



KHANDOKAR & CO.

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Stage 1 – what happens if you miss payments to a debt?

We will start with reminders by phone or in writing, asking client to make up any missed payments and bring your account up to date. The approach from us the creditors will be sympathetic at this stage. We will ask the client about their situation and if anything has changed which makes it hard to pay.

Stage 2 – missing three or four payments to a debt

At this stage we will be putting more pressure on the client by now, and the client may find the tone of our letters or calls becomes firmer. We will start to take further action. We will also still keen to point the client towards a free debt advice agency for help.

The clients account will be non-regulated as this is a [Commercial Loan](#), the client will most probably expect a default notice soon, and shortly after that the clients account will default. This will have a big [impact on the clients credit file](#) and make it a lot harder to get further credit.

At this point now the clients accounts will be closed and further action is starting. As creditors we are likely to pass clients debts to collection agencies, so the client may start getting contact from new companies.

Stage 3 – missing five or six payments to a debt

By now the client will have had a lot of letters, phone calls and other contact from us the creditors.

The most common action after an account has defaulted is for us as the creditor to pass it to a specialist debt collection agency.

Other more serious action could have happened, or could be coming soon. For example, we may be considering taking the clients debt to court and applying for a CCJ (County Court judgment).

Clients credit file will be seriously affected at this stage.

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