

UK businesses write off £8 in every £100 as uncollectable

UK businesses report losing £8 for every £100 billed in the last year due to the non-payment of invoices, according to the research by trade credit insurer [Atradius](#).

The Atradius Payment Practices Barometer reveals nearly half (44%) of the total value of UK B2B sales were reported overdue this year and a further 8% was written off entirely as uncollectable. This means just 48% of the total value of UK B2B sales was paid on time this year. Looking ahead, 39% of UK businesses expect it to take longer to collect payment next year with 39% anticipating an increase in the average DSO (days sales outstanding).

To manage liquidity issues as a result of late payments, half of businesses have increased the time, cost and resource to chase overdue invoices and 41% have strengthened their credit control procedures. More than a quarter (28%) have had to pursue additional financing while 26% have subsequently had to delay paying their own supplies.

The Atradius research reports UK businesses conducted 53% of their B2B sales on credit over the last year. Half of businesses increased credit sales in the past 12 months with the majority doing so to stimulate sales growth for repeat business and to win new customers. The Barometer found the most common payment term was 30 days, reported by 78% of businesses. 12% of UK businesses set payment terms of 31-60 days, 7% setting 61-90 days and 3% offering terms of over 90 days.

To manage credit risk, the majority of businesses (61%) say they have adjusted credit terms for customers while 53% have offered discounts to incentivise early payment. The barometer report also found businesses are increasingly relying on trade credit insurance, used by 55% of businesses this year to manage risk compared to 39% last year.

As part of a new question in this year's Atradius barometer, UK businesses reported new measures which have been permanently adopted as a result of the pandemic. Over half have established new innovations such as increasing digitalisation, e-commerce and digital credit risk management. In addition, 52% have permanently implemented an element of home working while 38% have reshaped supply chains.

James Burgess, Head of Commercial for Atradius UK, commented: *"The economy has been hit by the double shock of Brexit and the Covid-19 pandemic, and the impact of this on businesses is clearly evidenced in the rise of late payments and uncollectable debt reported. Insolvency levels remained low in the UK in 2021, with many businesses cushioned by government fiscal support measures. However, this may be the calm before the storm with Atradius economists forecasting insolvencies to rise as much as 33% in 2022.*

"Businesses trading amid such heightened insolvency risks should take steps to protect their account receivables. Even if their own operations are strong, an unexpected failure of a major customer could put their liquidity under strain and may even affect viability. This is where tools such as credit insurance could be vital and is increasingly being relied upon by

businesses to protect their bottom line and support them through the uncertain and unpredictable months ahead.”

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Atradius is a global provider of credit insurance, bond and surety, collections and information services, with a strategic presence in over 50 countries. The products offered by Atradius protect companies around the world against the default risks associated with selling goods and services on credit. Atradius is a member of Grupo Catalana Occidente (GCO.MC), one of the largest insurers in Spain and one of the largest credit insurers in the world. You can find more information online at <https://atradius.co.uk>

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