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HANNAFORD**

LAW + PROPERTY

Debt Recovery

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What is Debt Recovery?

Debt recovery is the process of pursuing payments of debts owed by individuals or businesses.

Most businesses usually recover money owed by late payers through telephone calls, reminder statements and specific collection letters that request payment. If these processes do not result in payment by the debtor, you will need to consider your further debt recovery options.

Debt Recovery Options

1

Write a letter of demand to the debtor requesting payment and stating your intentions if payment is not made.

2

If debtor does not pay, commence proceedings in the relevant Court or Tribunal.

3

Issue a Statutory Demand if the debtor is a corporation.

4

Resolve the matter by using alternative dispute resolution such as mediation or arbitration.



Three Common Mistakes to Avoid

1

Not following a dispute resolution procedure in a contract.

If there is a contract governing the relationship between you and the debtor, and this contract contains a procedure for resolving disputes, you must consider and follow the requirements of this clause. Proceeding to litigation without following a dispute resolution clause could result in delay and may be costly.

2

Commencing proceedings without thorough consideration.

If you commence proceeding without giving proper attention to matters such as the merits of your claim, any possible defences or cross claims the other party may have, and issues such as the correct party to sue may increase the cost of litigating your matter.

3

Failing to consider how you will enforce a judgment or assuming it will be easy.

If you obtain a judgment and the debtor does not pay, there are processes for enforcing your judgment, however this can be a tedious, time consuming and costly process. The assets and financial position of the debtor to pay a judgment should be considered before proceedings are commenced.

Looking for further advice?

Contact our Dispute Resolution Lawyer



Jaclyn Fenby

jfenby@dohlaw.com.au

02 6583 0436





111 William Street, Port Macquarie
NSW 2444

T (02) 6583 0400
E info@dohlaw.com.au

dohlaw.com.au

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