

7 steps to help recover debts.

Debt issues can often be cleared up before you resort to legal action. But there are ways you could improve your chances of getting paid.

1

Review the payment terms.

Start by double-checking the payment terms in your formal contract or written agreement to confirm that the amount due is outstanding. It's also a good idea to see if there are specific debt recovery options outlined in the terms of contract.



2

Reach out with a friendly payment reminder.

When you have an overdue payment, start by sending a polite payment reminder by email. A friendly nudge could be all it takes to get paid.



TIP: Include the due date, payment options, banking details and your contact information in your reminder.

3

Speak to your debtor.

If you haven't received a reply to your initial reminder, give the person a call or consider visiting them to ask for payment. Once you've spoken to them, they'll be aware of the situation and you can judge if it's time to escalate.



4

Put it in writing.

If your attempts to receive payment are unsuccessful, consider sending a more formal letter of demand. This is usually a final reminder, and lets the person know you intend to take legal action if you don't get paid.



Consider a letter of demand a last resort. It could impact your relationship with the person or company.

Escalating your efforts.

If you've reached this stage, you may want to consider involving a third party. Before deciding on the next step you need to consider:



How this will affect your relationship with your debtor.



How much you're owed.



How long it could take to receive outstanding payments.

5

Get professional help with dispute resolution.

If dealing with a person directly hasn't worked, you might need to seek external help. This could involve:

- Talking to a dispute resolution mediator: you can find one at [Mediator Standards Board](#).
- Getting help from Australian Small Business and Family Enterprise Ombudsman [dispute resolution support centre](#).
- Lodging a complaint through your state's [fair trading agency](#).

6

Outsource to a debt collection agency.

You might want to seek help from a debt collection service. Before you do, collect as much information as you can about the work carried out and the payment terms, as well as conversation records.



7

Seek legal action.

Depending on how much money you're owed, it could be worthwhile seeking [legal advice](#) or lodging a claim with your state's [Small Claims Tribunal](#).



TIP: Let the person know that you intend to involve a debt collector. This could be the final nudge they need.

Chasing late payments can be challenging, but there is support available for small business owners who find themselves out of pocket, which don't involve heading straight to court.

For more practical advice on managing your finances head to [Westpac's Help for your business hub](#).

Help when
it matters

