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**What are the costs to chase a debt between
\$15,000 and \$200,000?**

Law North Limited

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- It can be a difficult decision to make on whether you should use a lawyer to pursue a debt if you have no idea of the costs involved. Law North is committed to helping you achieve the best outcome for your money with a "no surprise" approach to fees.
- To accomplish this, we have established fixed fees for initial debt recovery processes. This makes it easier for you to plan ahead.

First meeting

The first step is to arrange a meeting with us. Our friendly secretaries can make an appointment at a time to suit you. The initial meeting will cost \$100 for a 30 minutes consultation.

This meeting is your chance to describe your case to your solicitor and why someone owes you money or why you are in dispute. You should bring important documents to this meeting. Debts owed by companies have special considerations, which we will discuss with you at an early stage. We will also speak about whether your case is suitable for the Disputes Tribunal.

COST TO GET TO HERE- \$100

Reviewing the documents

If you want us to help you following the meeting, we will open a file and review the documents you brought to the meeting. We may ask for other documents we think are relevant.

The cost to review documents will be approximately \$250.00. A more complicated matter will cost more. We will speak to you about this beforehand once you have provided all the documents.

COST TO GET TO THIS POINT- \$350

Solicitor's letter

Once we have had a look at the documents, we will advise you on the appropriate course of action. In most cases, the first step is to draft a letter of demand to the other party. A solicitor's letter will cost \$500.00, which will include the background to your case, why you are owed money, and the legal principles supporting your case.

Sometimes more than one letter is needed if the other side responds, although the first letter is usually the most expensive. We will discuss the cost with you if needed.

COST TO GET TO THIS POINT - \$850

GOING TO COURT

Going to court is always the last option. We will discuss with you all other possibilities before looking at Court proceedings.

COURT ACTION

If the other party refuses to pay the final step is to file a claim in the District Court.

Remember that starting a Court action does not mean you have to go to a full trial. In our experience the vast majority cases settle before hearing.

Commencing a claim

A Notice of Claim is filed into the District Court to commence your claim. The cost to draft the Notice is \$2,000 for the majority of cases. It will be cheaper if your case is a simple claim and more expensive if a complex claim. Your solicitor will discuss with you what category your case comes within. The filing fee to the Court is \$169.20.

It is a requirement that the Notice of Claim be personally served on the other party. We use an agent, which costs \$200 if the other party is easy to find.

Once the Notice is served there are two possibilities: either the other party defends the Court claim or it does not.

COST TO GET TO THIS POINT - \$3,219.20

THERE ARE TWO POSSIBILITIES AT THIS POINT

(A) IF THE OTHER PARTY DOES NOT DEFEND THE COURT CLAIM

Debt easily proved

If the other party does not defend the claim you can apply for default judgment. The cost of drafting and filing this application is \$400.00 for a normal claim plus the filing fee of \$48.30.

If the debt is easily ascertainable (i.e. the other party owes you a sum of money under a contract) the Court usually allows judgment in your favour. You can recover a proportion of your costs. From experience, the costs allowed by the Court normally come to approximately \$1,150.00, plus disbursements.

COST TO GET TO THIS POINT - \$3,667.50 minus \$1,100 if allowed by the Court (\$2,567.50)

(B) IF THE OTHER PARTY DEFENDS THE CLAIM

If the other party defends the claim after being served, they serve a Response within 30 working days. We will accept service as your representative.

You must then prepare and serve what is called an "Information Capsule."

This is a lengthy document. It includes statements from your witnesses, documents to support your case, an answer to the other party's defence, and what legal arguments you rely on. Because of the length of the document, it will cost \$3,000.00 to draft and finalise for normal cases.

The other party then must complete its own Information Capsule.

COST TO GET TO THIS POINT - \$6,219.20

To continue the claim you then have 90 working days after receiving the Information Capsule to let the Court know you wish to carry on with your claim by filing what is called a pursuit of claim. This is to give the parties time to negotiate. The cost of drafting and filing this document is \$200.00. However, the filing fee into Court is \$906.30.

It is difficult to estimate costs from this point on as it depends somewhat on the actions of the other party. We will work closely with you at all times.

COST TO GET TO THIS POINT - \$7,325.50

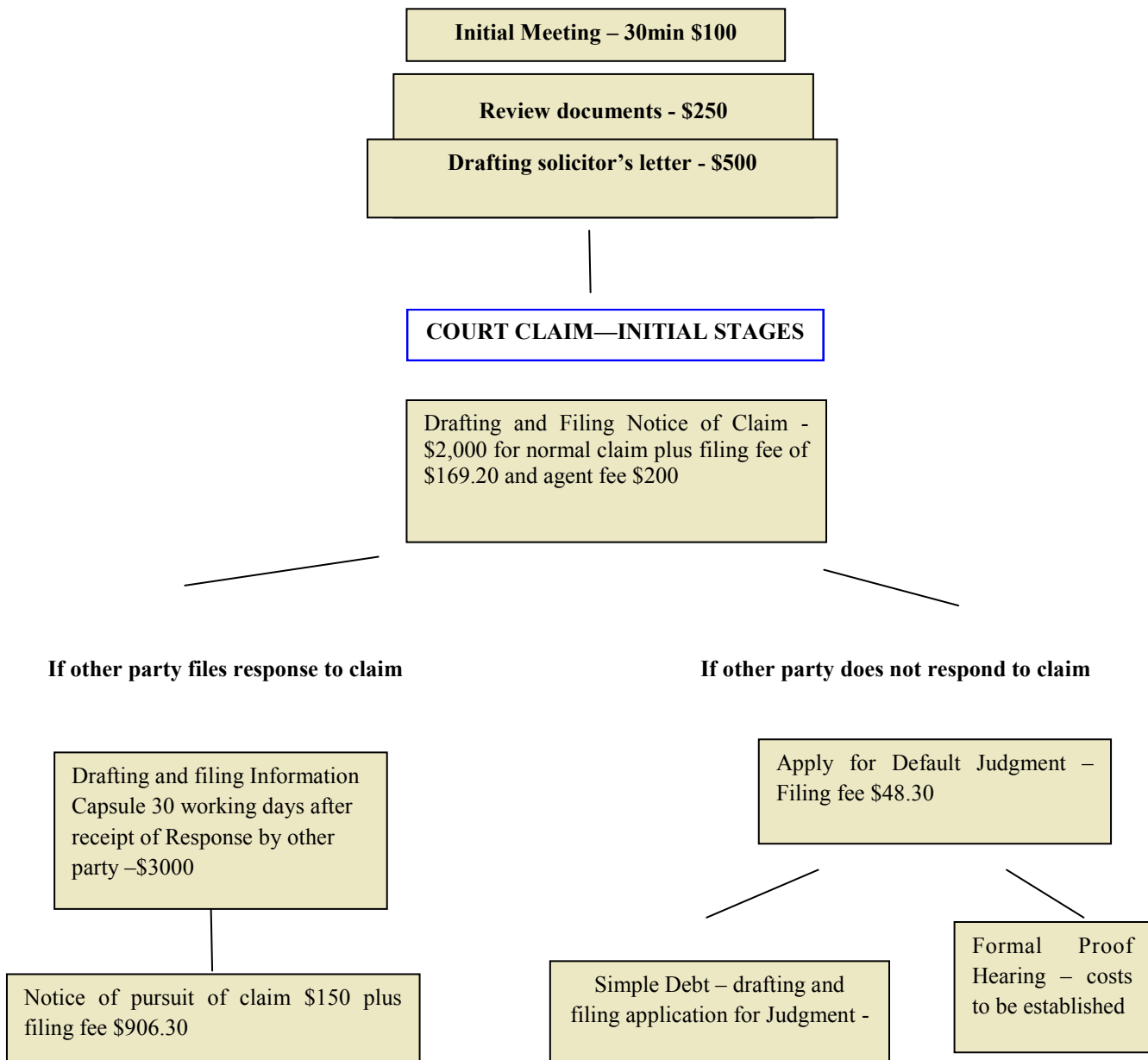
Note that you can recover a proportion of the costs of going to Court only if the matter goes to full trial and you are successful.

If the debt is not easily proved

It is more complicated if the amount owed must be proved (ie the other party owes for stock in trade that needs to be valued). You must convince the Court by way of a short "formal proof" hearing that what you are seeking is appropriate. We will discuss this cost with you as each case is different and expert evidence may be required.

COST – TO BE ESTABLISHED

SUMMARY OF COSTS FOR PURSUING A SIMPLE DEBT—BETWEEN \$15,000 AND \$200,000



NOTES:

1. Telephone calls and emails to and from us are additional to the above costs and charged at the normal hourly rate.
2. Settlement is almost always the preferred option.
3. After filing the Notice of Pursuit of Claim in a defended proceeding the Court process becomes more complicated. Generally the Court favours resolving the dispute without the need for a full trial. The parties must attend a settlement conference.