



Handling Delaying Tactics

A Veritas Inside Guide

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Handling Delaying Tactics

Whatever industry sector you are in, you will always come across some customers who will try every trick in the book to avoid paying you. The best way to deal with this is by being prepared and not giving the customer any reason not to do so. We have listed some of the most common excuses (along with suggested responses) below.

It's important to note that good credit controllers aim to maintain the relationship with the customer, so that your company can continue to sell to them once the account is back within terms. As you are making the call, make sure that you have a friendly tone of voice and really listen to the customer's response. That means showing you have empathy with their position but also being firm in that you need to obtain the result – your purpose is payment through polite persistence!

Asking questions and building a rapport can frequently get you to the top of the list of people that need to be paid immediately. Your attitude should always be that you sympathise with their situation but to establish what are they going to do to fix it.

Here are some of the most common reasons for non-payment and our recommended responses:

“The cheque's in the post” or “I've already paid you”

“Thank you very much. Please can I have the date that the cheque was sent, the cheque number, the amount it was for and the address it was sent to?”

The reason for obtaining this level of detail is that it is entirely possible that it is in the post. If the customer says that it was sent more than 4 or 5 days ago then it has possibly gone astray and you should ask them to put a stop on the cheque and reissue it. However, if it was sent recently (within the last 2 days) then it is worth waiting for a few more days to see if it will arrive.

If they say that the cheque has already been cashed but you have no record of receiving it, you will need to ask the customer to ask their bank to find out which bank account the cheque cleared into. You can request a copy of the bank statement showing the cheque clearing their account. You will then need to check your own bank statement and sales ledger to verify whether the payment has been mis-posted or misallocated. Always ask the customer if they can make future payments by bank transfer.

“I need a copy of the invoice or proof of delivery”

“I'll email it over to you now. You'll receive the copy in a few minutes and I will call you to confirm that it has been transmitted successfully.”

By emailing the copies to the customer you know when it has arrived. You can then make a follow up call within the hour and ask: “Can you confirm that you have the copies and that there are no issues? Can you arrange for the payment to be sent today?”

If there are other invoices outstanding, remember to ensure that they are being paid to terms and that there is no issue with them.

“We don't recognise the signature on the proof of delivery”

Check back on previous invoices. If you can locate an invoice that has been paid where the signature on the proof of delivery matches you can reject the claim.

Ask the customer to confirm why they did not raise the query on receipt of the invoice.

“There’s no one here to sign the cheque”

“When will they be back? What arrangements are in place to make urgent payments in the meantime?”

There is no excuse for leaving a company in a position where it can’t make payments and it is very unlikely that has actually happened. If the necessary person really is absent then they will usually have made arrangements to ensure that business is not disrupted in their absence.

Most bank mandates require more than one cheque signatory and larger companies will have a number of authorised signatories. They may have left a small number of signed cheques with the Accountant or made arrangements with their bank authorising another person to approve payments in special circumstances.

“We are not satisfied with the goods/services”

“Have you already told us that there is an issue? Who did you notify and when? Our terms and conditions state that queries need to be raised within X amount of days. How much of the total debt is affected? Please arrange for the undisputed amount to be paid immediately and I will arrange for the queried element to be investigated.”

The customer is only entitled to withhold the disputed portion of a debt. However, in our experience, many companies will not part pay disputed invoices. In these circumstances you need to establish the exact details of the dispute and investigate it immediately. Prompt query resolution is a key factor in minimising late payment.

As soon as you have verified the dispute, arrange for any credit note to be raised and posted to your sales ledger immediately and email it to your contact to release the invoice for payment. If the query is rejected then you must go back to the customer and explain why you expect payment to be made in full.

“There’s nobody in purchase ledger today” or “Purchase ledger only work part time”

“When will they be available? Do they only take calls at certain times? When is that?”

Make sure that you know when your contacts are available but, if you are constantly blocked in this way, identify an alternative contact. Ask to speak to the purchase ledger supervisor, financial controller or the financial director.

And here are some of the more unusual excuses that we’ve heard . . .

“I am unable to sign the cheque because I have broken my arm”

“The Director is not in because his cat was run over”

“We’re all going to the office party”

Try to show empathy, and then ask the customer who else within the organisation is authorised to make a payment.

If payment has still not been forthcoming, consult a senior person in your organisation who has a good understanding of the customer relationship. You may also wish to consider applying interest and late payment charges to the outstanding debt to accelerate payment.





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Contact Us

Call

Please call our team and talk confidentially and informally to one of our expert advisers about your requirements and objectives.

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Alternatively, email us at

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Meet & Plan

Built from years of working closely with businesses, our unique planning process will ask the key questions to chart where you are now, your desired destination, and your route to getting there.

All discussions are in complete confidence and without obligation.

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