

Money, money, money

Timely payment for freelance work should be a given. In some cases, sadly, it isn't. In the first of a two-part series, Andrew Leigh reveals how you can protect yourself and your income in uncertain financial times



Andrew Leigh LLB MA MITI is a freelance translator (French, Spanish, Italian and Portuguese into English) specialising in law, business and commerce, and trading under the name Allegro Legal Translations. Contact Andrew at andrew.leigh@allegro.lt.co.uk or follow him on Twitter at [@allegro.lt](https://twitter.com/allegro.lt).

September 2010 was a memorable month as our family spent the most wonderful three-week holiday in the Vendée region of France. Sadly, the month was also memorable for a less welcome reason as it marked the start of a year-long struggle through the courts to get paid for work that I had agreed to take on while on holiday. Ultimately, I was successful and received full payment, but the battle was long and stressful. Many *ITI Bulletin* readers will undoubtedly have their own horror stories to tell.

This two-part article will look at the thorny issue of 'getting paid' and will provide a mix of information and advice that can help minimise your risks and enforce your rights.

Part One will focus on the steps that you yourself can take in terms of prevention and chasing up payment while Part Two, in the next issue, will examine the help that is available if and when things move into the debt recovery stage.

Do your homework

I'm sure we have all been guilty at one time or another of rushing headlong into a new job without doing the necessary due diligence to ensure that we are dealing with a reputable client who is likely to pay us for our endeavours. But a few simple steps at the beginning can save a real headache further down the line. As the old adage goes, prevention really is better than cure.

So, what happens when an unknown client contacts you by email and asks you, say, to translate a 5,000-word document? The first

step is common sense.

Look at the prospective client's contact details. Does your client have a name? An address? A landline? Always make sure you collect as much information as possible at the outset so that, in the worst-case scenario, you will have a name and address where you can serve legal documents later on.

If possible, speak in person to your prospective client as this can give some reassurance that you are

'Inquire among your colleagues to see if they have dealt with the company before and, if your queries produce nothing, a simple Google search can be quite revealing'

dealing with a real individual. Check out any other details supplied such as a website, memberships, etc.

Ok, you've done your checks and it seems like your client actually exists. How do you know if they are reputable? Look into their creditworthiness. This is not always possible with private individuals but is certainly recommended when dealing with business clients, including translation agencies.

If you are dealing with a business based in the UK, you can use the Creditsafe facility provided (for FREE) by ITI¹. Creditsafe is an online database containing records on UK and Irish companies sourced

directly from Companies House. Simply enter the details you know about the company (eg name, registered number, address) and Creditsafe will search the database and produce up-to-date results on that company. You can then peruse a whole range of data including registration details, negative information such as county court judgments, and the company's financial statements. You don't need to be an expert in financial matters as there is a handy traffic-light system to indicate creditworthiness.

Of course, in our globalised world, we translators and interpreters often deal with businesses/companies/agencies that are based outside the UK. Once again, it's good practice to check them out using the online registry information specific to each country. Companies House has a useful list² of many countries around the world with clickable links to their registries.

Perhaps the best resource that we have available is our translation and interpreting community. The ITI Forums³ have specific sections on bad payers, good translation companies and agency queries, where you can look to see if other colleagues have had positive or negative experiences in the past with the company in question. If there is no information, why not post a new entry and ask for opinions? Inquire among your colleagues to see if they have dealt with the company before and, if your queries produce nothing, a simple Google search can be quite revealing.

Away from ITI, there are other subscription-based facilities such as Payment Practices (www.paymentpractices.net) as well as online forums such as Translators Café's Hall of Fame and Shame and Proz's Blue Board, where members can find out useful information about companies and their payment history. As with all forums and review sites, you are dealing with hearsay and you can't always rely on getting the full

picture, but they do provide a general impression of a company and its recent payment behaviour.

The advice given above is particularly relevant to first-time clients – but even ‘good’ clients can sometimes experience trading difficulties, so it’s certainly worth carrying out these checks regularly with your established clients too.

Going ahead

You may decide, after these checks, that nothing in the company’s record deters you from taking on the work offered. But there are further ways to minimise your risks.

For first-time clients, and particularly for lengthy projects, you can gain reassurance by asking for payment up front or in instalments.

Always look at the payment section of your client’s terms and conditions to make sure that you are happy with the payment period, and request shorter terms if not⁴. If you do not have your own, you are highly advised to use ITI’s Recommended Terms of Business, which suggest a 30-day payment period for translation and interpreting work. Agree on the payment period in writing and keep a record of all correspondence (emails, letters) so that you can rely on this as evidence later on, if necessary.

You can also include, in the agreed terms and conditions, that you will hold all copyright over the translation until full payment is made. That way, if payment is not made on the due date, the client will be acting in infringement of your copyright.

Finally, it is worth making the point that it is essential to establish a regular process for sending out your invoices (whether immediately after the job or an aggregate monthly invoice), for confirming that they have been received and for monitoring incoming payments to make sure that nothing slips through the net. If you need to tighten up your processes, there are software programs such as FreeAgent and 4visions that can help you put in place simple and effective accounting practices.

Chasing up payment

Even if you apply all the words of wisdom offered above, there is still no guarantee that the client will pay on time. If this is the case, it is a good

idea to send a polite reminder, if not immediately then at least within seven to ten days, either by email or phone. In most cases, a phone call can be very effective. It is natural to be frustrated at the late payment but try to remain professional and calm as an overly aggressive and demanding attitude, particularly when your invoice is only a few days overdue, could spell the end of your business relationship with that client. The fact is that it is quite common in our busy working environments for invoices to go astray and in many cases clients are happy to settle their unpaid dues

‘More often than not, a subtle reference to avoiding late payment interest and debt recovery costs will be sufficient to encourage your client to take you seriously’

either immediately or on a mutually agreed date.

Some clients may, of course, be deliberately slow in paying you on account of their own cash flow requirements and may offer some plausible or less plausible reasons for this in an attempt to gain your understanding: ‘I’ve just come back from holiday’, ‘I’ve been off sick’, etc. Be sympathetic if the situation calls for sympathy, but bring the conversation back to a firm agreement on the payment date.

Also, remember that your contract is between you and your client alone. Don’t accept a promise that ‘we will pay you when we have received payment from our own client further along the supply chain’. You have your own cash flow to worry about.

If, despite one or two polite reminders, you are still awaiting payment, you will need to crank up the pressure a notch. At this point you can send a more formal letter referring to late payment legislation. In the UK, the relevant legislation is the Late Payment of Commercial Debts Regulations 2013, which came into effect on 16 March 2013. These Regulations are the transposition of European Directive 2011/7/EU and, therefore, similar provisions should (technically) now

be in force in all member states of the European Union – good news for translators and interpreters, given our multinational client base.

So what protection does the late payment legislation offer? Firstly, unless you have agreed a different payment date (again underlining the importance of negotiating terms and conditions), payment is deemed to be late 30 days after you submit your invoice or you provide the translation or interpreting service. This is important because you are entitled to start charging interest on late payment after the credit period has ended. The amount of interest can be either statutory (currently 8% above the Bank of England base rate), or contractual (the rate agreed in your terms and conditions).

Secondly, you are also entitled to charge a fixed debt recovery cost of £40, £70 or £100 depending on the size of the debt.

You will have to use your own commercial judgement about whether actually to impose interest/debt recovery charges based on your past and present dealings with your client, the importance of your client to your workflow and other determining factors. More often than not, a subtle reference to avoiding late payment interest and debt recovery costs will be sufficient to encourage your client to take you seriously and sort out your payment. If, however, you do intend to impose interest/recovery costs (which should be stated in your terms and conditions), send a new invoice that includes the original amount owed plus these additional charges.

Things become a little more serious when clients who are reluctant to pay/fraudulent/experiencing financial or operational difficulties shut down all communication, stop responding to emails and stop answering the telephone. It is at this point that alarm bells start ringing and you will probably need to think about debt recovery... FAST! 

NEXT TIME
Make sure you read Part Two of this article in the next issue of ITI Bulletin, where I will explain the remedies and procedures available for recovering debts.

¹ Details of how to access the service are available in the My Benefits section of My ITI on the ITI website.

² Simply type ‘Worldwide registries’ into the Companies House website (www.companieshouse.gov.uk).

³ The Forums can be consulted under My ITI.

⁴ Under current late payment legislation, payment terms must be no more than 60 days unless expressly agreed otherwise and provided that it is not unfair to the creditor.