

# Reducing the cost of litigation

## EXAMPLE

M.U.G Ltd instructs a solicitor to recover an outstanding invoice for £3,000. To assess the solvency of the debtor the solicitor charges M.U.G £120 plus VAT for a Credit Report and £7.50 plus VAT for a letter of claim. As a result of the debtor raising a dispute the solicitor charges M.U.G £165 plus VAT covering telephone calls and correspondence to the debtor for a total of 2½ hours (£412.50 plus VAT). The dispute concerns satisfactory quality of goods supplied by M.U.G that the debtor wishes to reject. M.U.G is therefore charged £190 plus VAT for legal advice. In accordance with the legal advice the solicitor for M.U.G issues a county court claim and charges £110. But the debtor raises a defence and the solicitor for M.U.G charges £190 plus VAT an hour to prepare for the court hearing including drafting of 3 witness statements. The solicitor engages 8 hours of their time and M.U.G are charged £1,520 plus VAT and the costs of a barrister at £350 plus VAT. The court awards M.U.G a CCJ at the final hearing for £3,700 including court fees, interest and prescribed costs because it's a small claim. However the debtor does not pay the CCJ and M.U.G instruct the solicitor to apply for a Charging Order on the debtor's property, solicitor charges £550.

Accordingly the above litigation and enforcement cost M.U.G Ltd £3,365 for a £3,000 claim. Whereas for a Master Club member subject to membership would cost £815 for the services provided by the solicitor.

Alternatively had M.U.G instructed a Debt Collector on a No Collection No Fee basis they would usually outsource to a solicitor. Using the above example, the only cost saving the Debt Collector would give is £504 except for legal advice covering the Pre-Legal stage.

Master Club will make even greater savings for businesses that issue more than 2 claims a year because legal cover is unlimited.

If your business offers credit investing in Master Club membership could be the best commercial decision you've made.



If you would like a quote for Master Club membership

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