Debt collection process

Introduction

This document describes **(insert your business name)** debtor collection system and its standardised forms used for debt collection.

Overview

- Terms are 30 days from invoice date.
- Only those clients with an authorised account are to be offered credit.
- All credit applications must be approved by the business owner.
- Make detailed notes of any conversations and promises (names, dates, times, what was promised) and document all notes in a debtor's log.
- Pick a time daily or weekly for the calls to be made. Block out the time when you can be assured of no interruptions.
- Always use the 3 **Fs** – *FIRM, FAIR and FRIENDLY* – stick to facts and don't allow yourself to be dragged into an emotional argument.
- Consistency of contact is the key (the squeaky wheel gets the oil).
- Remember that under contract law, at the time of sale the customer has agreed to pay for your product or service on the terms you specified. If they don't meet payment dates, the customer has broken the contract.
- Some clients may be under significant personal or business financial pressure. A payment solution need to be authorised by both parties. It is better to help someone through and be paid than to alienate them and not be paid.

The debt collection system is made up of six sections:

1. Phone call script 1 (7 days after due date)
2. Phone call script 2 (14 days after due date)
3. Phone call script 3 (21 days after due date)
4. Letter to client (28 days after due date)
5. Collection agency letter (35 days after due date)
6. Client reposition letter (for those clients who are always slow paying)