

TIPS TO AVOID PROBLEMS WHEN DOING BUSINESS

We know it's tough doing business at the moment, but our experience suggests there are simple ways in which you can avoid risk. This leaflet outlines some ideas that may be of help. If you are supplying goods or services and do not have terms of business, or would like these refreshed please contact our business services team who are here to help you.

Doing the deal:

- When agreeing to supply goods, products or services, make sure you know exactly who your contract is with and who is therefore responsible for paying you
 - If you are dealing with a group of companies ensure you know which one within the group your contract is with
 - Should your client be a larger concern, confirm that the individual you are dealing with has relevant authority
- Carry out credit checks where necessary
- Consider obtaining payment on account or personal guarantees

Watch out for changes:

- Check that purchase orders come from your client as expected and not from another party that may be less able to pay you
- Be alert to subtle signs of distress, e.g., change of bankers or of personnel
- Consider renewing credit checks periodically

Terms of business:

- If you are extending credit to your clients make sure your terms of business detail your rights if payment is not made
- Reserve the right to charge interest at an effective rate to encourage prompt payment, and to decline further transactions or fulfil other orders until payments are up-to-date
- Clients may delay payment claiming faulty goods/products have been supplied; guard against this with well drawn terms

Battle of the forms

- Be wary of purchase orders imposing the client's terms over yours
- If a client offers to do business on its terms of purchase make sure you state that your terms apply and that the client confirms acceptance

Internal controls

- Make sure all transactions are completed according to your current terms and conditions
- Are your records up to date? Can you prove that your client has accepted your terms and conditions?
- Do not allow your employees to agree variations to your terms and conditions without your authority

Retention of title

- A retention clause in your terms and conditions may enable you to recover goods or products if your client does not pay for them
- Again, ensure that you have a signed acceptance of your terms and conditions so that you can exercise retention of title
- Make sure you can identify your goods should you need to take repossession; do they have a unique product or reference number and has this been documented?

Proud sponsors



Carter Bells

Carter Bells LLP Solicitors, Kings' Stone House, 12 High Street
Kingston Upon Thames, Surrey, KT1 1HD
Tel: 020 8939 4000 Fax: 020 8541 3347 DX: 31505Kingston
www.carterbells.co.uk