

Statutory Demand



Statutory Demands provide you with alternative to the courts if, with any specific debtor, litigation cannot be avoided. It is very important that you read the articles on the Website relating to each document very carefully.

If you are a registered user of the Website the documents will be automatically created completed for you, including the calculation of interest and compensation as defined in The Late Payment of Commercial Debt (Interest) Act 1998. There is no necessity to inform anyone of your intention to issue one and likewise there are no issue fees to pay or delays experienced in serving them.

The recipient has the number of days to respond to the documents as detailed on the front of each form. If he fails to respond, which in practice has proved to be a very infrequent occurrence, you can, by presenting your copy of the document to your solicitor together with your proof of service, start immediate proceedings for Insolvency or Bankruptcy, without the need of having to obtain judgment through a court of Law.

However, if for some reason, you do not wish to follow the action through to its ultimate conclusion and have only issued the document to induce the debtor to pay, it is not compulsory for you to do so. You can still commence an action through the county or High court, both of which provide a variety of other methods for enforcement once judgment is obtained.

It must be appreciated that in essence you are claiming that the debtor is insolvent. The documents specifically point out to the debtor that if he fails to pay you or fails to make arrangement to pay to your satisfaction, within the time limit defined, that you the creditor would in fact have the means to stop him trading.

Obviously, most organisations that get into financial difficulty generate very little profit and are merely operations that provide a regular source of income for their owners. It is not too difficult to appreciate the speed with which such people would respond on receipt of a Statutory Demand, when circumstances prevail where they have only limited funds to pay the most pressing of creditors.

Conversely there are cash-rich and highly profitable companies which, for many reasons, use all manner of excuses for delaying payment. Used against such organisations could save you a lot of time and effort in recovering your money without the expense of taking action through the courts. Also, in cases where a company that owes you money and which is experiencing severe financial difficulties and where the Directors still may be over-optimistic of the chances of trading out of the crisis, prompt use of the document could potentially ensure that payment is made to you prior to the demise of the business.

The documents are for issue against debtors where no grounds exist for them to delay their payment and where the value of the debt is for £750 or more. Should you serve one of these documents on a debtor who owes you less than that amount they have no foundation in Law. Equally, if the document is not served in the prescribed way a similar situation exists.

Statutory Demands

However, as a point of interest only and not as a suggestion, experience gained from existing clients indicates that when these documents have been served for lesser amounts, even by standard postal methods, they have produced the hoped for response.

- Two distinct documents for different legal entities
 - Statutory Demand - Bankruptcy
 - Individuals - Sole Traders - Partnerships
 - Statutory Demands - Insolvency
 - Limited Liability Companies (Ltd) - Public Liability Companies (Plc)
 - Debts must total £750 or more
 - Debts must not be undisputed
-