Tips for debt collections

1. The sooner a bad debt is handed over to your attorney, the greater his chances are to succeed with the collection.

2. Effective debt collection begins at the moment when the client walks into your shop, office or practice.

3. Ensure that you at least obtain the following information regarding the debtor when his account is opened:

3.1. Full names;
3.2. Identity number;
3.3. Home address and telephone number;
3.4. Work address and telephone number;
3.5. Work- or pay number.

4. Always insist on at least one surety where credit is given to a trust, close corporation or a company.

5. Have your standard debt credit application form checked by your attorney, inter alia to ensure that:

5.1. All the aforementioned information regarding the debtor is requested;
5.2. It contains a surety as aforesaid;
5.3. It has a clause consenting to attorney and client costs;
5.4. It makes provision for other forms of security.

Make sure the form is properly filled in and signed.

6. Consider a contingency fee arrangement with your attorney (no success, no fee with a commission on successful collections).

7. Write all outstanding amounts handed over to your attorney off as bad debts in your books and show the successful collections as bad debts recovered (consult your auditor with regard to VAT implications).