

Terms & Conditions of Business for Direct Route Collections Limited (“the Terms”)

Version 5.2.3 - applicable to new client instructions received from 1st June 2024.

1.DEFINITIONS

In these Terms the following word or words shall have the following meanings:

- 1.1 ‘Agent’ means a third party appointed by DRC to assist with the collection of a Debt on behalf of the Client, such as a solicitor, tracing agent, enquiry agent, process server or other individual, company or organisation that DRC considers appropriate to employ on behalf of the Client.
- 1.2 ‘Client’ means the individual, company or organisation that instructs DRC on the terms set out in this Contract or as notified by DRC to the Client from time to time.
- 1.3 ‘Contract’ means the contract formed between DRC and the Client for the provision of the Services to which these Terms apply.
- 1.4 ‘Debt’ means that debt owed to the Client which is the subject of the Services.
- 1.5 ‘Late Payment Fees’ means those fees, charges, compensation, and interest due and payable on a Debt (to include in this definition an unpaid DRC invoice) under the Late Payment of Commercial Debts (Interest) Act 1998 as amended and supplemented by the Late Payment of Commercial Debt Regulations 2002/2013, to be known collectively as “the Late Payment Legislation.” For the avoidance of doubt the Late Payment Fees shall include a calculation for Compensation Costs and Interest as allowable under the Late Payment of Commercial Debts (Interest) Act 1998 plus a Reasonable Recovery Cost calculated as 15% of the debt principal sum being pursued from the Debtor Company by DRC on behalf of the Client.
- 1.6 ‘Services’ means the debt recovery service that DRC agrees to provide to the Client.
- 1.7 ‘DRC’ means Direct Route Collections Limited, company number 2903227.
- 1.8 ‘Debtor Company’ means any business that the Client has provided goods or services to prior to the engagement of DRC.

2.SCOPE

- 2.1 These Terms apply to the provision of the Services and shall prevail over and apply to the exclusion of any inconsistent terms unless specified by DRC in writing.

3.FORMATION OF CONTRACT

- 3.1 All instructions shall be made by the Client in writing to DRC at its principle place of business.
- 3.2 DRC reserves the right not to acknowledge a Client’s instructions unless specifically requested in writing.
- 3.3 DRC shall, unless the Client requests otherwise in writing, begin to carry out the Services immediately upon receipt of the Client’s instructions and the Contract shall be deemed to be formed at this point.

4.OBLIGATIONS OF DRC

- 4.1 DRC agrees to deliver the Services in accordance with these Terms.
- 4.2 Following the request for the Services, DRC shall use its reasonable endeavours to collect the Debt on behalf of the Client.
- 4.3 DRC will carry out the work required to collect the Debt during the course of normal working hours.
- 4.4 DRC undertakes to exercise reasonable care and skill in performing the Services.
- 4.5 DRC accepts no responsibility or liability should a Debt be unable to be collected for any reason whatsoever.
- 4.6 DRC reserves the right to decline a Client's instructions without the obligation to provide reasons for its decision.

5.THE CLIENT'S OBLIGATIONS

- 5.1 The Client agrees to respond to DRC's reasonable requests for instructions to enable DRC to fulfil its obligations under this contract and shall cooperate with DRC in all matters relating to the Services.
- 5.2 The Client shall permit DRC or the Agent to have reasonable access to its records and provide such assistance as requested by DRC or the Agent to enable them to carry out their obligations under the Contract. In the event that the Client fails to provide such assistance within 30 days of being requested to do so, the Client will be liable to pay to DRC the Late Payment Fees payable by the debtor. This may be invoiced by DRC to the Client without notice and is payable within 7 days of receipt by the Client else it may be deemed to be immediately overdue thereafter and subject to Late Payment Fees thereafter on any invoices raised to the Client.
- 5.3 The Client agrees that any of its employees, agents or representatives who contact DRC shall have authority to give instructions to DRC.

6.FEES

- 6.1 In consideration of the provision of the Services by DRC, the Client shall pay the fees calculated in accordance with any schedule, fee structure or agreement provided by DRC to the Client. DRC has the following charging rates, one or more of which, will apply, unless otherwise agreed in writing:

6.1.1 Platinum Club, Fairway Gold and Fairway Silver.

DRC will add to the Debt, **AND RETAIN AS THEIR FEES**, the Late Payment Fees (plus any agreed commission) and any other agreed charges. DRC's fees are to be taken from any first payment made to the Client in accordance with the Late Payment Legislation.

6.1.2 Bronze.

The Client shall pay to DRC a percentage commission of the amount of Debt collected (usually between 10% and 20%) based upon the age of the Debt.

6.1.3 Non-Member:

When a client is classified by the Agent as being a 'non-member', then the client agrees that all Late Payment Fees recovered from a debtor are to be retained by the DRC as their fees in addition to any agreed percentage commission charged upon recovery of the principal sum.

In all cases DRC reserves the right to charge a minimum fee of £25.00 irrespective of the size of the Debt.

- 6.2 Circumstances may arise where DRC's fees are collected directly from a debtor in which case no fee shall be payable by the Client PROVIDED THAT should a Client accept a figure in settlement of a Debt that is less than the amount deemed recoverable by DRC, then any shortfall in the fees recovered by DRC from the Debtor Company as a result will be payable by the Client to DRC.
- 6.3 In the event that the Client fails to provide to DRC such information as DRC reasonably requires in order to recover the Debt within 14 days of being requested to do so and in the event that the Debt is not recovered, the Client will be liable to pay to DRC such sum as is equivalent to the monies that DRC would have recovered under the Late Payment Legislation.
- 6.4 The Client agrees that they must have engaged in a legitimate business to business transaction with the Debtor Company in order to qualify for the zero cost and subsidised debt collection services offered to the Client by DRC.
- 6.5 In the event that it is established that the Client has not entered into business to business transaction after commencement of the collection process by DRC on behalf of the Client then the Client agrees that they shall be liable for a minimum 15% + VAT commission fee chargeable on any monies recovered.
- 6.6 With reference to clause 6.5 exclusively no commission will be chargeable by DRC to the Client unless a successful recovery has been effected.
- 6.7 A successful recovery will constitute monies received by the Client overed and also Credit Notes issued to the Debtor Company for Goods Returned. Credit Notes issued by the Client for other reasons shall not be liable to a commission charge from DRC to the Client.
- 6.8 The Client acknowledges and agrees that in entering into this agreement with DRC that their right to the zero cost debt collection and subsidised 2% debt collection service offerings is strictly subject to the successful recovery of the full late payment charges from the Debtor Company.
- 6.9 The client specifically agrees that in addition to the Principal Sum value owing by the Debtor Company to the Client then DRC will add Late Payment Penalties calculated in line with the Late Payment of Commercial Debts (Interest) Act 1998 and the Late Payment Commercial Debt Regulations 2002/2013 to be added as fees to all formal demand letters of payment served upon the Debtor Company.

- 6.10 DRC agrees that it shall support the Client and if necessary provide a solution to the Client through suitably nominated legal representation as selected solely by DRC to instigate legal proceedings on behalf of Client with regards to the Clients liability to DRC.
- 6.11 DRC further agrees that it will use its best endeavours to resolve any unpaid Late Payment Fees legitimately due from the Debtor Company to the Client pre-legally prior to commencing any legal action on behalf of the Client and that Legal action against the Debtor Company shall be a last resort to only be used after the Debtor Company has been provided with ample opportunity and notice to pay the Late Payment Penalties to either DRC or the Client.
- 6.12 DRC and the Client acknowledge jointly that any liability that the Client has to DRC shall always exist but firstly all endeavours must be made to recover the same from the Debtor Company.
- 6.13 In the event that the Debtor Company fails to make payment of the fees to DRC then the client agrees that they shall be liable for the Late payment Fees, or any shortfall therein, based upon the following calculation of late payment fees:
- (a) Compensation Costs as calculated in line with the Late Payment of Commercial Debts Interest Act (1998)
 - (b) Late Payment Interest as calculated in accordance with the Late Payment of Commercial Debts Interest Act (1998)
 - (c) A Reasonable Recovery Cost commission of 15% plus VAT shall be payable by the Client to DRC on the Principal Sum of the indebtedness calculated on any monies recovered by DRC for and on behalf of the Client. The Client shall be entitled to and supported by DRC in reclaiming this successful debt recovery percentage fee from the Debtor Company under the terms of The Late Payment of Commercial Debt Regulations 2002/2013.
- 6.14 It is acknowledged by the parties that the Reasonable Recovery Costs element referred to in point 6.13(c) may occasionally be considered by the Courts as subjective in terms of establishing value to the Debtor Company or otherwise on a defended case. The Client however agrees that a Reasonable Recovery Cost of 15% Commission is an average chargeable upon successfully recovered monies applicable across all of its instructions to DRC, some of which could arguably be charged significantly more and others less. In any event the Client acknowledges that a 15% commission is below the industry market value of between 15% and 25% generally charged by the competitors of DRC and thus represents a fair deal for the Debtor Company towards the lowest levels of successful recovery commissions within the debt collection industry.
- 6.15 In the event that the Client wishes to withdraw DRC from pursuing the Debtor Company for Late Payment Fees for commercial reasons then the Client may choose do so upon payment for the fees to DRC at their own expense. If court action has already been issued on behalf of the Client then the Client agrees that they shall be liable for these fees along with any solicitors fees incurred in addition to the Late Payment Fees at the point of withdrawal.
- 6.16 The Client will be liable for any costs incurred by DRC on its behalf in performance of the Services.

- 6.17 All DRC's fees, charges and other costs and expenses incurred on the Client's behalf attract VAT which shall be payable at the prevailing rate in accordance with legislation from time to time in force.
- 6.18 In the event that Late Payment Fees are solely outstanding outside of the grounds of England & Wales and despite best endeavours of DRC it was not possible to collect the fees from the Debtor Company pre-legally then the client agrees that a close-out commission of 15% + V.A.T chargeable to the Client at the sole discretion of DRC on any monies that have been received by the Client directly from the Debtor Company since the original instruction date.
- 6.19 DRC may at DRC's discretion, request payment on account of disbursements to fund the services of an Agent employed to assist DRC with the performance of the Services, with any remaining balance being due at a later date specified by DRC. The Client will be provided with a fee sheet by DRC detailing solicitor's charges prior to the commencement of any legal action. Please note Platinum Club members will benefit from some legal fee exemption, subject to the debt matter being deemed as Qualifying as per the terms laid out within the separate and superseding Platinum Club Agreement.

7. PAYMENT

- 7.1 DRC shall raise an invoice for its fees or any disbursements paid by it on the Client's behalf. Again due consideration will be given for the exemption of fees in some cases of Platinum Club members.
- 7.2 The Client shall pay each invoice in full and in cleared funds within 7 days of the date of the invoice.
- 7.3 Subject to clause 7.2 and agreement in writing between DRC and the Client, should a Client not pay an invoice within 7 days from the date that it was raised then the Late Payment Fees will be payable by the Client to DRC in addition to the fee contained in the invoice.
- 7.4 If a Debt is paid directly to the Client in whole or in part or if the Client accepts goods or services in lieu of the Debt or if it is established that payment has already been made or if the Client ceases to trade or enters any form of Insolvency or if the Client terminates instructions after DRC has accepted instructions then the Client:
- 7.4.1 shall notify DRC immediately and confirm the position in writing to prevent DRC incurring any further costs or fees on the Client's behalf;
- 7.4.2 shall be responsible for all costs and fees incurred by DRC until it receives the notification in clause 7.4.1;
- 7.4.3 shall be responsible in any event for DRC's fees calculated in accordance with section 6.1.
- 7.5 The Client shall be responsible for and shall indemnify DRC against all costs and fees incurred by DRC on the Client's behalf from the time it receives the Client's instructions until such time as it is either notified by the Client that no further action is required, or that the Debt is recovered, or that the Debt has become irrecoverable or instructions are terminated. Any such notification from the Client must be made in writing.
- 7.6 All sums due under the Contract shall be paid in full without any set-off whatsoever.

8. TERMINATION OF THE CONTRACT

- 8.1 The Contract cannot be cancelled by the Client without the written agreement of DRC and if the Contract is cancelled, by agreement, then the Client will be liable to pay DRC such sum which represents the fees or commission due to DRC that DRC would have received upon conclusion of the matter.
- 8.2 DRC reserves the right to suspend the provision of supply of the Services until further notice without liability to the Client on notifying the Client either orally or in writing in the event that either:
- 8.2.1 The Client is in breach of any material term of the Contract or 8.2.2 DRC is obliged to comply with an order of any relevant authority.
- 8.3 DRC will cease providing services upon the Client entering into any form of insolvency including having an administrator or receiver appointed, a bankruptcy or liquidation order issued or notice of intended dissolution or strike off filed against it at Companies House. If this circumstance arises, any recovery made by DRC will be utilised to reimburse DRC for all costs and expenses incurred including any third party advice DRC have to obtain and fees due to DRC based on the recovery made with any remaining balance being forwarded to the Client's insolvency practitioner or, in case of dissolution, The Crown under Section 654 of the Companies Act.
- 8.4 The Client shall reimburse DRC for all reasonable costs and expenses incurred as a result of such suspension and/or the recommencement of the provision of the Services.

9. LIABILITY

- 9.1 Neither DRC nor any Agent shall be liable to the Client in contract, tort or otherwise, including liability for negligence, for any loss of revenue, loss of business, depletion of goodwill and or similar losses, loss of anticipated savings or profit or any indirect or consequential loss however arising.
- 9.2 Neither DRC nor its Agent shall have any liability to the Client for any loss, delay or costs relating to or arising out of incomplete or inaccurate instructions from the Client.
- 9.3 DRC shall have no liability to the Client under the Contract if DRC is prevented from or delayed in performing, its obligations under the Contract or from carrying on its business by acts, events, omissions, or accidents beyond its reasonable control, including (without limitation) strikes, lock outs or industrial disputes, failure of a utility service or transport network, act of God, war, civil commotion, malicious damage, complied with any law or government order, rule, regulation, accident, fire, flood, or storm.
- 9.4 All warranties, conditions and other terms implied by statute or common law are, to the fullest extent permitted by law excluded from the Contract but nothing in these Terms limits or excludes the liability of DRC for death or personal injury resulting from negligence.

10. LIEN

- 10.1 In the event that the Client fails to pay any amount owed to DRC when due, DRC shall be entitled to withhold all documents, papers and correspondence it holds in connection with the

Client's business until payment by the Client of all sums due under the Contract. This right of Lien shall include all monies held on behalf of the Client which DRC are only obligated to send to the Client within 30 days after clearance of the Client's invoices in full. DRC may offset any monies held on behalf of the Client to discharge overdue Client invoices and may charge an administration fee of £40.00 + Vat per late paid or unpaid DRC invoice by 30 day terms prior to rendering any remaining balance to the Client.

11. GENERAL

- 11.1 The Client shall not assign any rights or obligations under the Contract without the prior written consent of DRC.
- 11.2 DRC may assign its rights benefits or obligations arising under the Contract without the consent of the Client.
- 11.3 In the event that DRC is required to take legal action against a Debtor for the recovery of the Late Payment Fees then the Client hereby grants to DRC the unfettered right to do so in the Client's name. The Client covenants that it will take all reasonable steps required by DRC to enable DRC to perform its rights under this clause 11.3.
- 11.4 The Client and DRC acknowledge that neither party has relied upon any oral representations made to it by the other, and has made its own investigations into all matters relevant to the Contract. Oral representations are only effective if confirmed in writing.
- 11.5 Any notice, invoice or other document which may be given by either party under the Contract shall be deemed to have been given if left at or sent by post or fax (confirmed by post) to an address notified by the other party in writing as an address to which notices or other documents may be sent.
- 11.6 DRC has only limited storage facilities, accordingly upon conclusion of any matter DRC reserves the right to destroy all records and documents, whether the property of the Client or not after a period of three months from the file being closed. DRC will have no liability for any loss arising out of any such destruction. At any time before the expiry of the three month period DRC will, at the receipt of a request from the Client, obtain a file from their archives for an administration fee of £20.00 plus vat.
- 11.7 DRC's address for service of any notice shall be its Registered Office address or any other address that DRC shall notify to the Client.
- 11.8 Telephone calls to DRC may be monitored or recorded.
- 11.9 These Terms shall be governed by English Law and the jurisdiction of the courts of England and Wales.
- 11.10 DRC reserves the right to amend or vary these Terms, and in particular the fee rates, from time to time. The latest up to date terms and conditions are available at www.directroute.co.uk/terms. Please ensure you check these from time to time.
- 11.11 A person who is not a party to the Contract shall have no rights under the Contracts (Rights of Third Parties) Act 1999 to enforce any parts of it.