

Minimum Credit Control Procedures

This advice note was prepared by Knights plc for the NTF to provide advice to members on credit control steps that may help manage the risk of unpaid invoices and obtain payment from debtors.

General

1. Ensure that the invoices refer to the payment terms (i.e. the period in which the owner has to pay and the right to charge interest after that if payment has not been made).
2. Ensure that your bank details and methods of payment are clearly shown on invoices.
3. Give timely notice of any change in your address/bank account and payment terms.
4. Ensure that invoicing is done promptly and accurately as and when the right to invoice falls due. Make sure the invoice is clear and comprehensive. Agree any additional charges prior to incurring them if not already covered by the training agreement and ensure that these are invoiced promptly. Whatever method you adopt, make sure it is in accordance with your training agreement.
5. Under the ROA/NTF training agreement, you have to give 1 month's prior written notice of any increase in fees and any owner who does not accept the change must notify within 21 days. This is only 7 to 10 days before the new charges take effect. Make sure someone is monitoring your post and email daily for any such complaints. They need to be resolved as soon as possible as there needs to be complete clarity as to what fees you can legally charge. Whilst the rules of racing only require a training agreement to be in place before the horse runs, to help secure your position make sure the training agreement is signed before or as soon as the horse enters the yard.

Invoicing and chasing process

6. Have a clear diary system for marking when the invoice is due and when the first and second reminders fall due. Say 30 days after the invoice has been issued, if they are the payment terms, make a call and send out the first reminder, then follow up at 7 days, with a call and a second reminder and then 14 days with a final letter confirming that the matter is being passed to external lawyers. Added to this, you could send a statement of account mid-payment period as a reminder, say after 14 days – at this stage a phone call or email might also get a response.
7. Make sure your systems flag up any late payments and a history of late payments.
8. Monitor any complaints from owners about increases in your fees and deal with them promptly. Don't wait for the debt to build up. 9. IT IS VITAL YOU KEEP AN EYE ON THE CLOCK AND DO NOT BE DETERRED BY THE OWNER SAYING THAT PAYMENT IS ON THE WAY. YOU NEED TO BE PROACTIVE AND ENSURE THAT YOU TAKE AN INTEREST WITH INDIVIDUAL OWNER'S ACCOUNTS. Make sure you regularly review them with the racing secretary or accounts manager. Ensure that there is a clear line as to who is responsible for chasing invoices and whose responsibility lies where – secretary, accounts person, trainer - and ensure it gets done.
10. Under the NTF Legal Assistance Scheme, you have 90 days only from the due date of invoice to notify the insurers of the claim; otherwise it may be too late. If in doubt notify and notify sooner rather than later.

Other considerations

11. Try to include a provision in your terms and conditions that payment must be made without deduction or set-off – however, if the owner were deemed to be a consumer under consumer legislation this may be an unfair term.
13. Conduct regular bankruptcy searches against owners at random. This is a simple search on the Insolvency Service's website at <https://www.insolvencydirect.bis.gov.uk/eiir/>
14. Consider at what point it would be appropriate for the horse to either not run until the debt is cleared or for the horse to be changed on to a keep only basis. If this is not specified in the training agreement then you should notify the owner in writing of any action being taken with regard to not making race entries or a move to keep only or any other restriction on services being provided. This should be threatened by letter giving reasonable notice. What is reasonable notice will depend on the facts of the case such as length of contract, number of horses etc.
15. Consider whether after 14 days, you need to invoke the NTF Legal Expenses Scheme for cover.

REMEMBER: Consider other options in the event you are not paid

1. Asking the BHA to put the owner on the forfeit list where the debt has not been paid for 3 months following the date of dispatch of the agreement. This is a judgement call for you but you must notify the insurers in advance of taking any such action to ensure that the claim is properly notified in case payment is not obtained and you then need to call on the policy. There could be many reasons

Updated by NTF September 2021