



## **SYMPTOMS OF A POTENTIAL CREDIT COLLECTION PROBLEM**

### **BROKEN PROMISES**

If your customer promises payment then neglects to keep the promise.

### **UNRETURNED PHONE CALLS**

If a customer avoids your calls, he/she is avoiding payment of debts.

### **SECRETARY IS SCREENING CALLS**

If a customer is always in a meeting, away from their desk, always out of the office, etc. you have tremendous potential credit risk here.

### **PLACES LARGE ORDERS**

If your customer suddenly places a larger order than normal, be suspicious and investigate thoroughly – you could be getting set up to take a big hit.

### **CHANGES BANKS**

People change banks usually for a service reason or better rate. Be sure it is not for the wrong reason. Keep records of how many times your clients change their banks, and photocopy all cheques.

### **NSF CHEQUES**

No matter what excuses your customer gives you, any NSF cheque is a definite “No-No”, and should not be treated lightly.

### **POSTDATED CHEQUES**

Although not always, post-dated cheques are an indication of an underfinanced business or one with a poor cash flow. Either way this is definitely a sign of caution.

### **SPORADIC BUYING**

If your customer's business or product line is not seasonal, sporadic buying could indicate that your customer jumps from one supplier to another supplier and has no loyalty. (Usually these types of customers pay their bills when they want a new order.)

### **CANNOT RESOLVE YOUR ACCOUNT UNTIL THEIR CUSTOMER PAYS**

This is a poor and inexcusable reason. Move fast on collecting here because cash flow is a problem.

### **REFINANCING**

Nine out of ten companies that seek refinancing never get enough money, if any at all. This is usually the last resort and you can be sure there are lots of other creditors waiting for their piece of the refinancing to come in. Exercise extreme caution here.

### **BIG ORDER/JOB**

Do not be fooled or delayed by waiting until your customer's pending large order comes in. This is usually just a stall.

### **SIGNING OFFICER IS AWAY**

This can be a really tough stall tactic depending on how long they are to be away.

### **QUALITY COMPLAINT**

Complaints of quality can be a time consuming smoke screen, if not legitimate, especially if the customer does not complain until you ask for payment. Resolve this as soon as possible.

Compiled from various sources.

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