

How can you protect your business when customers call in the bailiffs?

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Disputes between businesses and customers are common. If you cannot agree a settlement, your business may be called to the [Small Claims Court](#) or a higher court. If the judge rules against you, and your ex-customer wins either their money back, damages, or both, you will need to pay up. If you cannot pay, or will not pay, it is likely that the bailiffs will come knocking.

So, what can you do to help protect your business when this happens?

Stopping bailiffs at the door

Bailiffs cannot attempt to take control of goods without giving notice in advance. If you have not received this notification seven clear days ahead of their visit, then they cannot enter your property.

Next, check that the bailiff has the correct documentation and is authorised to execute a Writ of Control or a Warrant of Execution. Without it, they cannot take anything out of your property.

The only 'bailiffs' who can enter your building without notice are High Court enforcement officers. These are court-appointed enforcement officers who take over when a claimant has escalated a claim straight to the High Court. They usually arrive without notice but will still need to have a court order to seize goods.

Can bailiffs take anything they want?

What the bailiffs can take depends on whether you operate as a sole trader or as a limited company.

Sole traders

If you are a sole trader your business debts are treated the same as your personal debts. An Enforcement Agent

can seize goods that will raise enough money to cover the debt, plus interest, and their fees.

If you've received notice in advance that bailiffs have been instructed it is a good idea to get legal advice as quickly as possible. Even if the debt is a business debt, the bailiff can take items from your home. This can include any jointly-owned items as well as items that you own outright, cash and cheques.

There are certain items the bailiff cannot take, including:

- anything belonging to a child;
- hire-purchase items that have outstanding finance, or are leased; and
- items that are considered essential for everyday life such as a washing machine or cooker.

The bailiff also cannot take anything that is considered essential for work or study, such as your computer or tools, up to a value of £1,350. Any items worth more than this can still be seized.

If the bailiff wants to take something that you think is exempt, you'll need to prove it. For example, you will need to prove items are worth less than £1,350 by showing the bailiff receipts. Or if they want to take something you need for work, show them order forms and explain why you need the item.

Limited companies

If the debt is against a limited company, then only goods that belong directly to the company can be removed.

Bailiffs can take money, office equipment, stock and/or machinery of any value. They cannot take any goods that are leased or on hire-purchase. You'll need to show proof

that items are leased or on hire-purchase to prevent the bailiffs from taking them or adding them to a Controlled Goods Agreement.

Depending on the situation, there may be other options to explore with your solicitor. This could include setting up an informal arrangement. This is a non-insolvency arrangement, which might be suitable if you have short-term cash-flow problems.

What is a controlled goods agreement?

If you cannot pay the money demanded immediately, but you can repay it in instalments, you could negotiate to enter into an agreement called a 'controlled goods agreement'.

This means that the bailiff will identify goods or property that could cover the value of the debt (plus fees and interest). They will visit your business property to draw up a list of assets that will be controlled under the controlled goods agreement. You will not be able to sell, remove, or give away these items, but you will still be able to use them, which can be a lifeline for businesses if you depend on these to operate. However, if you miss any payment, the bailiffs will be able to come back and take them away.

Legal support

If your business has received an advance notice of debt collection, **do not** ignore it. Professional legal support can help you to get through these difficult times. It can:

- take control of the situation, freeing up your time so you can concentrate on getting your business back on track;
- ensure you benefit from expertise to help negotiate a stronger deal; and
- give you honest, unbiased advice, free from the emotional attachment that you may have to your business. This can help you to make the right decisions for your business and your family.

Speak to [Laura St-Gallay](#) for more information.

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Note: This is not legal advice; it is intended to provide information of general interest about current legal issues.



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