

**I own a small business and I have offered customers credit terms. I am plagued with non-payment. I'll go bust if I can't recover some money. What steps can I take?**

## **Response**

When all other means of collecting the debt have been exhausted (phone calls, reminder letters, paying a visit to your customer), other than writing off the debt, the only recourse is to take the legal route.

You should always seek to enforce your legal rights, if only to deter other potential bad debtors.

After an initial demand letter, the debt recovery process involves the issue of court proceedings in the relevant court, depending on the amount involved. Once judgment has been obtained, you are then in a position to enforce your judgment if it remains unpaid.

The following options will then be available to you.

- Registration of judgment: this allows you to insert the details of the judgment in 'Stubbs Gazette' or trade journals, which may greatly affect your debtor's credit rating.
- Issue of execution order: this may lead to the seizure of your debtor's assets.
- Judgment mortgage: if your debtor owns any property, you can register your judgment as a mortgage on their property and, in some cases, have the property sold to pay your debt.
- Instalment order: this involves the debtor appearing in court to give a statement of their means and the court making an order directing the debtor to pay the judgement by instalments.

Due to its sensitive nature, debt recovery can be difficult. Business owners know that at times they need to be sympathetic; however, they also know that, if not retrieved, bad debts can cripple their business.

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