

Good practice advice when taking on a new owner as a client - to help you recover any owner debts

1. Before taking on obligations to a horse owner, you should try to meet with them to check that they are “the type of client you want to have”.
2. At the first meeting, you should explain exactly what services you can offer and each party’s mutual obligations.
3. Make sure you know who you are contracting with – is it an individual, a couple, a partnership or a company for example? Ensure the correct entity signs the training agreement and you then invoice the correct entity.
4. The BHA requires you, as a licensed trainer, and the owner to enter into a training agreement in respect of a horse before it runs any race under the BHA rules (Schedule 4 – paragraph 2.1). The NTF has an excellent standard agreement (the ROA/NTF terms and conditions of training) which it is recommended you use. It can be found on www.racehorsetrainers.org and a hard copy is available from the National Trainers Federation office on 01488 71719. This agreement is jointly agreed with the ROA so should be acceptable to most owners.
5. You are likely to be considered in default of the rules if you do not send a training agreement to the owner.
6. You should ask the owner to review your training agreement which should be clearly printed and legible in font size 12 or above. The owner should be given the time to review the training conditions with you in person and asked to sign there and then – not take the terms away and sign and return at a later date. Terms should not be obscured by being overleaf on a jotter pad or printed in small or in a colour which is difficult to read. If you do allow the owner the right to take away the terms and conditions to review, then build in a term stating that if you start performing services then the terms are implicitly accepted.
7. If the owner refuses to sign and return the training agreement, or fails to return it signed, then the owner would probably be regarded as being in breach of the rules.
8. If the training agreement has not been signed and returned by the owner, you may nonetheless be entitled to rely on the terms of the agreement as the basis of the agreement if the owner has seen the agreement and has not raised any objections.
9. The terms and conditions should provide details such as:
 - a. The basic training fee (expressed as an amount payable by week or by calendar month);
 - b. All other regular expenses (such as gallop fees, shoeing costs and the like);
 - c. The extent of the your authority to incur any additional charges or expenses for the account of the owner (such as veterinary fees);
 - d. Provision to vary the points under a. to c. above and for notification of the variation;
 - e. The time and method of payment by the owner;

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- f. Any provision for a lien, i.e. the right to retain and sell the horse in the event of default by the owner (legal advice should be sought before exercising this option);
 - g. Any matter as to training agreements which is required by a code of conduct issued under Rule 87 of the BHA rules of racing.
 - h. Any other matters which the BHA may direct from time to time.
 - i. If you have different rates for horses out of training or on box rest these should be specified. You are not, however, obliged to have different rates for full training and out of training periods.
 - j. Your right to terminate the agreement immediately in the event of serious default by the owner;
 - k. It covers every horse (or share of the horse) in your care, belonging to the owner. There is no need for a separate agreement, as long as the original agreement remains in force.
 - l. Interest rate applicable on unpaid invoices;
 - m. When the training agreement is deemed to lapse. Under Schedule 4, this is when the owner does not have a horse in training with you for a continuous period of 24 months; you have ceased to hold a licence granted by the Authority, or either party to the agreement gives the other written notice of termination;
 - n. Your right to report the non-payment of fees to the BHA (under Schedule 4 of the BHA Rule).
 - o. Your right to recover legal costs from an owner in default.

Points 9a to h are required under Schedule 4 to the BHA rule regarding the training agreement.

10. 10 In the NTF's experience, it is not uncommon for owners when refusing to pay or disputing debts to say that they were not kept informed of the horse's progress, what it was doing, that they were given unrealistic expectations of how it would perform, were never told when the horse was going to run, etc. To help answer any such challenges, we recommend that trainers keep a daily record for each horse in the yard which shows whether the horse was in full work, light work, box rest, field rest and that owners are kept regularly updated as to the horse and its progress. Copies of communications with owners should be kept, a brief diary note made of any phone calls and if an owner visits the yard or comes to see the horse race, make a note of that as well.

Not keeping these records doesn't, of course, prevent a trainer from claiming payment that is owed but from our experience will help bolster the trainer's case if the owner disputes certain elements of the invoices.

Taking monies on account

- 11. You may wish to do a credit check on any owners – if you wish to do this, then you will need to include a provision within the terms and conditions to ensure the owner consents.
- 12. To protect your position, you may wish to consider asking for money in advance or even a credit card imprint. The money asked for on account should cover the first month's invoice and reflect

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the number of horses and work involved in the first tranche of work.

13. The owner should be asked to pay the first invoice in full such that the money on account can be used to pay any future invoices if unpaid. At the start of the contract, there may be goodwill between the owner and trainer but this may fizzle away such that after 2 or 3 months the owner fails to pay the invoices.
14. Ensure that regular invoicing takes place and any default is recorded and chased up (see the advice sheet on Minimum Credit Control Procedures)
15. If you hear of any owner in financial difficulties, e.g. from another owner, or in the horse press, then ensure that further funds on account are sought and/or payment is checked.

For further guidance, please contact Brent Williams, Partner, Knights plc:

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