

COSTING GUIDE

Insolvency Proceedings

KEY CONTACT



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The below costs are indicative only. Please contact us for a more accurate cost estimate, dependent on your circumstances.

Stage 1: Statutory Demands

If a debt is a liquidated, unsecured debt owed by an individual (over £5,000) or a company (over £750), it may be appropriate to issue a Statutory Demand upon the debtor pursuant to Section 268(1) Insolvency Act 1986 or Section 123(1)(a) or Section 222(1)(a) of the Insolvency Act 1986 requesting that payment, in full, be made within 21 days.

This can be a useful tool to apply pressure for payment on the basis that if the debtor fails to pay within 21 days it is intended that the debtor will take steps to issue a bankruptcy petition (if individual) or winding up petition (if company) on the basis that the debtor is unable to pay their debts as they fall due.

A statutory demand is only appropriate where a debt is un-disputed and would not be appropriate in circumstances where a legitimate defence has been raised. If a statutory demand is served in such circumstances, this could result in the debtor progressing an application to set aside the statutory demand (if an individual) or seeking an injunction to prevent you from taking steps to issue a winding up petition (if a company).

We offer a fixed fee service to draft a Statutory Demand as follows:

*** Please note that all prices listed are exclusive of VAT, which will be charged at the prevailing rate of 20%.**

| Letter | Fee* |
|--|---------------------------------|
| Statutory Demand to Individual to include one interest calculation for one invoice | £1,000 |
| Statutory Demand to Company to include one interest calculation for one invoice | £1,000 |
| Interest calculation for each additional invoice | £20 for each additional invoice |

The above price does not include any advice as to the viability of the debtor, prospects of success of recovery, any trace in respect of debtors or presenting a bankruptcy or winding up petition. Such services are priced separately.

In addition, it is a requirement that a statutory demand be served personally. Disbursement fees for personal service by a process server are likely to be in the region of:

| Service | Fee* |
|--------------------------------------|------|
| Urgent service within 24 hours | £160 |
| Non-urgent service (within 2-3 days) | £130 |

Stage 2(a): Bankruptcy Petition

If no payment is made following service of a statutory demand, a bankruptcy petition can be presented to make an individual bankrupt if the debt is a liquidated debt over £5,000 on the basis that the debtor is unable to pay its debts and there is no reasonable prospect of payment.

The bankruptcy petition must be registered at the Land Registry and creditors owed money by the proposed bankrupt may become aware and can make a claim as part of the bankruptcy. If this happens, all unsecured creditors would rank equally.

We offer a fixed fee service to draft and present a bankruptcy petition as follows:

| Work | Fee* |
|---|--------|
| Draft and present a Bankruptcy Petition | £1,500 |

The above price does not include any advice as to the viability of the debtor, prospects of success of recovery, dealing with any enquiries raised by the court in respect of any petition, costs of registering the petition at land registry (if required), any costs in respect of attendance at any hearing in respect of the petition and any costs incurred in the event that the petition is defended. Such services are priced separately.

In addition, the following disbursements would be likely to be incurred in presenting the petition, some of which will attract VAT:

| Disbursement | Fee* |
|---|--------|
| Bankruptcy search at Land Registry | £2 |
| Bankruptcy search at High Court (desirable) | £12 |
| Bankruptcy search at County Court | £45 |
| Registration of petition at Land Registry | £20 |
| Court fee | £332 |
| Deposit for cost of administering bankruptcy | £1,500 |
| Personal service of petition upon debtor (urgent within 24 hours) | £160 |
| Personal service of petition upon debtor (within 2-3 days) | £130 |

Stage 2(b): Winding Up Petition

If no payment is made following service of a statutory demand, a winding up petition can be presented to wind up the company if the debt is a liquidated debt over £750 on the basis that the debtor is unable to pay its debts as they fall due.

The petition must be advertised in the Gazette and creditors owed money by the debtor may become aware and can make a claim as part of the petition. If this happens, all unsecured creditors would rank equally.

We offer a fixed fee service to draft and present a winding up petition as follows:

| Work | Fee* |
|--|--------|
| Draft and present a Winding Up Petition | £2,000 |

The above price does not include any advice as to the viability of the debtor, prospects of success of recovery, dealing with any enquiries raised by the court in respect of any petition, costs of registering the petition at land registry (if required), any costs in respect of attendance at any hearing in respect of the petition and any costs incurred in the event that the petition is defended. Such services are priced separately.

In addition, the following disbursements would be likely to be incurred in presenting the petition, some of which will attract VAT:

| Disbursements | Fee* |
|--|-----------------------|
| Search for existing petitions at Central Registry | £45 |
| Search for petitions at High Court | £12 |
| Registration of petition at Land Registry | £20 |
| Court fee | £332 |
| Deposit for Official Receiver | £2,600 |
| Personal service of petition upon debtor (urgent within 24 hours) | £160 |
| Personal service of petition upon debtor (within 2-3 days) | £130 |
| Advertisement of petition in Gazette | In the region of £125 |

Stage 3: Negotiations (Optional)

In the event that payment is disputed, either before a petition is presented or after a petition is presented, we offer a fixed fee service for two hours of one of our solicitor's time to consider the disputed issues, advise you and negotiate with the debtor, whether verbally or in writing for a fixed fee of £400 +VAT.

We will let you know when we are nearing the two hours of agreed time and you can instruct an additional fixed fee period of negotiation, should you wish to do so.

Alternatively, we can provide our negotiation services at the hourly rates of our fee earners, which vary between £190 per hour +VAT to £350 per hour +VAT depending on experience and seniority.

This service does not include any disbursements which may be payable, such as court fees (to file a consent

order) or any time in excess of two hours spent negotiating and reporting to you.

In the event that a petition has been issued, any agreement will require the parties to apply to the court for an order that the petition be withdrawn. There would be a court fee of £119 payable in respect of such an application and a hearing would be required.

Preparation for and representation at any hearing would be charged in addition, at our hourly rates.

Typical costs in respect of preparation for any hearing would be in the region of £2,500 - £4,000 +VAT and typical fees for a barrister to represent you at such a hearing would be in the region of £1,000 - £1,500 +VAT.

Stage 4: Defended Insolvency Proceedings

In the event that the petition is defended, you can elect to take advantage of our negotiation fixed fee package (Stage 3) to see if the dispute can be resolved.

In the event that negotiations are not successful or you do not wish to enter into negotiations, all further costs incurred in dealing with the defended proceedings will be charged at our hourly rates on a time spent basis which vary between £190 per hour +VAT to £350 per hour +VAT depending on experience and seniority.

Typically, for defended proceedings, costs are likely to be as follows:

| Fees | Estimated Cost* |
|---|---|
| Nockolds fees | £8,000 - £15,000 + disbursements (see below) |
| Barrister's fees to advise | £1,000 - £3,000 |
| Barrister's fees to represent at one day final court hearing | £3,000 - £7,500 (depending on seniority and experience) |

We will provide you with a more accurate cost estimate for dealing with the defended proceedings once the points of dispute have been ascertained.

Hourly Rates

Our hourly rates vary from £190 per hour +VAT to £350 per hour +VAT depending on the level of experience and seniority of the member of the team dealing with your matter.

Meet the Team

All work will be carried out by one of our Debt Recovery specialists within the team. Debt recovery work forms approximately 25% to 50% of their work. The remainder of their work comprises mainly of complex and/or high-value litigation.

- » **Tom Richardson**, Associate
- » **Saagar Mehta**, Associate
- » **George Burton**, Principal Associate
- » **Alex Haddad**, Legal Director
- » **Lucy Slatter**, Partner

Regardless of who works on your matter, they will be supervised by Lucy Slatter, Partner and Head of our Debt Recovery Team.