

CHASER

Cloud credit control software

THE ULTIMATE GUIDE TO CREDIT CONTROL

UK 2018

Preface

Carrying out credit control can be an extraordinarily difficult task.

Asking people for money, even when it's rightfully owed, is something that is bound to create awkwardness or ill will from time to time. But there are many ways in which one can make the act of carrying out credit control manyfold more effective and efficient.

At a high level, this quote from author Robert Collier summarises it rather well:

**“ Success is the sum of small efforts, ”
repeated day in and day out.**

This guide is going to show you exactly what those small efforts are. And how to carry them out. So that you can achieve success - **world-class credit control.**

Welcome to *The Ultimate Guide to UK Credit Control 2018*. This resource compiles our entire knowledge base on the topic of credit control. From our own Qualified Accountant and Finance Director experience, our amazing accounting and bookkeeping partners, our talented users, and the wider accounting and finance industries at large.

Who this guide is for: If you conduct credit control, whether full time or as part of a wider remit, whether you're brand new or have years of experience, this guide is for you. If you're a Finance Director or CFO who wants their team conducting world-class credit control, this guide is for you. If you're an Accountant or Bookkeeper conducting outsourced credit control, or who wants to empower their clients to conduct world-class credit control, this guide is for you (and also for them).

What this guide does: Bringing together the breadth of world-class credit control knowledge, this guide covers every step of the credit control process for UK businesses in 2018. It guides you through the credit control journey to ensure you can get your invoices paid on time. All for the least time and resource cost to your business, and the least stress, while maintaining the best possible customer relationships.

How to use this guide: If this is your first time reading, we recommend carving out the 30 minutes it takes to read it cover-to-cover. Then keep it on hand to refer to specific sections on an as-needed basis. Although we do recommend re-reading it in full at least every 3 months to refresh yourself.

Credit

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Key terms

Credit control

The practice of ensuring a business' customers pay for goods or services in a reasonable time. Applies to businesses that sell on **payment terms**. Two terms often used interchangeably are *accounts receivable* (more common in the US) and *debtor management* (more common in Australia).

Payment terms

Part of the conditions of a sale. Specifies when and how the buyer must pay the seller the amount due. Commonly used to refer to the time period that payment is due, after the invoice is issued. 14 days, 30 days, and 60 days are typical examples.

Cash flow

A representation of the money going in and out of a business. Typically calculated over a month period, although because of this is subject to seasonal fluctuations. Without a positive cash flow, a business may be unable to pay its debts or invest in growth.

Turnover

The net sales generated by a business, without deducting any expenses. Represents the magnitude of business a company conducts.

Bank reconciliation

The process of matching your business' accounting records to the relevant bank statements. Used to determine the differences between them, and act accordingly off these results to ensure they match. Critical that it is done on a regular basis - at least monthly, but best empowers credit control if done weekly. Some businesses may benefit from daily reconciliation.

Debtor days

The numbers of days' worth of **turnover** that a business is owed by customers, but has yet to receive. Calculated at any instant in time by dividing current debtors by turnover for the last year, multiplied by 365 (days in the year). Although other time periods than year can be used, this is typical.

DvD (Days versus due date)

A metric of Chaser's own design. Similar to **debtor days** but accounts for the due dates of the invoices. This is because debtor days of 30, for example, could be good for a business that sells on 90 day **payment terms** but bad for a business that sells on 14 day terms. At the invoice level, DvD is a count of the number of days between invoice due date and payment date. At a customer level, DvD is an average of the invoice DvDs over a given time period.

DSO (Days sales outstanding)

The average number of days that receivables remain outstanding before they're collected. Typically calculated for all outstanding invoices at any point in time. Represents the effectiveness of a company's **credit control**.

Chasers

Emails sent to customers to chase up unpaid invoices. The backbone of **credit control**, alongside phone calls. Can be automated with **credit control software**.

Invoice communications history

A log of all communications had between the seller and the buyer with respect to the payment of an invoice. Should capture dates, times, parties involved, contact details, communication medium, communication content, and invoice reference number. Used to empower **credit control** and to rely upon as evidence if an unpaid invoice is escalated to legal action. Also referred to as an *audit trail*.

Credit control software

A class of software designed to minimise the human resource required by businesses to administer **credit control**, as well as reduce potential for human error. Typically automates the sending of chasers and automatically maintains *audit trails* of all invoice communications in one centralised location. Also provide insights to help businesses decide which customers to grant credit to and how best to chase up customers to pay their invoices. Often provided in the cloud and referred to as [cloud credit control software](#).

Overview of the credit control process

Your credit control process shouldn't begin once an invoice becomes overdue. World-class credit control begins from the very first contact you have with a customer.

Some businesses differ slightly, but here's an overview of the general process.



What you need in your internal credit control procedure

The first step of building an effective credit control process is formalising a clear, internal credit control procedure. Here are the 4 most important cornerstones every credit control procedure needs.

Schedule chasing time every week

Book the time out in your calendar in advance. Never cancel it, never miss it. Credit control is classically a non-urgent task (until it's too late), meaning it will easily fall by the wayside of other tasks.

Maintain invoice communications histories

Log all communications had with every customer about every invoice. Emails, phone calls, letters, meetings - **log it all**. Always include:

- Invoice reference number
- Date & time
- Parties involved and their contact details
- Communication medium and content

This will ensure you always have the full picture when you chase your customers, leaving them no room for unjustified excuses to delay payment. Don't just capture data in any old Word doc or Excel spreadsheet and trust you'll find it later. Proactively plan your data storage to be **easily navigable and searchable**.

Conducting credit control via multiple individual, or shared, email inboxes will be difficult. Businesses on a shoestring budget can try [Google Sheets](#), but credit control software will be most effective and efficient.

Regularly assess for problem invoices

For larger businesses, this may mean holding specific credit control meetings. For smaller businesses, this should be covered in regular finance meetings. Always complete bank reconciliation on the day of the meeting to ensure you're working with the most accurate and up to date info.

Bring to the meeting: invoices arranged from longest and monetarily largest overdue, communications histories of these invoices, and the customers' past payment trends.

Decide and assign crystal clear next actions on how to ensure payment is made on these invoices. To best keep on top of invoices before they become really problematic, ensure you have these meetings **between weekly and fortnightly**.

Inform the business of bad payers

If assessing problem invoices reveals customers with poor payment trends, let other departments in your business who have touch points with them know. This may be sales reps or account managers. This will empower them to **leverage their relationship** with the customer to ensure overdue invoices are paid.

Ask every new customer these questions

To conduct world-class credit control, you need to be empowered with knowledge about your customer. Here are the 4 questions you must ask your customer ASAP to ensure you make any future chasing as effective and efficient as possible.

What information do you need to be able to make payment?

Not every customer is the same. Don't treat them the same. Always ask what info they need to be able to make payment on invoices.

A classic example of a requirement by some companies and not others is the **approval of a purchase order**. More often seen in larger companies, purchase orders can get "stuck" in processing and still be awaiting approval when the invoice due date rolls around. If this ever happens to you, don't expect to be paid until they've approved it.

Avoid issues like this by always asking for your customers' requirements to be able to make payment.

Who should I speak to in order to settle payment on this invoice?

Someone in your customer's organisation will be responsible for making payment on your invoice. It might not necessarily be the person you think it is, or even the person you've dealt with previously.

Always ask this question before undertaking any work or delivering any goods. Otherwise you'll waste your time chasing the wrong person, and **irritate your customer** doing so.

When you do make your payment runs?

It's not unusual for Accounts Payable to make their payments in batches. A typical example is batching up invoices due to be paid until the end of the month.

While this doesn't give them licence to justify paying you past the invoice due date, knowing their payment behaviour is valuable knowledge. It can enable you to **align your chasing** with when they are used to making payments. If you do have to chase a customer about an overdue invoice, knowing their payment runs can make the difference between getting paid soon and having the situation potentially drag out for another four weeks.

What are your business details for invoicing purposes?

If you accidentally put the wrong information about your customer on an invoice, it gives them reason to **delay payment**. Make sure you haven't misunderstood any details about their business by asking this question, and running through their details with them.

Common details always worth double-checking are their legal business name (it may differ from their brand name) and their address for invoicing (it may differ from the address you know).

Conducting a credit check

KNOW THEIR LIMITS

Very few organisations or institutions are required to report to credit agencies. Very rarely will a credit check *fully and accurately* represent the company in question.

Some legal matters such as CCJs may show, but even businesses with “clean” records can still be difficult customers to deal with. And for really new businesses, credit checks won't show anything and don't provide value at all.

Don't fall foul of thinking a credit check is the be all and end all of assessing potential customers.

WHEN TO CONDUCT

Conduct a credit check if the industry you operate in is known to have “dodgy” companies. Or if your potential customer is a total unknown whose reputation you can't source anywhere.

YOU MAY BE REQUIRED TO CONDUCT

If your business insures its debt, for example, conducting a credit check on every new customer may be a mandatory requirement.

USE A CREDIT APPLICATION FORM

This ensures you're getting all the data you need to perform a credit check, from the source. Make sure you include a clause to confirm your potential customer is consenting to you performing the check.

Many different templates can be found online. We've provided an example in the *Bonus materials* on [page 19](#).

RED FLAGS

- Always look at the recommended credit limit from your credit check and see if it aligns with what you'd usually assign customers
- Check there are no discrepancies in the info they gave you
- Look for legal issues such as director disqualifications and CCJs
- Performance / net worth is in decline
- Watch out for companies that have gone into liquidation then come back trading under another name

DON'T BE AFRAID TO GO PRO FORMA

If your potential new customer is showing any red flags, ask them to pay up front for a few sales so you can judge their potential for a line of credit in future.

ASK FOR TRADING REFERENCES

While you're issuing a credit application form, ask your potential new customer to put you in contact with some past or existing suppliers. Preferably get someone in the same or similar industry to your business.

Ask the supplier:

- How long the customer has had an account with them
- Their credit limit
- How often they pay late and by how long

SEND A WELCOME LETTER

Once you've opened their credit account, it's good practice to email your new customer letting them know. This should include:

- Credit limit
- Terms
- Email addresses you'll send invoices and related communications to
- Your payment details
- Who to contact at your business if any queries arise

What you need in your sales terms

Before you agree to undertake any work with your customer, or deliver them any goods, you need to agree sales terms. These protect your business from unnecessary disputes by clearly defining the scope of the transaction between you and your customer. To enable you to conduct world-class credit control, always include these 5 things in your sales terms.



What the work is & how long it will take

Or what the goods are, if you're not delivering services. Your customer needs to know exactly what they're paying you for.



Cost to your customer

Perhaps an obvious one. Your customer needs to know what they're paying you.



When you invoice

You should be doing this as soon as goods or services have been delivered. But you should also document this in your sales terms as evidence the customer was informed.



When payment is due

Ensure your payment terms are very clear. You don't want to give your customer the excuse to say they didn't see them. Or worse - they weren't informed at all.



What you'll do in event of late payment

As a method of preparing your customer for your credit control process. If you make this clear, they won't justifiably be able to attack back when you chase them for payment. They may also be more inclined to pay you on time in the first place, because you'll appear competent.

And make sure customers **sign these terms** before you begin work

Whether physically or digitally, getting your sales terms signed before commencing work for your customer is key. This way they will have no justifiable grounds to challenge them, saving you a lot of potential future headaches.



How you need to be invoicing

An invoice is a key piece of communication between a seller and a buyer. By design it should be unambiguous. To ensure your customers are never left wondering (and potentially withholding payment because of it), never forget these pieces of info from your invoices.

Payment methods you accept

Your customer needs to be able to pay you. Make it clear which methods they are able to pay you by. If you accept cheques, you should make it clear on the invoice the address and addressee of the cheque.

Payment details

Your business bank account details. Remember, if you're ever changing banks and need to accept payment, you need to do one of two things. Either set up a transitional arrange with your bank to ensure you can receive payment while changing. Or update your outstanding invoices and reissue them to customers to ensure they're sending payment to the correct account.

International bank details

Include these if necessary. It's worth noting that just because you're trading with a UK company, you might not necessarily need to invoice a UK company. It's not unheard of for foreign parent companies to pay the invoices of their UK-based subsidiaries.

Payment terms

So your customer knows how long they have to make payment.

Invoice date

A critical reference point. Your payment terms run relative to this date. Together they tell your customer exactly when they have to make payment by.

Your VAT or sales tax number

If you're a VAT-registered business in the UK, it is a legal requirement to include this.

Description of goods / services

So your customer knows what they're paying you for. Be sure to include unit costs and quantities if applicable.

Purchase order number

If your customer requires this. This is more typical of larger companies with multiple departments, as a way of controlling budgets. If your customer uses purchase orders, it's extremely unlikely you will be paid if you don't include the PO number on your invoice.

Further reading

The UK government offers many useful business resources for free online. See a comprehensive list of invoice requirements at <https://www.gov.uk/invoicing-and-taking-payment-from-customers/invoices-what-they-must-include>.



And always ensure you **issue your invoices ASAP**

You need to issue the invoice to your customer the instant goods or services are delivered. The longer you wait, the less chance you have of getting paid on time.

Email chasers

After you've issued an invoice to your customer, you enter a new stage of the credit control process. In this stage you'll be following up with your customer via email (and phone call - but more on that later) to chase payment. Let's take a look at the elements that make up an email chaser.

In the subject line

Include your **business name** and the **invoice reference number**. This lets your customer instantly know who and what they're dealing with, right from their inbox.



In the body text

Include the invoice **amount owed**, so your customer knows exactly what you're asking for.

The invoice **due date** so your customer knows exactly when they have to (or had to) act by.

And if the invoice is overdue, include the **number of overdue days**. This demonstrates to your customer that they've breached their agreement with you, without having to explicitly state so. This softer approach ensures they don't immediately go on the defensive, which will make them less inclined to play ball with you and pay the invoice in a timely manner.

Attached to the email

Include a **copy invoice**, so your customer always has the info they need to act on. Without this, you risk being fed the excuse *"I can't pay this because we never received the invoice."*

Differences between **before due** and **overdue** chasers

Subtle changes in wording can be employed to increase urgency the more overdue an invoice becomes.

Employing this well is a subtle art. Too harsh and you'll damage the customer relationship, hurting your chances of getting paid on time in future (and potentially risking future business with the customer). Too soft and they won't feel the urgency to pay.

We've included our own best practice templates for *before due* (within 7 days), *early overdue* (within 3 weeks), *medium overdue* (3-5 weeks), and *late overdue* (5+ weeks) in the *Bonus materials* on [pages 23-24](#). You may wish to use these as templates for your own credit control emails.

The difference between good payers and bad payers

You may have a gut feel for which of your customers' are *good payers* and which are *bad payers*. But there is an effective rubric by which you can categorise them as such. With 2 measures - how often they pay on time, and how credit-worthy* they are - you can categorise your customers into 4 types.



*On credit-worthiness

This represents your customer's ability to repay debt. It reflects in the amount of credit which you can be confident in providing them.

Receiving payment from a highly credit-worthy client is a case of *when, not if* - even if they're late paying you, you can be confident they *will* pay.

Receiving payment from a low credit-worthy client is a case of *if, not when* - you can't be confident this customer *will* pay you.

Superstar customers

What you may instinctively label "good customers." They usually pay on time, are responsive to chasers, and there is usually an element of inter-business friendship between yours and theirs.

Friends in need

Usually former Superstar customers that start to pose a solvency risk. Make up a very small percentage of most business' customer bases. Keep an eye on their payment trends and reconsider selling to them on payment terms.

PITA customers

A.K.A. Pain in the **** customers. What you may instinctively label "bad customers." They'll always pay, but usually late. They're largely unresponsive to chasers or don't follow through on their promises.

Red alerts

Usually former PITA customers that start to pose a solvency risk. Make up a very small percentage of most business' customer bases. Keep an eye on their payment trends and reconsider selling to them on payment terms.

World-class credit control recognises the differences between Superstars and PITAs. And is tailored to each of the two in its approach, to maximise results.

How frequently you should be chasing for payment

You're invoicing ASAP. Now maximise your chances of getting paid on time by chasing at the best times. Chiefly, chasing frequency depends on your payment terms and when you issue the invoice.

Before an invoice is due



14 day terms (or less)

Chasing before due comes across as hounding. Don't do it.

> 14 day terms

Chase within 7 days of due date.

> 14 day terms (but you issue the invoice < 14 days before due date)

Chasing before due comes across as hounding. Don't do it.

When an invoice is overdue



Every 2 weeks

Chase at least once. This projects competence and ensures you get paid sooner.

Every week

Never chase more than once. Your customer will feel harassed.

After 6 chasers without receiving payment

This is extremely poor payment behaviour on behalf of your customer. Chase more frequently than once per week.



Leverage their payment run

Use your knowledge of your customers' payment runs to your advantage. Send a chaser immediately before their next one to maximise your chance of timely payment.

Escalating your chasing

WHAT, HOW & WHEN

There will always be businesses that have poor payment culture. Sod's law says one or more of these businesses will end up a customer of yours. Escalating your chasing ups the ante on these kinds of customers, making your chasing more effective. All to improve your chances of getting paid.

What is escalation?



- Changing the **tone** of your chasers
- Changing the **sender** of your chasers
- Changing the **recipient** of your chasers

For **Superstar** customers



Remember the relationship

Always assume a good reason if they've missed a due date. You want to maintain positive relationship.

Tone of escalation

Could be described as the following: light, warm, nudge, inquiry, a request for update.

Escalated sender

Someone in your business that has the best relationship with the customer.

Escalated recipient

The person at your customer's business with most influence and authority (Note: always escalate sender one chaser before recipient).

When to first escalate

Escalate 4 weeks past invoice due date or after 3 post-due-date chasers - whichever comes first.

For **PITA** customers



Remember the relationship

Or lack thereof. As they often pay late, a positive relationship doesn't exist. Escalation should come much earlier than for Superstars.

Tone of escalation

Could be described as the following: firm, thorough, detailed, clinical, to the point.

Escalated sender

Someone in your business that has greatest job title weight and weakest relationship with the customer.

Escalated recipient

The person at your customer's business with most influence and authority (Note: always escalate sender one chaser before recipient).

When to first escalate

No earlier than 2 weeks past invoice due date.

Escalating your chasing

THE “NUCLEAR” OPTIONS

For your PITA customers, as a last resort if all other chasing options above have failed, you have the “nuclear” options. Named such because they severely and (potentially) irreparably damage the relationship with your customer.

From least damaging to most, they are: using debt collection agencies, charging late payment penalties & interest, and legal proceedings. Below are quick reference summaries of each option, to take into account before enacting any of them.

Debt collection agencies

No win, no fee policies

It's possible to get agencies that don't charge you unless they get your invoices paid.

Separation from blame

Using an agency can allow for tough (but fair) credit control practices, without any “blame” falling onto you and your business personally.

Know their process

Know exactly what an agency will do before you go with them. Ensure it's acceptable by your company's standards.

Check their reputability

Debt collection is traditionally full of dodgy dealers. Look at online reviews, and be wary of suspicious fees, CCJs, or lack of licensing.

Late payment penalties & interest

UK government guidelines

<https://www.gov.uk/late-commercial-payments-interest-debt-recovery>.

Little recoup

If the customer relationship is irreparably destroyed, or they're going into administration, it can be worth charging penalties and interest. However, you could earn many multiples of this with future business, if the relationship can be repaired.

Legal proceedings

Beware all involved costs

You may find *no win, no fee* legal representation, however court charges are still likely. Ensure you compare the value of the invoice against all operational and legal costs in pursuing it, before going down this route.

Deliver all options via paper letter

The traditional, formal nature gives it appropriate significance.

- Include **high-level chase history**, including dates, mediums, promised payment dates
- Explain that you've exhausted your internal processes / procedures to get this paid
- Offer a **final payment date** (usually 7-10 days from letter date) and mention the nuclear option you'll be taking if it's missed
- After posting the letter, immediately **email a copy** to your customer to speed up their inform and prevent them from claiming it never arrived

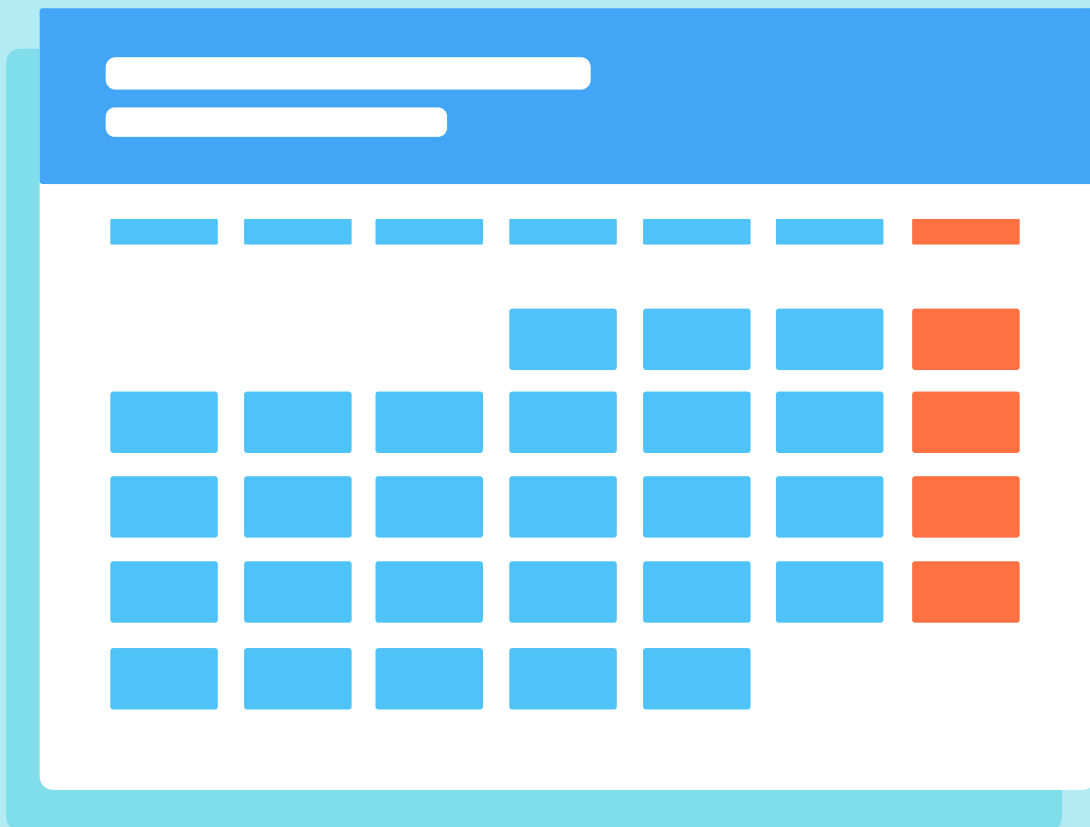


Know your market

If it's highly competitive, and your customer's cost of switching to your competitor is low, you're much more likely to lose them after enacting a nuclear option.

Promised payment dates & HOW THEY AFFECT YOUR CHASING

Although a customer might miss making a payment by the invoice due date, they may have good reason and instead provide you a promised payment date. Here's how to adjust your credit control practices when that happens.



World-class credit control operates on a basis of mutual respect between you and your customer. If a payment date is promised, note it down, alongside:

- Who promised it
- Medium they promised it via, and
- Date and time

And **cease all chasing** until their promised payment date. If your customer misses this date, you will have even more licence to more severely chase them up.

It must be a **specific and reasonable date, however. “During our next payment run”, “in 6 months’ time”, or similar promises should not be accepted.**

Conducting credit control phone calls

At Chaser we've seen that almost 80% of unpaid invoices can be collected on time with email chasing alone. But the best email chasing in the world will never cover that final 20%. For that, you'll need to make credit control phone calls.

When to make a phone call

Phone calls are valuable in a variety of situations. They suit some customers better than others. But here are 3 situations in which you should always make a phone call.

NO FAVOURABLE RESPONSE
after 3 chasers

NO RESPONSE AT ALL
after 3 chasers

TO IMPOSE REALISM
(e.g. if threatening legal action)

When dealing with very large customers, you may find making phone calls is something you do much further into the credit control process compared to smaller customers. This is because it is often very difficult to get ahold of accounts staff in businesses of this size.

Info to have ready before the call

Ensure you have all these at hand (quite literally on your screen in front of you), before you dial.

- Invoice reference number
- Goods / services invoice is for
- Invoice issue date
- Number of days overdue
- Notes of communications had so far
- Who to talk to (otherwise ask for Accounts Payable)

While these 6 items are the necessary minimum, the more info you can have on hand, the better. You might get particularly feisty accounts payable staff challenging you on the wording of the sales terms, for example.

Desired outcome

You need to achieve one of these two outcomes before you hang up the phone.

PROMISED PAYMENT DATE
(ideally)

MESSAGE PASSED ON TO RESPONSIBLE PARTY
(if the person who makes payment is unreachable - and ensure they will contact you back with a promised payment date ASAP)

Always note down the name of who you speak to, the date and time of the call, and the agreed next actions (i.e. passing along your message to the responsible party). If another email chaser is necessary, refer to the specifics of this phone call in it.

Thanks for paying messages

Whenever you receive payment from your customer, late or not, always send them a thank you message. Ideally within 24 hours to not diminish its effect. This goes a long way towards building a great customer relationship over time, helping you get paid sooner in future.

For **Superstar** customers

You already have a good working relationship with these customers. Show it. Remember, if you don't keep working at cultivating this great relationship, your Superstars won't stay Superstars forever.

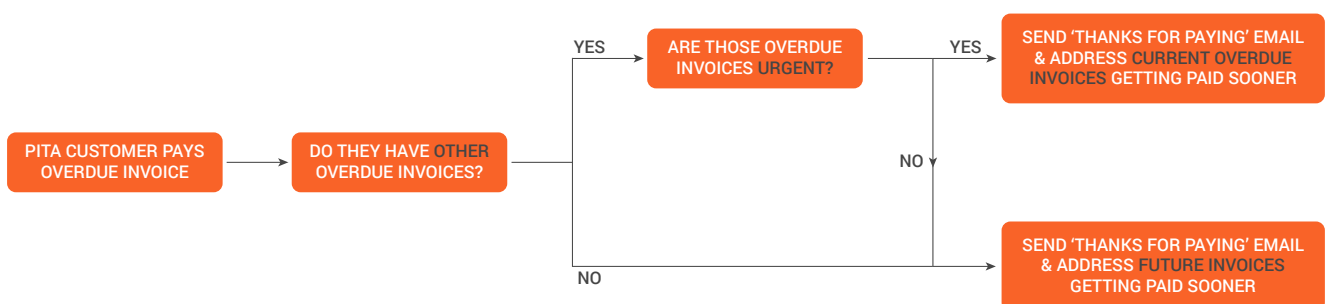
For **PITA** customers

Sure, they may have paid an invoice late. Again. Kill them with kindness. They'll be less inclined to let down a nice supplier with future late payments, compared to a supplier that doesn't show them basic human kindness.

If they don't have any further overdue invoices with you, politely ask them how you could work better together in future to get paid on time. You may uncover new info to help tailor your chasing to better get paid on time in future.

If they do have further overdue invoices with you, you may instead use the opportunity of a thank you to help chase these up. You may uncover new info to help tailor your chasing to better get paid on time in future.

This flow chart below demonstrates the situations in which you should leverage each of these.



Thanks for paying messages

OTHER USES

Thanks for paying messages don't just go a long way to build better customer relationships. By creating a moment in which your customer's defences are lowered, they can be strategically leveraged for specific purposes.

For customers suited to **direct debit**

You can leverage a thanks for paying message to offer it as a payment option to them. Compared to selling on payment terms, direct debit will bring you healthier cash flow from more consistent on-time payments. You'll also see time savings from reduced admin time, and happier customers as they no longer have as much payment admin to complete.

Direct debit does have its limitations, however. Your customer will make the switch only if the friction of paying invoices outweighs the cash flow flexibility they get by staying on payment terms. Our quick and dirty rules for direct debit suitability are:

1. Your customer is paying you on a **regular, recurring basis** (e.g. monthly).
2. Your customer is paying you in **sub-£5,000** (or other currency equivalent) amounts at a time.

To help nudge them to switch, include on the end of your thanks for paying emails:

- That direct debit is an option for them
- How direct debit will **benefit** them
- The **simple steps** they can follow to switch to direct debit

To secure **further sales**

You can also use the opportunity provided by a thanks for paying message to secure further sales. If your customer has just had a **positive buying experience** from you, include a one-liner with a soft push towards further sales. Something like:

*"If you'd like to reorder, please call **** * or email *****@*****.com."*



Ready-made templates for you

We've got you covered for any thanks for paying situation above. Check out the *Bonus materials* on [pages 25-27](#) for our ready-to-use, best practice email templates.

Common problems you'll face & HOW TO BEAT THEM

Going easy on your customer

Always keep consistent to your chasing schedule. If you don't keep on top of your customer, they'll assume you'll go away and paying your invoices will drop in urgency for them.

Emails not being read

Ensure you're chasing the right person. Make a phone call and find out. If you're correct, ask them on the phone why they haven't been communicating with you.

Not being confident

Know your business. Be aware of your terms, policies, and rights. This will come in time with more experience. Keep all documentation up to date and accurate, and ensure all data processing and admin on your side is done correctly. No sloppiness can take place on your end. A customer that detects sloppiness or uncertainty in your approach will take advantage of it and turn it into an excuse not to pay. Be direct, unambiguous, and unwavering in your approach with your customers. Always be clear about what you will do, and follow through on what you say you will do.

Never picking up the phone

It's not just an important and powerful medium of chasing, it also helps build a better relationship with your customer. Speaking to you on the phone will make things "more real" for them than an email can.

Difficulty reaching Accounts Payable on the phone

They're being hounded for payment all the time, so it's no surprise they duck phone calls. They would be caught up in them all day. If you're always being dodged, however, demand you be put in touch with someone else involved with the invoice. It could be whoever signs it off or someone else in Accounts Payable. Find someone connected to the invoice somehow, and put responsibility on them to ensure it's paid.

Not following up in writing

Whenever you have a non-written conversation with your customer, note down what was discussed, when, and the agreed next actions. Send them a summary of this in writing ASAP after the conversation. Otherwise, they may forget or even outright dispute what happened, leaving you back at square one.

Common problems you'll face & HOW TO BEAT THEM

Excuses from your customer...

“I wasn't aware of the payment terms”

Avoided by preventative measures. Ensure your customer is physically or digitally signing terms before any works are undertaken or any goods delivered.

“We never received the invoice”

Clean, well-managed email inboxes are rare. It's all-too-easy for an emailed invoice to get lost (or, at least, for the customer to claim so). Avoid this excuse by attaching a copy invoice to every email chaser.

“You've got the wrong details on the invoice”

Including incorrect customer info on your invoices can be prevented by explicitly asking your customer for their details up front. If they ever change them without informing you, they are at fault. Let them know it.

“The right person didn't see the invoice”

Avoid this by getting your customer's explicit confirmation of the name and contact details of the person responsible for payment. If that person changes, and your customer doesn't inform you, they are at fault. But even if the “wrong” person does get your invoice, they need to take responsibility and pass it on to who makes payment. If you've made the best effort you could to get it to the right person, your customer cannot justifiably fault you.

“I need to speak to someone internally about this first, and they're away”

Ask for an explicit date from them as to when this person will be reachable. Agree a date after that on which you'll call back.

“It's against our payment policy...”

Your customer's payment policy has no bearing on you unless you've explicitly agreed to it. Similarly, you should ensure your customer has agreed to your terms explicitly in writing - then they're bound by them. Be aware of all relevant terms and conditions - they might not all be located on the invoice. There may be a separate contract or SLA for the goods/services provided, whose terms apply. This same advice applies for the similar excuse “Sorry, you've missed our pay run.”

“There were discrepancies in the service”

Some customers will cite issues as excuses to not pay. Check your terms, but in many cases as long as you have delivered the goods or services, they have to pay. This doesn't mean there won't have to be a query resolution process (where the buyer may be due compensation), but they can't delay payment of the invoice.

“I haven't been paid yet”

Your customer may tell you they can't pay you until they've been paid. Their cash flow issues aren't yours. Be firm but fair in your response. Inform them this is not acceptable and get a promised payment date. If they continue with this behaviour, reconsider selling on payment terms or keeping them as a customer at all.

Bonus materials

Credit application form

From: *Conducting a credit check* ([page 5](#))

The below 3 page thumbnails demonstrate an example of what your credit application form could look like. There's no one-size-fits-all template that will be perfect for every business. However, we assessed a variety of existing credit application forms in creating the following sample.

Sample credit application form

Business details

Legal / registered company name: _____
Registered company number: _____
Business type (please check one):
 plc limited company partnership LLP sole trader

Registered company address Invoicing address (if different from registered)
Line 1: _____ Line 1: _____
Line 2: _____ Line 2: _____
Town / city: _____ Town / city: _____
Postcode: _____ Postcode: _____

Directors / Partners / Sole Trader details

Director 1 / Partner 1 / Sole Trader

Please check one: director partner sole trader

Full name: _____
Date of birth: _____
Home address: _____

Director 2 / Partner 2 (if applicable)

Please check one: director partner

Full name: _____
Date of birth: _____
Home address: _____

If there are additional directors or partners, please include their information as per the fields above in an attachment when submitting this form.

1/3

Parent company details (if applicable)

Legal / registered company name: _____
Applicable registered company number: _____
Business type: _____
Registered company address: _____

Accounts

Employees authorised to make orders

Name: _____ Name: _____
Position: _____ Position: _____
Email: _____ Email: _____
Phone: _____ Phone: _____

If there are additional employees authorised to make orders, please include their information as per the fields above in an attachment when submitting this form.

Accounts payable contact details

Primary contact: _____ Secondary contact: _____
Position: _____ Position: _____
Email: _____ Email: _____
Phone: _____ Phone: _____

Previous year's turnover: _____
Number of full time equivalent employees: _____
Balance sheet total: _____

2/3

Supplier references

Supplier 1

Legal / registered company name: _____
Applicable registered company number: _____
Business type: _____
Registered company address: _____

Your account number with this supplier: _____
Name of primary contact: _____
Position: _____
Email: _____
Phone: _____

Supplier 2

Legal / registered company name: _____
Applicable registered company number: _____
Business type: _____
Registered company address: _____

Your account number with this supplier: _____
Name of primary contact: _____
Position: _____
Email: _____
Phone: _____

Acceptance of terms and conditions

By signing this document you agree to the following:
All information provided is true and accurate. You certify that you are a director, partner or proprietor of the named business for which this application is being made, and that you are authorised to sign this agreement. You further agree that you have read, understood, and accept the attached Terms & Conditions of Sale.
To process your application for a credit account we may make use of credit reference agencies and other third parties. This may require us to submit information you have provided here to them, and they may record those admissions. If your application for an account is successful, we may in future disclose information relating to the conduct of your account to these parties. We may also in future use information you have provided here and information we receive from credit reference agencies and other third parties, for (but not limited to) assessing further credit applications or adjustments, debt collection, tracing, and fraud prevention. You consent to, and are authorised to provide such consent, to this data processing.

Name (print): _____ Signature: _____ Date: _____ 3/3

A full-size version of this is included in the following 3 pages of this guide. You may wish to base your own off of this, or extract these pages from the PDF and edit and use them yourself.

Please note, however, that a credit application form is a legal document. For this and any other legal documentation, any advice or examples we provide in this guide are not written by trained legal professionals. They may not be suitable for your business. If you choose to make use of our advice or the following sample credit application form for your own business, it is at your own risk and Chaser and any of its employees will not be held liable for any damages or losses.

When it comes to legal matters, we always recommend getting advice from a legal professional that is tailored to your business and specific needs.

Sample credit application form

Business details

Legal / registered company name: _____

Registered company number: _____

Business type (please check one):

plc limited company partnership LLP sole trader

Registered company address

Invoicing address (if different from registered)

Line 1: _____

Line 1: _____

Line 2: _____

Line 2: _____

Town / city: _____

Town / city: _____

Postcode: _____

Postcode: _____

Directors / Partners / Sole Trader details

Director 1 / Partner 1 / Sole Trader

Please check one: director partner sole trader

Full name: _____

Date of birth: _____

Home address: _____

Director 2 / Partner 2 (if applicable)

Please check one: director partner

Full name: _____

Date of birth: _____

Home address: _____

If there are additional directors or partners, please include their information as per the fields above in an attachment when submitting this form.

Parent company details (if applicable)

Legal / registered company name: _____

Applicable registered company number: _____

Business type: _____

Registered company address: _____

Accounts

Employees authorised to make orders

Name: _____ Name: _____

Position: _____ Position: _____

Email: _____ Email: _____

Phone: _____ Phone: _____

If there are additional employees authorised to make orders, please include their information as per the fields above in an attachment when submitting this form.

Accounts payable contact details

Primary contact: _____ Secondary contact: _____

Position: _____ Position: _____

Email: _____ Email: _____

Phone: _____ Phone: _____

Previous year's turnover: _____

Number of full time equivalent employees: _____

Balance sheet total: _____

Supplier references

Supplier 1

Legal / registered company name: _____

Applicable registered company number: _____

Business type: _____

Registered company address: _____

Your account number with this supplier: _____

Name of primary contact: _____

Position: _____

Email: _____

Phone: _____

Supplier 2

Legal / registered company name: _____

Applicable registered company number: _____

Business type: _____

Registered company address: _____

Your account number with this supplier: _____

Name of primary contact: _____

Position: _____

Email: _____

Phone: _____

Acceptance of terms and conditions

By signing this document you agree to the following.

All information provided is true and accurate. You certify that you are a director, partner, or proprietor of the named business for which this application is being made, and that you are authorised to sign this agreement. You further agree that you have read, understood, and accept the attached *Terms & Conditions of Sale*.

To process your application for a credit account we may make use of credit reference agencies and other third parties. This may require us to submit information you have provided here to them, and they may record those submissions. If your application for an account is successful, we may in future disclose information relating to the conduct of your account to these parties. We may also in future use information you have provided here, and information we receive from credit reference agencies and other third parties, for (but not limited to) assessing further credit applications or adjustments, debt collection, tracing, and fraud prevention. You consent to, and are authorised to provide such consent, this data processing.

Name (print): _____ Signature: _____ Date: _____ 3/3

Bonus materials

Chaser email templates

From: *Email chasers* ([page 8](#))

Before due

Typically used for chasers sent within 7 days pre-invoice-due-date.

EMAIL SUBJECT

<<your_business_name>>: <<invoice_reference_number>>

EMAIL BODY

Hi <<recipient_first_name>>

I hope you are well.

I just wanted to drop you a quick note to remind you that <<amount_owed_on_invoice>> in respect of our invoice <<invoice_reference_number>> is due for payment on <<invoice_due_date>>.

I would be really grateful if you could confirm that everything is on track for payment.

Best regards

<<sender_first_name>>

Early overdue

Typically used for chasers sent within 3 weeks post-invoice-due-date.

EMAIL SUBJECT

<<your_business_name>>: <<invoice_reference_number>>

EMAIL BODY

Hi <<recipient_first_name>>

I hope you are well.

We have yet to receive payment from yourselves of <<amount_owed_on_invoice>> in respect of our invoice <<invoice_reference_number>> which was due for payment on <<invoice_due_date>>.

I would be really grateful if you could let me know when we can expect to receive payment.

Best regards

<<sender_first_name>>

Bonus materials

Chaser email templates (cont.)

From: *Email chasers* ([page 8](#))

Medium overdue

Typically used for chasers sent within 3-5 weeks post-invoice-due-date.

EMAIL SUBJECT

<<your_business_name>>: <<invoice_reference_number>>

EMAIL BODY

Hi <<recipient_first_name>>

I hope you are well.

We have yet to receive payment from yourselves of <<amount_owed_on_invoice>> in respect of our invoice <<invoice_reference_number>> which was due for payment on <<invoice_due_date>>.

This invoice is now <<number_of_days_overdue>> days overdue and we would really appreciate it if you could advise when we can expect to receive payment as soon as possible.

Best regards

<<sender_first_name>>

Late overdue

Typically used for chasers sent 5+ weeks post-invoice-due-date.

EMAIL SUBJECT

<<your_business_name>>: <<invoice_reference_number>> OVERDUE

EMAIL BODY

Hi <<recipient_first_name>>

I hope you are well.

We have yet to receive payment from yourselves of <<amount_owed_on_invoice>> in respect of our invoice <<invoice_reference_number>> which was due for payment on <<invoice_due_date>>.

This invoice is now <<number_of_days_overdue>> days overdue and is becoming really problematic for us. Please could you let us know about when payment will be made as a matter of urgency.

Best regards

<<sender_first_name>>

Bonus materials

Thanks for paying email templates

From: *Thanks for paying messages* ([pages 15-16](#))

Standard

Always strive to send within 24 hours of payment being reconciled.

EMAIL SUBJECT

<<your_business_name>>: <<invoice_reference_number>>

EMAIL BODY

Hi <<recipient_first_name>>

I just wanted to drop you a quick note to let you know that we have received your recent payment in respect of invoice <<invoice_reference_number>>. Thank you very much. We really appreciate it.

Thanks

<<sender_first_name>>

For getting further overdue invoices paid

If one's just been paid.

EMAIL SUBJECT

<<your_business_name>>: <<invoice_reference_number>>

EMAIL BODY

Hi <<recipient_first_name>>

I just wanted to drop you a quick note to let you know that we have received your recent payment in respect of invoice <<invoice_reference_number>>. Thank you very much. We really appreciate it.

I also noticed invoice <<further_overdue_invoice_reference_number>> is now <<number_of_days_overdue>> days overdue, to the amount <<amount_owed_on_invoice>>. When could we expect payment on that?

Thanks

<<sender_first_name>>

Bonus materials

Thanks for paying email templates (cont.)

From: *Thanks for paying messages* ([pages 15-16](#))

For getting future invoices paid on time

If one's just been paid, and you currently have no further overdue invoices.

EMAIL SUBJECT

<<your_business_name>>: <<invoice_reference_number>>

EMAIL BODY

Hi <<recipient_first_name>>

I just wanted to drop you a quick note to let you know that we have received your recent payment in respect of invoice <<invoice_reference_number>>. Thank you very much. We really appreciate it.

We're really excited to continue doing business with you, but I noticed we weren't quite able to get there with this invoice being paid on time. What could we do differently in future that will help?

Thanks

<<sender_first_name>>

For shifting suitable customers to direct debit

EMAIL SUBJECT

<<your_business_name>>: <<invoice_reference_number>>

EMAIL BODY

Hi <<recipient_first_name>>

I just wanted to drop you a quick note to let you know that we have received your recent payment in respect of invoice <<invoice_reference_number>>. Thank you very much. We really appreciate it.

While we're on the subject of payments, I wanted to inform you we also offer direct debit as an option. Not only will switching to direct debit save you time by removing the need to pay manually, direct debit is one of the UK's safest payment methods for customers. You're always in control, with the ability to cancel your payments at any time.

If you'd like to make the switch to direct debit, please head over to <<hyperlink_to_direct_debit_mandate_form>> and complete the following simple steps:

<<numbered_list_of_steps_to_complete_direct_debit_mandate>>

Thanks

<<sender_first_name>>

Bonus materials

Thanks for paying email templates (cont.)

From: *Thanks for paying messages* ([pages 15-16](#))

For securing further sales

EMAIL SUBJECT

<<your_business_name>>: <<invoice_reference_number>>

EMAIL BODY

Hi <<recipient_first_name>>

I just wanted to drop you a quick note to let you know that we have received your recent payment in respect of invoice <<invoice_reference_number>>. Thank you very much. We really appreciate it.

If you would like to re-order, please call <<your_sales_phone_number>> or email <<your_sales_email_address>>.

Thanks

<<sender_first_name>>

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Cloud credit control software

THE ULTIMATE GUIDE TO CREDIT CONTROL

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