

UK tradespeople write off billions in late payments

Date: 7th March 2014

Published: WorldPay

UK sole traders and mobile microbusinesses could be owed up to £2.5 billion each year by late-paying customers, according to new research from WorldPay, the UK leader in payments*.

Even more alarmingly, most of this debt – around £2.4 billion per year – gets written off. Individual consumers are thought to be the worst culprits for late payments, with excuses ranging from "the goat ate my cheque book" to "I fell over on the way to the bank".

WorldPay's survey of over 1,000 mobile tradespeople and microbusinesses in the UK reveals that 75% of respondents have had a late payment in the last 12 months. Builders and plumbers are among the worst affected, with 88% and 90% of these having been paid late.

Typically, tradesmen have to wait up to 15 weeks to get paid, although for plumbers the wait can be much longer, around 27 weeks. Amongst those who have been paid late in the last 12 months, nearly half (45%) have experienced cash-flow problems. Apart from concerns about their cash-flow, many are worried about damaging client relationships and time wasted chasing payments.

David Hobday, Managing Director of WorldPay UK, comments: "Running a small business is hard enough without people using every excuse under the sun to avoid paying. It's spectacularly unfair how long some sole traders are waiting to get paid for the job they've done. Late payments have a huge impact on small business cash-flow and a knock-on effect for everyone.

"A product like WorldPay Zinc allows small business to accept immediate card payments. They can get paid on the spot, and save both time and money by not chasing late payments."

While many tradespeople still prefer to be paid cash in hand, WorldPay's research showed that consumers are carrying cash less often nowadays. Nearly three quarters of respondents (72%) agreed their customers are less likely to have cash on them than 12 months ago.

Freddie Graj, owner of FG Electrical Services, a small electrical business in Hanworth, Middlesex, is unsurprised by the research: "While the majority of my customers are loyal and pay on time, I have had to wait up to six months for some payments. In the last year alone, I have spent so much time chasing payments that I've had to write off hundreds of pounds owed to me. Excuses people give range from forgetting to post the cheque to claiming they haven't received an invoice. One cheque arrived a month late and then bounced!"

To get around this issue, Freddie plans to start taking card payments so customers can pay him on the spot once the work is done. "Not only will this help improve my cash-flow but I can take on extra ad hoc electrical work without the issue of my customers not having enough cash on them," Freddie adds.

WorldPay estimates that there are over 4 million tradespeople in the UK today, of which 60-70 per cent currently don't take card payments. For further information about WorldPay Zinc please visit: worldpayzinc.com

Link: <http://www.worldpay.com/media/index.php?page=archive&sub=worldpay-tradespeople-writing-off>