided the 15 most common debtor excuses and explain how you can best respond to them.

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2. Sending a final reminder

If you have called your customer and made clear payment agreements, you can assume that they will be met. If payment is still not made however, it is advisable to send a final reminder. Here you are more formal and let your customer know that this is their last chance to pay. In this letter, you inform your customer that if there is no payment, you will hand over the claim to a debt collection specialist. The extra costs will be charged to your customer.

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3. Making payment arrangements

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.

Read more →



2. Drafting and sending payment reminders

With a payment reminder you remind your customer that there is an overdue invoice. Your communication will once again inform your customer, that payment is still to be made and remind them of their contractual obligations.

The tone of a payment reminder is usually friendly. There may be a genuine reason why your customer hasn't paid. For example, they may have actually paid already but the payment has not yet registered in your account. Or your invoice has not arrived correctly for a certain reason therefore your customer is not aware of an outstanding invoice.

Sending a formal letter immediately, full of legal terms, is not necessary. We advise you to always send a friendly payment reminder first. In this way, the relationship with your customer remains good, because of course the outstanding payment may just be a mistake.



When is the best time to send a payment reminder?

This is different for each situation. If your debtor is a business customer, there are usually no rules for sending payment reminders. In principle, you can transfer a receivable directly for collection if it is not paid within the agreed payment term. We just do not recommend this. It is best to always call your debtor first and send a friendly payment reminder. This way you can keep your business relationship intact.

Has your payment reminder had no effect? Then you should send a final reminder to your debtor stating that you are handing over the claim to a debt collection agency if it still isn't paid on time. In addition, state that the costs incurred in this respect will be charged to the debtor.

How many payment reminders should you send?

You can send your customer several payment reminders, but don't communicate this to your customer. As soon as you put 'first payment reminder' or 'second payment reminder' on the letter, it is clear to the debtor that more will follow. Why else put 'first payment reminder' on the letter? For many debtors, this is a reason not to pay immediately. It suggests to the debtor that they will have more time to pay and that the debt collection process has not started.

Therefore, make sure that you only include the word 'payment reminder' on the letter. This will prevent debtors from not taking you seriously and waiting for the next letter before they take action.

What must be included in a payment reminder?

The purpose of the payment reminder is to ensure that your debtor is aware of the outstanding debt and that they still need to pay. A clear letter is therefore very important. In this way, your debtor knows exactly what will happen should the debt not be paid. This increases the chance of payment. You should therefore include the following elements in your letter:

- **Let them know that payment has not yet been made**

Let them know that payment has not yet been made

It must be clear to the reader what the purpose of the payment reminder is: there is an outstanding claim and it must be paid as soon as possible.

- **Refer to the unpaid invoice**

A clear payment reminder specifies which outstanding invoice is involved. It should also state what products or services have been delivered, the invoice number and the due date of the invoice. The clearer the payment reminder, the more likely it is that your debtor will pay the invoice quickly. After all, it saves a lot of research if your debtor knows which invoice has not yet been paid.

- **Communicate all outstanding costs**

You also need to inform the debtor of the outstanding amount. In addition to the outstanding invoice amount, you also need to communicate any additional costs that have been incurred, such as interest and debt collection costs. These need to be clearly detailed on the invoice so the debtor understands how much they need to pay. Which account should the money be transferred to?

Again: make it easy for your customer to pay your invoice. State which account number the money needs to be transferred to.

- **Specify a concrete payment term**

Let your debtor know when the outstanding amount has to be paid. It is important to be as concrete as possible. You should indicate a specific date instead of "payment within 7 days", this removes any ambiguity for your debtor. For business debtors, we advise you to stick to a payment term of 5 days, but

of course you are free to use a longer or shorter term if you so wish to. You should also check what term is normally used in the country of your debtor.

Make an impression with an original, creative payment reminder!

Clear payment reminders usually ensure that payments are made quickly. Would you like to impress your debtor a little more? Send an original or creative payment reminder. This will make your payment reminder stand out even more! Whether it also has the desired effect, we couldn't possibly say, but your customer will undoubtedly appreciate it and remember it.

Should you send a payment reminder by registered mail or e-mail?

A payment reminder is not a legal document, so you can choose how you want to send a reminder. In fact, you don't even have to send a payment reminder in writing, it's also fine to do this by phone. The disadvantage is that you have no proof of it.

When you send the payment reminder in writing, this can be done by e-mail or by registered mail. If you send a registered letter, you can be sure that your invoice has been received. However, it is no longer customary to send the letter by post, as a lot of communication nowadays takes place by e-mail. So, you can also send the payment reminder to your customer by e-mail, or even via WhatsApp.

Payment reminder costs

For unpaid invoices, you can charge debt collection costs. Our advice, however, is not to charge collection costs when sending your first payment reminder. Only do this when you send the final reminder.

Sending a payment reminder in English

Do you conduct international business? Then it makes no sense to send your foreign debtor a payment reminder in your own language. There is very little chance that your debtor will pay if they don't even understand the letter. Therefore, always try to send a

payment reminder in the language in which you communicate with your debtor. However, if you can send a payment reminder in the language of your debtor, this is even better and will give you a greater chance of getting your invoice paid. To help you get started with this, we have provided an example of a payment reminder letter in the English language.

Example of formal payment reminder

Debtor's company name

Debtor address

Subject: payment reminder

Invoice number: invoice number

Date: Date

Dear (name of debtor – Mr/Mrs),

The payment term for your invoice has expired.

Our administration has shown that no payment has been received for invoice 123456 for the amount of €100.00. The payment term is 30 days. This period has now expired. A copy of the invoice(s) can be found in the appendix.

Payment of the outstanding invoice

I would like to kindly ask you to pay this invoice to us no later than 31 December 2019 / within 5 days. Please transfer the outstanding amount to the account listed below, including the invoice number.

Account number: 12345678

Sort code: 12 34 56

IBAN account number: NLXXRABOXXXXXXXXXX

Account Name: BIERENS BUSINESS

Have you already paid? If so, please disregard this letter.

If you have any questions about this invoice, please feel free to contact us. We will be happy to help you.

Yours sincerely,

Contact person

Company name

Example of an informal payment reminder

Debtor's company name

Debtor address

Subject: Do you want to make the payment?

Invoice number: invoice number

Date: Date

Dear (name of debtor – Mr/Mrs),

In October we delivered products to your organisation. We sent the invoice for this on 1st October. However, our administration has informed me that this invoice has not yet been paid.

Can you please make the payment?

I would like to ask you to pay the invoice. It concerns invoice 123456, with a total amount of €100,00. I have included the invoice I am referring to for you to review.

Please send the amount to us before 1st November 2019. You can transfer the amount to the account detailed below:

Account number: 12345678

Sort code: 12 34 56

IBAN account number: NLXXRABOXXXXXXXXXX

Account Name: BIERENS BUSINESS

Can you please also include the invoice number, so we don't keep chasing you.

If you have any questions at all or if you think there is a misunderstanding, please feel free to call me anytime.

Have a wonderful day and thanks again for your business.

With warm regards,

Contact person

Company name

3. Tips for calling debtors

Calling customers about an outstanding invoice: for many entrepreneurs it is a tedious job. Nevertheless, it is important not to postpone these debtor calls, but to act quickly if your invoice is overdue. Do you feel uncomfortable calling your debtor about an outstanding invoice? With these 6 tips from our debt collection specialists, you will be able to successfully call your debtors from now on.



Tip 1: Make sure you are well prepared

Good preparation is half the battle, so make sure you are prepared before making the call. Do your research: know who you are going to call, understand the commercial relationship you have and their payment behaviour. In addition, make sure that you have all the information and details about the outstanding invoice:

Tip 2: Take account of excuses

Of course, it is important not to assume the worst, but be aware that your debtor may come up with excuses. We know from experience that debtors can come up with the craziest stories. And you can often get so caught up in this. But sometimes very credible arguments are also put forward as to why payments have not yet been made. As a result, debtors often try to postpone the payment. They hope that by doing so you will eventually write off the invoice, and then they will no longer have to pay the outstanding debt.

Wondering how you can best respond to excuses? Read more about the most common excuses [here](#) and how you can properly handle them.

Tip 3: Record everything on paper

Make sure that you make all agreements with your debtor in writing. After the phone call, make a short summary of the points discussed during the call and mail it to your debtor. In addition, make sure that your debtor confirms these agreements to you in writing (by e-mail). This will make it easier for you to refer to the agreements made during the telephone conversation.

Tip 4: Stay friendly and professional

An overdue invoice often causes a lot of frustration. Make sure, however, that you don't let your debtor know that this has annoyed you. Instead, be sure to remain friendly and positive. This often has a positive effect on your debtor. But even if the debtor becomes frustrated with you, it is important not to let this get to you. So, if your debtor starts throwing false accusations at you or if the debtor insults you: make sure that you continue to respond in a professional manner.

Is this your first time calling a debtor for outstanding invoices? Then practice with a colleague first and give each other feedback. This will undoubtedly give you more self-confidence.

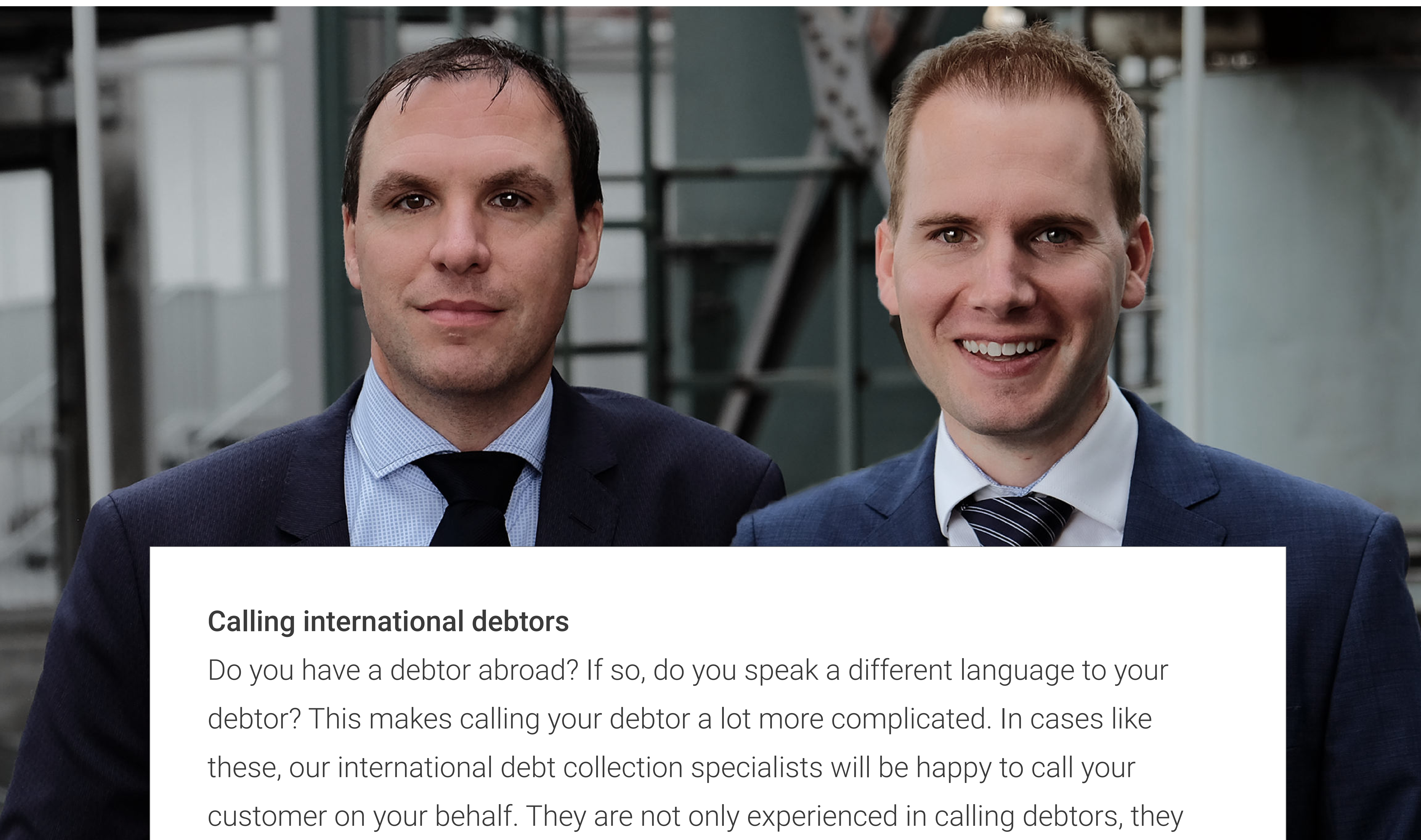
Tip 5: Ask open questions

By asking open questions to your debtor, you gain more insight into the debtor's situation and why the invoice has not yet been paid. This information can be very valuable at a later stage if the invoice remains unpaid.

Tip 6: Make clear agreements

The purpose of the call is to get the debtor to pay as soon as possible. Therefore, make clear agreements about when the payment will be made. Make sure you know when the outstanding invoice will be paid, record these agreements and send them to your debtor by e-mail. And as mentioned before, ask for confirmation of these agreements.

Is your debtor still refusing to pay after speaking with them? Then transfer your outstanding invoice to Bierens. Our debt collection specialists and lawyers know exactly how to approach debtors in order to ensure that payments are still made.



Calling international debtors

Do you have a debtor abroad? If so, do you speak a different language to your debtor? This makes calling your debtor a lot more complicated. In cases like these, our international debt collection specialists will be happy to call your customer on your behalf. They are not only experienced in calling debtors, they also speak the same language.

Contact us

4. How to deal with debtor excuses

Debtors can have all kinds of excuses not to pay. If you are going to call your debtor, then be prepared for excuses. Wondering what to expect and how best to respond? Our debt collection specialists and lawyers have compiled the most common excuses below and explain how you deal with these excuses.



Excuse 1 : We have not received an invoice

Inform the customer when you sent the invoice, and any payment reminder if you have sent one as well. Check if you have the correct address details. Is this correct? "How strange, I will send a copy of the invoice immediately by e-mail. When can we expect the payment?". Make sure that you can send the e-mail directly while you are still on the phone with your customer. Have you sent the payment reminder by post? Then call back at short notice to ask if the invoice has been received.

Excuse 2 : The invoice has already been paid

Before you called the debtor, you probably checked whether the invoice had been paid. But it is possible that the payment has been made but has not yet been processed. So, ask what date the payment was made, what amount was transferred and what payment reference or description was used. Let your customer know that you are going to find out and come back to it. Check your administration. Still no payment? Contact your customer immediately and make concrete agreements about the payment.

Excuse 3 : We are waiting for a large payment from a customer

Make it clear that you are not responsible for a bad (payment) agreement between your customer and their customer and you shouldn't bear the brunt of this. Refer to the agreements you have made with your customer and let them know that you need to pay your customers and staff on time. Ask your customer when you can expect the payment. If your customer is not able to pay your invoice

in full quickly but they still want to pay, they may ask if they could set up a payment schedule. With a payment schedule, the invoice is paid in parts over a set period of time. Be aware however, that you are not obliged to agree to this

Excuse 4 : We are not satisfied with the service or products

Usually, a customer immediately notifies us if there is something wrong with the service or the products supplied, because they want the problem to be solved quickly, don't they? That's why it's weird when a phone call suddenly reveals problems.

Nevertheless, it can happen that there is indeed something wrong with the service or goods. Therefore, try to find out exactly what the problem is and, if necessary, ask for proof (for example, if the supplier claims that the goods are defective). Is it justified? Then solve the problem quickly. Does your customer have no proof? Then you should continue the debt collection process.

Excuse 5 : The bank probably made a mistake

In general, banks do not make mistakes in money transactions. Nevertheless, there are debtors who dare to claim that the bank probably made a mistake. Remind your debtor that you have a contract with them and that you expect your debtor to solve the problem as quickly as possible.

Excuse 6 : I'm not responsible for accounts payable

Ask if you can speak with a colleague of theirs that is responsible for the payment of your invoice. "No problem. Is there someone I can speak to that will discuss payment of the invoice with me?". Is it not possible to be transferred to that colleague because they are in a meeting / on the phone / have a day off? Then ask for the working hours of this colleague. Do not agree to wait for the colleague to call you back but rather call back yourself at a later time.

Excuse 7 :The responsible colleague is ill or on holiday

Sometimes, your debtor may try to buy themselves more time suggesting that the responsible colleague is on holiday or absent and will be for a long period of time. In this case, ask who is responsible for handling their daily tasks. It is normal business practice for someone else to take responsibility for the financial administration of the organisation. Is no one overseeing the financial administration? Then put the responsibility on to the person on the phone: "How are you going to make sure that the invoice is still paid?"

Excuse 8 : We have not received the products

That's very strange, of course. Why didn't the customer immediately let you know that the products they ordered hadn't been received? Initially, you'll need to delve into the paperwork and see if there were any receipts or acknowledgement of the delivery. Do you have proof that the products have actually been delivered? Then let your customer know that according to your administration, the products were delivered as usual. And that you also expect the payment to be made quickly.

In addition, there is usually a duty to complain. This means that your customer must complain in time if they have not received products or if there are defects in the products received. This needs to be done within a set amount of time, as outlined in your contract, and definitely before the invoice is received. Check in your contract what agreements there are about the obligation to complain. Has the complaint period expired? Then your customer cannot use this as a reason not to pay.

Excuse 9 : The invoice is incorrect

This means that the invoice has been received! But why didn't your customer immediately report that something was wrong? Ask what exactly the problem is and check if your customer is right. If necessary, tell the customer that you will call back at a later time, so that you can check whether there is a mistake and indeed a need to make any changes to the invoice. If the invoice was incorrect, send an adjusted invoice to your customer as soon as possible. Is your customer

wrong? Then let them know that you expect the invoice to be paid within a set period of time and that otherwise you will start the debt collection process.

Excuse 10 : We have other payment conditions

Some companies do not care about the agreed payment terms and apply their own payment terms. Don't just agree to this. Let them know that when they accepted your general terms and conditions, your payment terms and conditions also applied. Or perhaps you agreed to different payment conditions than what the customer is claiming when the contract was signed. Indicate that you have not deviated from this and that you expect payment to be made in a very short period of time.

Excuse 11 : The system is down

That's very annoying, of course. But has the system been down for days? And the customer didn't think it was necessary to let you know that there was a problem with the payment of the invoices? Ask when the system will be repaired and when you can still expect the payment. Don't settle for "we don't know yet, it may take a while", but make concrete agreements about the payment.

Excuse 12 : I don't have time now, I'll call back later.

Of course, it may happen that you call at an unfavourable time. But don't just let your debtor put you off with the message that they will call you back later. Make an appointment and call your debtor yourself.

Excuse 13 : We cannot pay

Unfortunately, it also happens regularly that a debtor (at this moment) does not have sufficient financial means to pay the invoice. Of course, it is always questionable whether this is an excuse to get out of the payment, or whether there is really no money. Try to find out what the exact problem is and when your customer expects to be able to pay you.

If necessary, you can also make a payment arrangement with your customer. However, you are not obliged to agree to this. You can simply stick to the payment agreements previously made. In some cases, it may be advantageous to make a payment arrangement. This will give your debtor a little more space to breathe and you will still receive payment for the goods or services delivered.

14. We have agreed with your colleague that...

According to your debtor, other agreements have been made with one of your colleagues. In this case, ask what exactly the agreements made were and with which colleague these agreements were made. Does your customer no longer know which colleague is involved? Let your customer know that you are going to find out and ask internally whether someone is aware of these agreements. If you cannot find the colleague in question, then call your debtor back and indicate that there is nothing known about other agreements and that you therefore expect the invoice to be paid within a short period of time.

15. I'm going to fix it as soon as possible!

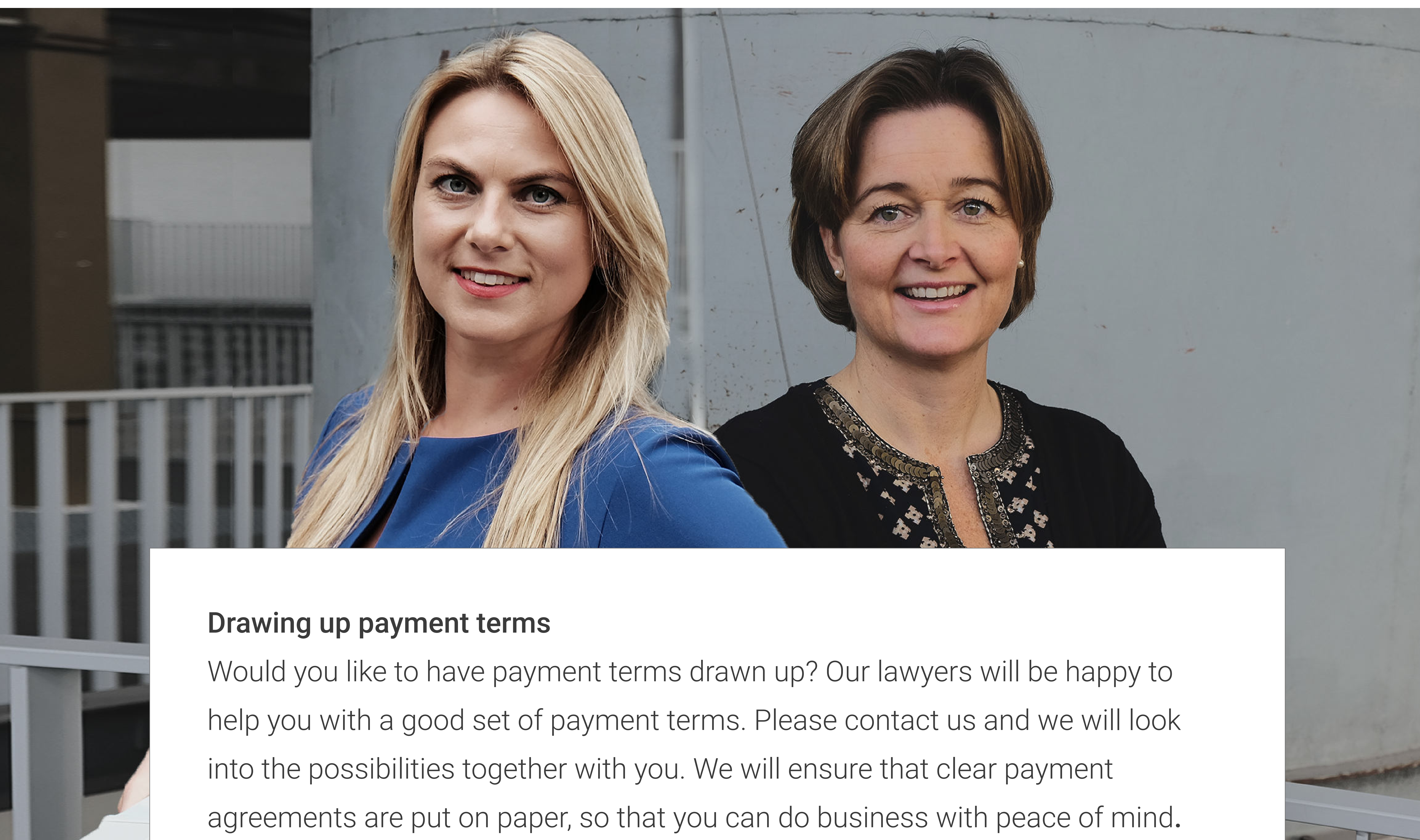
Hopefully this is not an actual excuse and that your customer will keep this promise. But this promise does not offer you much certainty. Therefore, make sure that you have concrete payment agreements for paying the invoice. After all, the previous payment agreements have not been fulfilled, otherwise you would not have had to call.

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.

[Contact us](#)

5. Sending a final reminder

With a final reminder you inform your customer that there is an outstanding invoice that must be paid immediately. For example, an invoice for delivered goods may be overdue or payment is delayed for no communicated reason.

A final reminder often follows a payment reminder, in which the debtor is kindly reminded of the outstanding payment. The tone of a final reminder is usually more business-like and firmer. In the final reminder, a final term is given to the debtor to pay the outstanding debt.



When should you send a final reminder?

A final reminder is sent when the outstanding invoice has still not been paid even after sending an initial payment reminder. We advise you to always send a friendly payment reminder if an invoice is not paid within the outlined payment terms. The final reminder needs to be clear and state that if payment is not made, you will hand the claim over to a debt collection agency. Also indicate that any additional costs will be charged to the debtor.

How many reminders should you send before you engage a debt collection agency?

When it comes to commercial debtors, there are usually no legal rules governing the number of reminders you have to send. In principle, you may immediately call in a debt collection agency or a debt collection lawyer. We just do not recommend this. It is always better to contact your debtor first before handing over the debt for collection. This way you are more likely to keep your business relationship intact.

Final reminder without sending a first reminder

Would you like to immediately send a final payment reminder without sending a first payment reminder? When it comes to corporate debtors, this is no problem. You can even transfer the debt collection immediately if the agreed payment term has not been met. However, we do not advise you to call in a debt collection agency or immediately send a final reminder.

Our advice is to first send a friendly payment reminder. If this has no effect, then

you should send a final reminder, stating that you will be handing over the debt to a collection agency if no payment is made. You should also indicate that the costs of this will be added to the debt and charged to the debtor.

In most cases, the debtor will make a payment once they have received an initial payment reminder or final payment reminder. If neither of these reminders have the desired effect, it is wise to call in a debt collection specialist and transfer your claim for collection.

What should be included in a final payment reminder?

When it comes to overdue business invoices, you can send as many payment reminders as you wish. So, what do we mean? You should not mention 'first payment reminder' or 'second payment reminder' on the letter of formal notice. When you add 'first reminder' to the letter, your debtor knows that further reminders will undoubtedly follow. Why else would you put this on the letter? For some debtors this suggests they can sit back for a while as the debt collection process hasn't started yet.

Make sure that debtors take your letter seriously, and do not mention the number of letters involved. Unless it concerns the final reminder. Stating final reminder is highly recommendable. This way, your debtor knows that you are serious: no payment will result in a debt collection lawyer or collection agency being called in.

What should be included in a final payment reminder?

The purpose of a final payment reminder is to ensure that payment is made as quickly as possible. It is therefore important to send a clear letter that ensures that your customer will immediately pay. Therefore, it is important to make sure that the following topics are included in the final payment reminder:

- **Let them know that payment has not yet been made**

It must be clear to the debtor what the purpose of the final payment reminder is: there is an outstanding invoice and it must be paid as soon as possible. This way, your customer knows immediately what is expected of them.

- **Refer to the unpaid invoice**

A clear final payment reminder should also indicate which outstanding invoice is involved. You should also include what products or services have been delivered, the invoice number, the invoice amount and the due date of this invoice. The clearer the reminder, the more likely it is that your debtor will pay the invoice quickly. After all, it saves a lot of time and research for your debtor, so they know which invoice has not been paid.

- **Include all costs**

What is the outstanding amount to be paid? In addition to the outstanding invoice amount, have any additional costs been incurred, such as interest and collection costs? Please state these clearly on the reminder.

- **Which account should the money be transferred to?**

Again: make it easy for your customer and indicate to them which account number the money needs to be transferred to.

- **Specify a concrete payment term**

Let your debtor know when the outstanding amount has to be paid. It is important to be as concrete as possible. It is therefore always better to indicate a specific date instead of "payment within 7 days". In order to get paid quickly however, we advise you to stick to a payment term of 5 days for business debtors, but you are of course free to use a longer or shorter term.

- **Clearly state the consequences of late payment**

What happens if the final payment reminder is not complied with? Identifying the consequences is not only important to create clarity for your debtor, it can also often ensure that an invoice is actually paid. Communicating to the debtor that in the event of late payment, the debt will be transferred for collection to a debt collection lawyer or collection agency, and that those costs will be charged to the debtor, will usually convince many debtors to make the payment. Do you have a long-term relationship with your debtor, and do you still have to deliver goods, for example? Then you can also suspend your obligations. To clarify, you do not start delivering again until the outstanding invoices have been paid.

Calculating late payment costs

An outstanding invoice not only causes a lot of frustration, it also brings you extra work to get the invoice paid. And that costs money. You may charge these costs to the debtor.

Late payment costs for business debtors

We advise you to specify the reminder costs in your general terms and conditions in advance. Our advice is to include at least 15% costs with a minimum of €250, and 1% interest per month. 15% for collection costs is a very common percentage for commercial receivables. Make sure that this is stated correctly in your terms and conditions. Of course, we can always check whether this provision has been included correctly in your general terms and conditions.

In addition, it is of course important that you use the general terms and conditions correctly. If you don't, you run the risk of your general terms and conditions not being valid. If your terms and conditions are not valid, you will not be able to fall back onto any agreements previously made, such as late payment costs, which should be outlined within your general terms and conditions. This can often go wrong in practice. Make sure that this does not happen to you and read our tips for using general terms and conditions.

Is a final payment reminder by e-mail legally valid?

Our advice is to always send a written reminder. You should always try to call your debtor first to ask why the payment has not yet been made. Hopefully this has the desired effect, so a payment reminder will not be necessary.

But if a telephone reminder has not led to a payment, we advise you to send a written reminder. Send a clear payment reminder where you inform the debtor that there is an outstanding invoice that still needs to be paid. It is also important to send a payment reminder in case the debt ever leads to legal proceedings. You will then have proof of your efforts you have already made to receive your payment.

What language should you send your payment reminder in?

Are you sending a standard payment reminder to your foreign debtor? Don't. The clearer the payment reminder, the more likely it is to be paid. For international debtors it is therefore important that the payment reminder is sent in a language that the debtor understands. If you conduct business in English, an English reminder should be sent.

But it is even better to send a reminder in the debtor's own language. A final payment reminder in German, for example, is much more effective if you have a German debtor. In our experience, debtors are much more likely to pay if the letter is sent in their own language. So, take advantage of this if you have debtors abroad!

Example of a final payment reminder

Our debt collection lawyers have drawn up a sample final payment reminder for you to use when collecting outstanding invoices. This final payment reminder is intended for business debtors and NOT for consumers.

Of course, you can change the text of the final payment reminder to suit your organisation; this is just an example.

Dear (name of debtor),

To date, we have still not received payment of the following invoice(s):

Invoice number
Invoice date
Invoice amount

Total:

As of today, we will suspend all further work, deliveries, warranties and other obligations agreed with you until payment is received. Currently, as you are not fulfilling your payment obligations and have been in payment default for quite some time, we will not continue our business contract with you.

If we have not received full payment of the total outstanding balance of € (state the total balance) by (specify the exact date), then we will immediately transfer the debt for collection to Bierens Debt Recovery Lawyers. All costs associated with the collection of this invoice, which amount to at least 15% of the principal sum, will be charged to you as per the terms outlined in our general terms and conditions and the law.

Yours sincerely,

Contact person
Company name

6. Drawing up a payment arrangement

When your customer can't pay your invoice in full but still wants to pay you, they may propose a payment arrangement. This means they will pay your outstanding invoice in parts over a set amount of time. As a creditor, you are not obliged to make, or agree, a payment arrangement with your customer. But there may be situations where it makes sense to make a payment arrangement.

So, how do you make a good payment arrangement with your customer? Follow the 4 step-by-step plan outlined below by our collection specialists.



Step 1: What is feasible for your own organisation?

If you agree to a payment arrangement, the payment will be delayed meaning you will have to bear these costs. There will be more administration work to do, which of course, will entail more costs. In addition, you have to deal with any interest costs you may need to pay. You will also need to swallow any initial costs that came with making the delivery and supplying the goods or services. Always check if this is feasible for your organisation before agreeing. After all, you are not obliged to make, or agree to, a payment arrangement with your customer.

Step 2: Check the creditworthiness of your customer

Before you agree on a payment arrangement, it is advisable to check the creditworthiness of your customer. It is possible that your customer's financial situation is so bad that there is no point in making a payment arrangement. If a payment arrangement does make sense: then assess what is feasible for your debtor.

Step 3: Create a concrete payment schedule

Make clear, concrete agreements about the payment schedule that are realistic for both parties:

- **What amount should be paid?**

Make clear, concrete agreements about the payment schedule that are realistic for both parties:

- **What interest is charged on the repayment term?**

If you so chose to, you can add interest to your payment schedule. This should've been outlined already in your contract or general terms and conditions. However, it is important to bear in mind that if your customer is already struggling to pay you, adding additional costs may make it even harder for your customer to pay you.

- **What are the consequences of non-payment?**

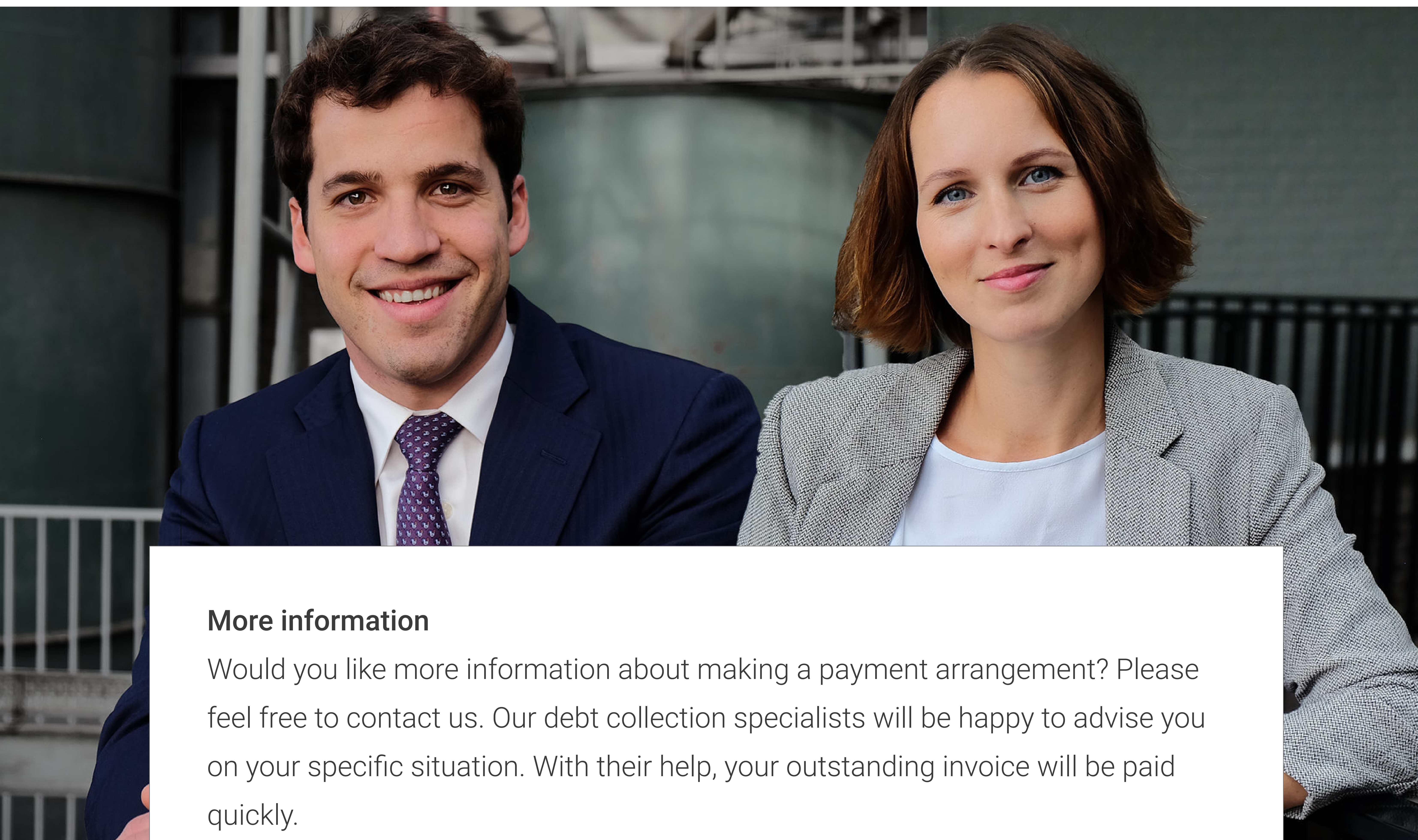
What should you do if your payment arrangement is not adhered to? You should make it clear, then any default on, or non-compliance with, the payment arrangement will result in the invoice being immediately payable in full. This means that you can take legal action immediately. In addition, we recommend that you also specify the collection costs that your debtor will have to pay if they do not comply with the arrangement.

Step 4: Record the payment agreement in writing

Make sure that any agreements concerning the payment schedule are recorded in writing. Have the debtor sign this arrangement as well. This will prevent discussions about the payment schedule at a later stage. Are large amounts involved? In that case, it is best to record the payment arrangements in a notarial deed.

Step 5: Follow up on agreements

When you agree a payment arrangement with your customer, you're helping your customer to manage their debt and responsibilities. However, you are not obliged to accept their payment arrangement, especially if other arrangements have been made previously and have not been stuck to. It's important to make sure that these new agreements are complied with. Keep a close eye on the new payment terms and take immediate action if payment is not made on time. This will prevent the payment of the invoice from becoming an endless process.



More information

Would you like more information about making a payment arrangement? Please feel free to contact us. Our debt collection specialists will be happy to advise you on your specific situation. With their help, your outstanding invoice will be paid quickly.

Contact us

7. When do you call in a debt collection agency or a lawyer?

If you have still not received payment after sending a payment reminder, making a telephone call and sending a final payment reminder, it is advisable to call in a debt collection agency or lawyer. Of course, you can choose to prolong the process, but this usually doesn't result in getting your invoice paid.



Stick to what you promise

This is a useful mantra when conducting any business however when it comes to debt collection, it definitely comes into effect. If you stated in the final payment reminder that you would transfer the case if no payment was made, then you need to stick to this. If you don't do what you say, your customer will never again take you seriously. It is best to call in an external debt collection specialist immediately to help you collect your debt.

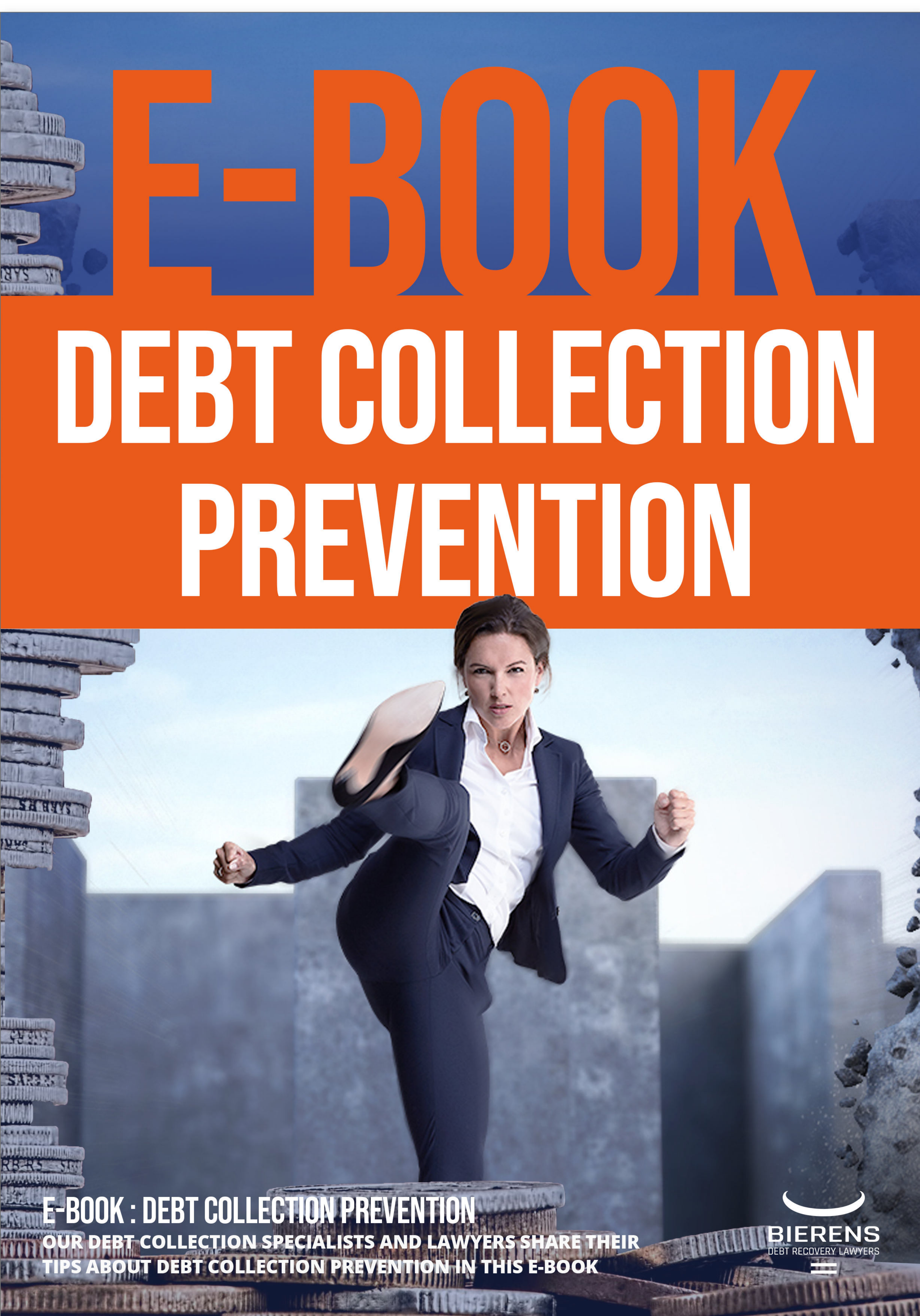
Don't wait too long

In addition to the above, it is also advisable to call in an external party to ensure that the debt collection process does not take too long. We know from experience that the older the claim, the more difficult it is to get your invoice paid. Often a debtors' debts have increased and the chance that your invoice will still be paid has diminished. In addition, a debt collector is more effective at collecting debts, quickly. More often, people are more likely to listen to strangers than close connections. They're able to be more open and honest and less manipulative.

Limitation period

If you wait too long, an invoice can actually expire. Therefore, if you wait too long to collect your debt, you run the risk of it expiring. Once this date has passed, you will no longer be able to collect the invoice using the law. You should definitely try to avoid this and do not leave invoices open too long.

8. Would you rather not having to collect debt at all?



Read our e-book on how to avoid direct debits!

In this e-book you will find the best tips from our debt collection specialists and lawyers on how to deal with outstanding invoices. But of course, you would prefer not to have any outstanding invoices at all! That is why you should read our e-book 'Preventing debt collection'. In this e-book we give all kinds of concrete and practical tips to prevent debt collection cases as much as possible. That saves you a lot of time, money and frustration!

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Experts in international debt collection since 1952