

Debt letter

Disclaimer - Please remember I am not a debt recovery expert! The advice I give is best practice only. If you need further support you should always contact your insurance company legal help line!

First of all, don't get into the position where a parent is in debt to you! Always ask for payment (weekly or monthly) for all booked days / sessions in advance and hold a deposit (a week, 2 weeks or a month) which will cover you if there is a problem.

However, you are probably reading this because the above advice hasn't been followed for whatever reason - and most of us have been there - so no preaching allowed!

You are now in the position where a parent owes you money. You are upset - you have bills to pay - they can't do this in Tesco - they are taking advantage of you - it's not fair - you are really fond of the child - what can you do?

You have to put your business head on. Now is not the time to get upset or angry or emotional. Don't send texts - don't message the parent on Facebook. You are a childcare professional and need to act professionally.

Go back to your original fees policy and the contractual agreement which has been signed by the parent. What does it say? Most contracts and / or terms and conditions say that you reserve the right to terminate the contract with immediate effect if parents do not pay you. If yours doesn't say that, now is the time to update it so you don't get caught out in the future - but of course for now you are stuck with whatever the parent signed!

Some contracts might say that you will give parents 7 or maybe 14 days before you terminate the contract for non-payment. If yours says this then you have to follow the terms the parent signed - yes I know that means 7 or 14 days more debt but it's what parents have signed and you can't get out of it now. Again, make a note to update your terms in the future.

So, like I said, it's time to get professional. Forget about texts - if you have to take the debt further to recover your money via your insurance company, they will want to know what you have already done to try and get the debt paid. You can hardly hand them your mobile phone! You need to dig out your paper and envelopes and write or type a good, old fashioned debt letter.

Send your letter by recorded delivery so you have proof that it has been received by the parent. Then you have to wait however long you have said you will wait for your money. If your contract says that you are within your rights to withdraw care, don't accept the child back - because you do not want the debt to build up even more.

A debt letter needs to cover the following points...

Your address

Date

Parent address

Dear xx

As of (today's date) you owe me £xx for childcare costs. I have attached an invoice for the amount owed clearly showing the days and hours for which I have not yet been paid.

Following the terms and conditions of the contract you signed, I cannot** accept your child until the debt has been cleared.

I have attached a copy of the contract you signed with the relevant section highlighted.

If the debt is not paid within 7 working days (check your contract - how many days are you giving the parent to pay? Is it working days or days including weekends?) I will have no alternative but to terminate our contract and seek legal advice.

Please let me know as soon as possible when you can clear the debt. If I do not receive a reply from you by xx date xx I will have no alternative but to seek legal advice.

Yours

Your name

**If you don't have something in your contract about not accepting the child during a debt recovery period then you will have no alternative but to continue caring for the child. Legal experts advise that the parents could sue you for loss of earnings if you withdraw care.

This 'Guide to non paying parents' is quite old now and some of the information is out of date. However, it does contain some useful guidance and advice about supporting the childminded children through this difficult time -

<http://www.childmindinghelp.co.uk/freeresources/Free%20downloads/nonpayingparents.html>