



New dispute service creates SME scepticism as they continue to face later payments



According to new research published by the Asset Based Finance Association (ABFA), the average delay that SMEs face in receiving payments has risen to 72 days.

That equates to one day longer than a year ago and eleven days longer than the height of the recession.

ABFA chief executive Jeff Longhurst commented, "Despite the economic recovery gathering pace, payment delays are getting worse, not better, for small businesses. Delays to payments put enormous pressure on small businesses' cash flow – they have to meet overheads, tax bills and their own supplier invoices whether they've been paid or not. Smaller businesses are particularly vulnerable."

In May the government announced an enterprise bill that would include a conciliation service to settle disputes between small and large businesses.

Small business minister Anna Soubry said, "Small firms are the backbone of the British economy and it is simply unacceptable when they are made to wait over 60 days to be paid,"

"The government's enterprise bill will create a service to help small businesses settle disputes with larger companies, especially over late payment. We will be setting out these proposals soon and asking businesses for their views. This is one of a number of measures we are taking forward to change late payment culture in the UK."

However that has met with some scepticism, a spokesman for the Federation of Small Business spoke to newspaper City A.M. stating, "When you rely on one large buyer you're not going to take them to court or any conciliation service, because then they may see you as a trouble maker and choose to stop doing business with you,"

The bill is yet to be fully outlined.

Inflation falls back to 0% in June

The falling price of food and clothing has helped to make ordinary families feel richer as inflation slumped back to 0% in June.

It had edged back into positive territory in May after becoming negative for the first time since 1960 due to an oil price slump.

It is expected to remain at zero for the next few months before rising later in the year as oil prices recover.

The Latest UK Personal Debt Statistics

- 9.24 million The number of UK households who have no savings
- 2,330 The number of consumer County Court Judgements per day
- The average total debt per household – including mortgages – was £53,790 in May
- Total credit card debt in May 2015 was £61.7bn. Per household this is £2,311
- UK Banks and Building Societies wrote off £3.163 billion of loans to individuals over the four quarters to Q1 2015
- 231 people a day are declared insolvent or bankrupt. This is equivalent to one person every 6 minutes 13 seconds
- 48 properties are repossessed every day, or one every 29 min 42 seconds

Stats from The Money Charity

Law firm claims banking system still broken



North West based law firm Berg who has been instrumental in highlighting bad behaviour by some of the biggest banks towards small businesses is stepping up its campaign for government action.

Berg have called for an independent review of how some of the major banks continue to "manipulate" small and medium sized businesses.

In its 2014 Banking Report Berg claimed that a breakdown in trust between SMEs and lenders was creating a "lost generation of entrepreneurs". In its 2015 update to the report the law firm suggests there should be greater scrutiny of the relationship between big banks, big accountancy firms and HM Treasury.

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- Focus Business Club – regular corporate events, newsletters, updates and blogs

The updated report claims that banks are still selling off debt to remove risk from their balance sheet at the expense of the stability of small businesses.

However the firm's managing partner Alison Loveday states that the newest Banking Report is "not about bank bashing", but does say that the sector is failing to take responsibility for the "SME banking crisis" and "offer fair redress to the thousands of businesses trapped, destroyed and damaged by their actions."

She states, "After last year's report the main question we asked is 'what has changed?' Well, a lot has changed, especially with Government plans to sell-off RBS shares and the end of the Financial Conduct Authority review scheme.

"What is clear, however, is that the malpractice which was endemic in the SME lending sector is being re-packaged and given Government approval."

She went on to add, "The government must lead a new culture of transparency by admitting our big banks did institutionally fail our small businesses, and lay out how it will stop this from being repeated – starting with an independent and fair redress scheme to compensate businesses to the true extent of the damage caused by the banks' actions.

"Until this happens, the growth and recovery of the economy will continue to be hampered and the process of rebuilding trust cannot truly start."

Contact Focus Insolvency Group

If any of your clients need advice, please feel free to contact us on 01257 257030 or email a.fisher@focusinsolvencygroup.co.uk

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