

## 10 Tips for Account Collection

Dealing with account collections can be a straightforward process, and far less time-consuming than you might think. By following these points, your accounts can remain paid in a timely manner, which is truly the most beneficial outcome for your business.

1. If you are not being 'paid up front,' then you are in the business of extending credit and should try to think a bit like your bank.
2. If you extend significant credit, have the customer fill out a credit application, which should contain information about the customer's address, place of employment, and bank. All this information is invaluable if later, you need to pursue the customer for payment.
3. If possible obtain a credit card number with an authorization to use it to pay for services once completed.
4. If you are concerned about a customer's credit worthiness, do some basic credit research. Our office or a registry shop can order a Personal Property Registry Search at a cost of only a few dollars. This search shows which creditors are registered against your customer and your customer's assets. It will also show registered writs of enforcement by other creditors who have obtained Court Judgments.
5. If possible prepare a contract with the customer and make sure it is properly signed. The contract should specify the 'terms of payment' and what interest is to be paid on overdue accounts.

**Note:** Simply putting an interest rate on the bottom of an invoice (for example 2% per month) is not legally enforceable. An interest rate must be agreed to in writing in a contract in advance of the contract's performance.

6. Make sure any contract you have signed contains a term that the customer will repay to you any and all costs of collecting an account, including lawyer's fees and disbursements on a solicitor/client basis. This ensures that if you need to hire us to collect an account, legal costs can be added to the claim.
7. Clearly and carefully document the services that have been done or provided on the invoices. Too often, unclear accounting results in a customer not paying on a timely basis or at all.
8. Be sure that any changes to the work being performed or product provided are carefully documented, preferably with the customer acknowledging the change in writing. Undocumented changes to a final accounting often result in payment problems. If an account has to be sued on to collect an improperly documented change, a judge may not award it.
9. Keep a complete file reflecting what has been done for the customer. For example, memos of important conversations or copies of emails confirming important events provide a good record. This documentation will be very useful in settlement discussions or court proceedings.
10. Sit down with your customer to discuss in a calm, straightforward manner any difficulties he or she has with the services or the accounting. Misunderstandings can often be worked through before positions harden on payment. A small compromise on an account can prove to be more beneficial than an extended dispute with a customer, which can sap your resources and possibly incur legal bills.