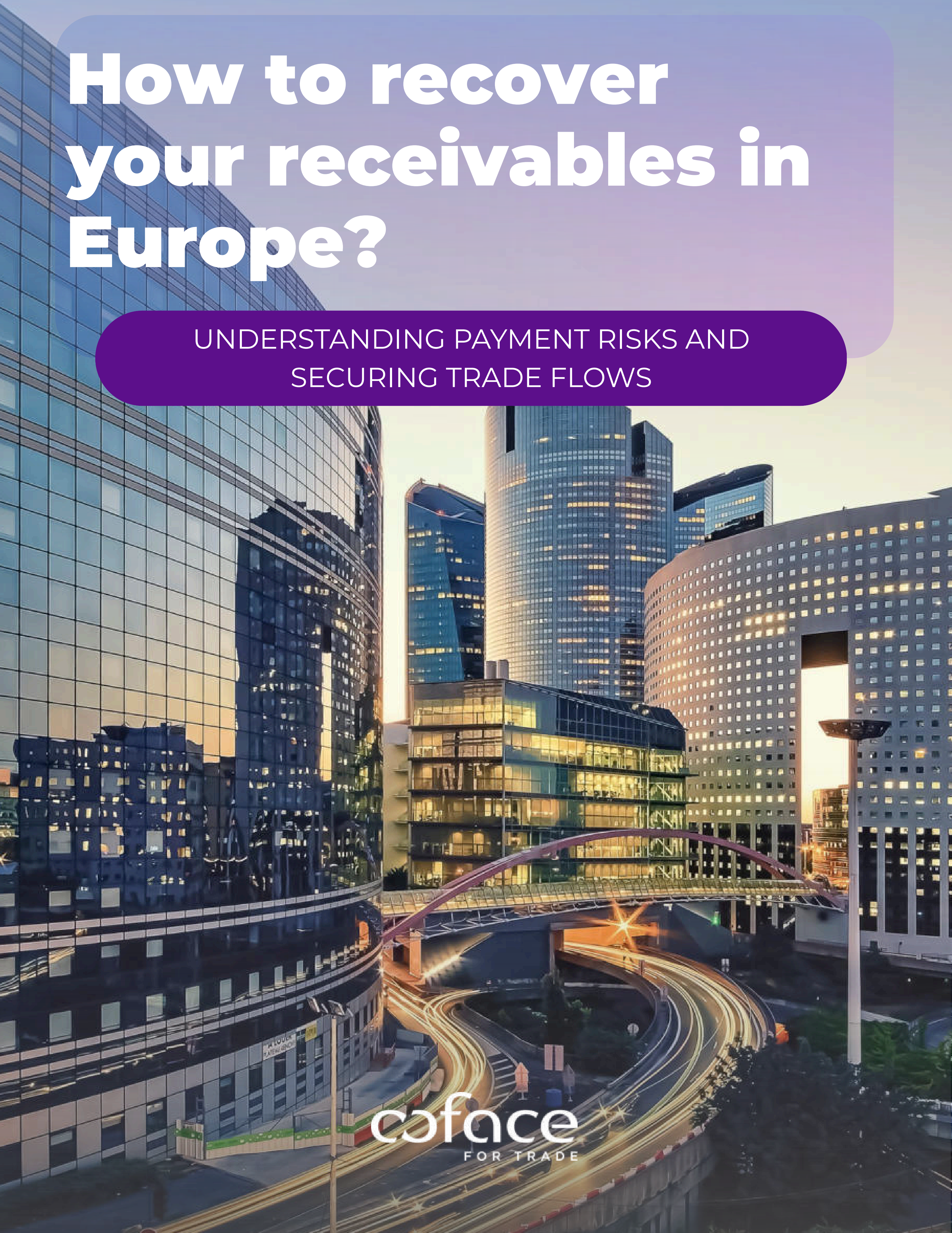
Coface Collect

How to recover your receivables in Europe?

UNDERSTANDING PAYMENT RISKS AND SECURING TRADE FLOWS



coface
FOR TRADE

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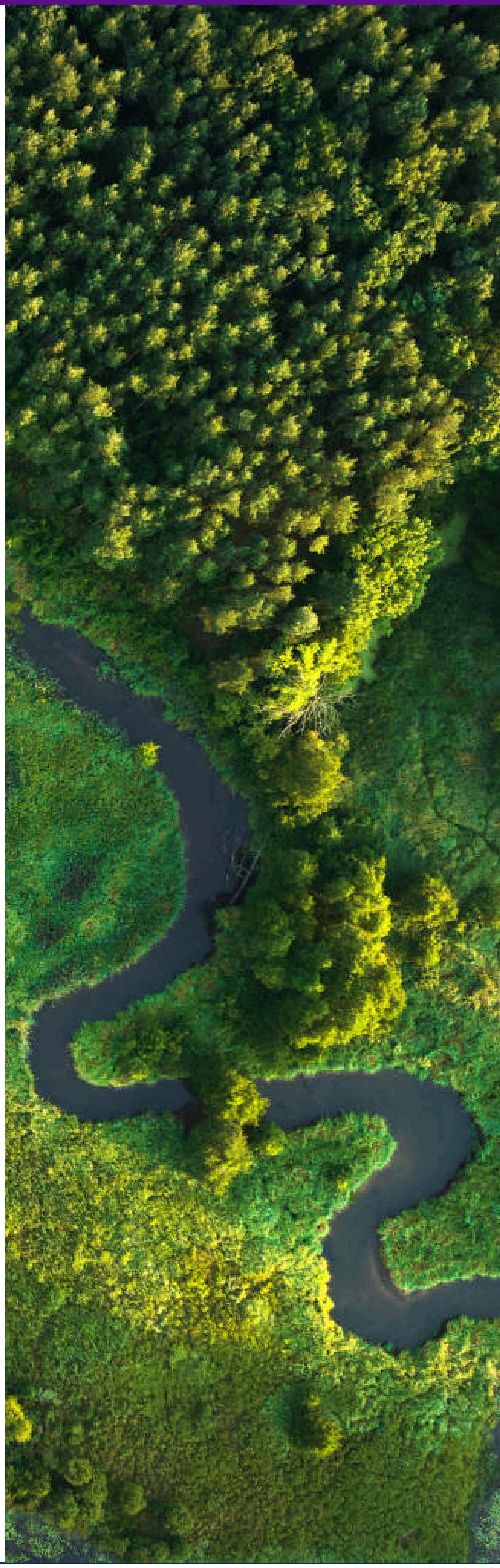
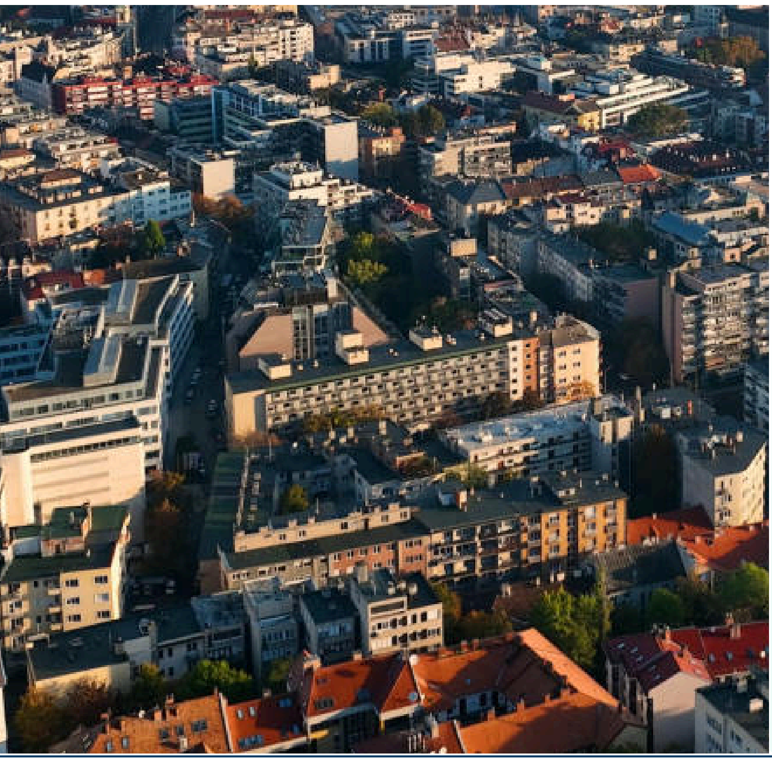


Europe under pressure: evolving payment risks

Europe remains the most strategic trading region for French companies, with nearly 60% of their exports directed to neighbouring markets. Germany, Italy, Spain, Belgium, Switzerland, Poland and the United Kingdom are among their key partners, each representing tens of billions of euros in annual trade flows.



However, despite this strong economic integration, European companies are facing a marked deterioration in payment behaviour.
According to available data, **over 70% of companies report payment delays,** a trend that directly impacts:

- cash flow,
- working capital requirements (WCR),
- operating margins,
- investment capacity.

Several factors are driving this trend:

- elevated inflation followed by a gradual normalisation under pressure: after peaking in 2022 (8% in the eurozone, 10% in Belgium and 14% in Poland), inflation remains around 2–3% in 2025, continuing to
- weigh on costs and corporate cash flow,
- rising financing costs,
- sector-specific slowdowns (construction, metals, retail),
- the withdrawal of post-Covid support measures, a marked increase in business insolvencies across many countries.

As a result, **companies must treat receivables management as a strategic priority,** rather than a purely administrative process.

70 %

→ OF COMPANIES REPORT PAYMENT DELAYS

Anticipating payment risk in Europe: economic signals and local realities

Understanding the economic indicators of payment risk

Several indicators help assess a customer's ability to pay:

- **The non-performing loan (NPL) ratio** remains above 3% in several European countries, signalling financial fragility in certain sectors.
- **The rise in business insolvencies** since 2023 confirms the gradual withdrawal of economic support measures,
- pressures in the banking sector are being passed on to suppliers through:
  - payment delays,
  - requests for extended terms,
  - debt restructuring arrangements.

Certain economies exhibit more specific vulnerabilities: in the United Kingdom, post-Brexit pressures combined with high inflation are weakening key sectors such as construction and metals, where insolvencies are rising sharply.

Identifying these signals at an early stage enables companies to **better anticipate risks and adjust their credit strategies accordingly.**

A unified European economy... yet diverse payment practices

Despite European economic integration, payment practices and debt collection mechanisms remain strongly influenced by national specificities. These differences may relate to:

- ldebtor behaviour,
- the efficiency and duration of procedures,
- linguistic complexity,
- documentation requirements and administrative formalities,
- sector-specific contexts.

A one-size-fits-all approach is ineffective. To ensure successful debt recovery, it is essential to understand country-specific characteristics and adapt practices accordingly.

UNITED KINGDOM

A dynamic market with a demanding legal environment

The United Kingdom remains a key market across many sectors — including industry, services and technology — but has, for several years, faced a marked deterioration in payment behaviour. More than **65% of companies report experiencing payment delays**, a trend reinforced by the lasting effects of Brexit: high inflation, labour shortages and a significant rise in insolvencies across several sectors.

The most exposed industries include construction, metals, retail and hospitality, where financial fragility increases the risk of unpaid invoices. In this uncertain environment, foreign creditors must exercise heightened vigilance and adapt to a particularly specific legal framework.

65 %

→ OF COMPANIES REPORT EXPERIENCING PAYMENT DELAYS

Key features

- The United Kingdom comprises three distinct legal jurisdictions: England and Wales, Scotland, and Northern Ireland.
- Debt collection procedures vary depending on the jurisdiction, both in their implementation and in their terminology and legal effects. In practice, most international cases are handled in England and Wales, which serves as the reference jurisdiction for foreign creditors.
- Several measures may be used depending on the debtor's situation:
  - **Statutory Demand** (formal notice issued prior to legal action),
  - **County Court Judgment** (CCJ) to obtain an enforceable title,
  - In Scotland, **Charge for Payment and Decree** (equivalent but jurisdiction-specific mechanisms),
  - **Winding-up proceedings** (compulsory liquidation), which can be a highly effective deterrent in certain cases:
    - Applicable to claims exceeding £10,000,
    - Involve costs of approximately £3,000,
    - result in immediate public disclosure on Companies House (the UK's official company register). This publication is visible to business partners, banks and suppliers, and may lead to:
      - a rapid deterioration in the company's reputation,
      - disruption to business relationships,
      - restricted access to credit,
      - approximately 3,600 to 4,000 companies are wound up each year through this mechanism.

→ This level of public exposure makes it a particularly effective lever during the amicable phase.

UNITED KINGDOM

Pitfall to avoid

Do not treat the United Kingdom as a homogeneous market: a procedure applicable in England may be inappropriate or invalid in Scotland or Northern Ireland, potentially jeopardising the entire debt collection process.

Best practices

Identify the relevant jurisdiction and applicable procedures from the contracting stage.

Prioritise direct, factual and structured communication, in line with a “business is business” approach.

Ensure the claim is fully documented (signed contract, terms and conditions, invoices, delivery notes, proof of receipt, written exchanges, reminders, etc.).

Act promptly and avoid allowing cases to become protracted.

GERMANY

A structured payment culture

Germany is widely recognised for its contractual discipline and the rigour with which companies manage payments. Despite this strong reputation, more than **80% of companies still report experiencing payment delays**, often linked to liquidity constraints or more frequent requests for payment plans.

In this highly structured market, the quality of documentation plays a central role: an incomplete or inaccurate case file can significantly slow down proceedings and weaken the creditor's position. Cooperation generally remains good, but it depends heavily on the clarity and professionalism of the debt collection process.

80 %

→ OF COMPANIES REPORT EXPERIENCING PAYMENT DELAYS

Key features

Mahnbescheid procedure (order for payment):

- standardised, fast and cost-effective,
  - fees are calculated based on the claim amount (for example, around €40–50 for a €1,000 claim, and a few hundred euros for higher amounts),
- the debtor generally has 2 to 4 weeks to lodge an objection,
- in the absence of any objection, the creditor may request a Vollstreckungsbescheid (enforcement order), allowing enforcement proceedings to be initiated (bank account attachment, asset seizure, intervention by a bailiff).

  In many cases, the mere receipt of a Mahnbescheid is sufficient to prompt payment or initiate negotiations.

Klageverfahren (standard legal proceedings):

- used when the claim is disputed or the debtor objects to the Mahnbescheid,
- based on a detailed assessment of evidence and contractual documentation. German courts place strong emphasis on the chronology of exchanges and the quality of documentation.
- Thorough preparation of the case file is therefore essential before initiating legal proceedings.

KEY TAKEAWAY

Debt collection is based on a **structured** and **sequential** approach (reminders, formal notice, legal proceedings), combined with **procedural rigour** and **high-quality documentation**.

GERMANY

Pitfall to avoid

In Germany, informal or insufficiently documented follow-ups are perceived as a lack of professionalism and can hinder the case from the outset, significantly reducing the likelihood of a swift resolution.

Best practices

Follow up promptly and in a structured manner.

Adopt a formal, factual and neutral communication style.

Retain all supporting documents and evidence (terms and conditions, invoices, correspondence).

Inform the debtor of potential legal costs, which are often borne by the losing party.

SPAIN

A fragmented economic fabric

Spain relies heavily on a dense network of micro-enterprises and SMEs, often characterised by **limited financial transparency**, which makes it more difficult to assess creditworthiness. In nearly **80% of cases**, there are difficulties in locating the debtor, due to outdated addresses, companies that have ceased trading, or contacts that are difficult to identify.

Despite this structural complexity, the country reports an **average recovery rate of 54%**, supported by a pragmatic culture of amicable settlement, favoured by the majority of companies.

80 %

→ OF CASES INVOLVE DIFFICULTIES IN LOCATING THE DEBTOR

Key features

MASC procedure (dispute resolution mechanism):

- any legal action now requires proof of a prior amicable attempt,
- amicable steps must be documented and traceable,
- the absence of a prior amicable attempt may render the claim inadmissible.

A pragmatic **settlement culture**:

- companies generally favour a quick agreement over lengthy litigation,
- payment plans combined with the continuation of deliveries are frequently accepted,
- around **70% of recovered amounts are collected during the amicable phase.**

A unified **legal framework:**

- a single lawyer may act across the entire Spanish territory,
- the rules governing monetary claims are harmonised at national level.

→ This structure simplifies the management of procedures for foreign creditors.

Judicial timelines to anticipate:

- Average duration of proceedings: **18 to 24 months**,
- statutory limitation period: 5 years,
- nearly **40% of cases fail** due to the inability to properly serve notice to the debtor.

SPAIN

Pitfall to avoid

n Spain, sending reminders to generic email addresses (such as info@...) is counterproductive: they are rarely read, do not reach the financial decision-maker, and do not meet the evidential requirements imposed by the MASC procedure.

Best practices

Identify the financial decision-maker at the contracting stage and obtain their direct contact details.

Ensure that commercial documentation is complete and clear from the outset.

Maintain a rapid follow-up schedule (D+7, D+15, D+30). Beyond 60 days without significant progress, a clear decision should be made on whether to continue amicably or initiate legal proceedings.

ITALY

A market where late payments remain frequent

In Italy, **late payments are common** and are often considered relatively normal in certain sectors: it is not uncommon for companies to settle invoices **several weeks or even several months after the due date**.

The slow pace of the judicial system exacerbates this situation. Italy records some of the longest legal timeframes in Europe: **proceedings typically take 4 to 5 years**, and **can extend to 7 to 10 years in cases of insolvency**. These delays, combined with frequent **postponements of hearings** and court congestion, discourage many companies from initiating legal action.

In this context, Italian debtors are also often difficult to contact, which prolongs the initial contact phase and makes it more challenging to establish a constructive dialogue.

≈ 60 %

→ OF COLLECTIONS ARE ACHIEVED DURING THE AMICABLE PHASE

Key features

Composizione Negoziata della Crisi procedure (preventive restructuring process):

- a preventive procedure allowing a company in financial difficulty to negotiate with its creditors under the supervision of an independent expert,
- temporary suspension of creditor actions for 100 to 180 days,
- however, nearly **80% of cases** ultimately result in formal insolvency proceedings.

A two-stage judicial process:

- **Fase monitoria** (order for payment – **Decreto Ingiuntivo**):
  - the creditor may quickly obtain an order for payment based on commercial documentation (invoices, contracts, proof of delivery),
  - the debtor may lodge an objection, sometimes without providing detailed arguments,
  - this objection terminates the simplified procedure and transfers the case to standard legal proceedings.
- **Fase esecutiva** (enforcement phase):
  - in the absence of an objection, or following a favourable judgment, enforcement measures may be initiated,
  - this may include the seizure of bank accounts, real estate, vehicles or other identified assets,
  - in practice, this phase can take several years due to court congestion.

The asset report (rapporto patrimoniale): a strategic tool

- carried out by lawyers or specialised local firms,
- identifies seizable assets (bank accounts, real estate, vehicles, shareholdings),
- makes it possible to assess the debtor's actual solvency before initiating costly legal proceedings.

Licence 115

- All debt collection companies operating in Italy must be authorised by the **Questura** (local police authority). This licence constitutes a specific regulatory requirement.

ITALY

Pitfall to avoid

In Italy, prolonging the amicable phase indefinitely is counterproductive: after a few weeks, the effectiveness of follow-ups declines significantly, and the case risks becoming bogged down in a particularly slow legal process.

Best practices

Clearly state penalties and late payment interest from the outset of the contract.

Use PEC (Posta Elettronica Certificata – certified email) from the first formal follow-ups. PEC provides legal proof of sending and receipt, similar to a registered letter, and significantly strengthens the traceability of the case in the event of litigation.

Formalise payment plans quickly. Italian companies often favour negotiated solutions; however, any instalment plan must be confirmed in writing, with clear dates and amounts.

Limit the amicable phase to 30 to 60 days maximum. Beyond this period, without a concrete commitment from the debtor, the risk of the case becoming stalled increases significantly, particularly in sectors currently under pressure.

POLAND

A dynamic market facing strong inflationary pressures

Poland remains one of the most dynamic economies in Central Europe, supported by a solid industrial base and strong European integration.
However, the exceptionally high inflation recorded in recent years (over 14% in 2022) has put significant pressure on companies' cash flow and extended payment timelines.

Despite these challenges, Polish debtors are generally responsive when approached in a structured manner, making it possible to achieve rapid results in the majority of cases.

5 %

→ OF THE CLAIM AMOUNT – AVERAGE COST OF LEGAL PROCEEDINGS (excluding translation and enforcement)

Key features

- The "**777 Act**": a highly effective security mechanism

  The debtor may sign a voluntary submission to enforcement ("777 Act"), which, in the event of non-payment, allows enforcement to be accelerated without a full procedure. This tool is often used during amicable negotiations or as part of payment plans.

- **Payment Order Proceedings**: an accelerated order for payment procedure

  Several mechanisms make it possible to obtain a decision quickly when the claim is substantiated (signed invoices, acknowledgement of debt, etc.). In this context, a decision may be issued in approximately **2 months** in the absence of any objection.

  - **In the event of a dispute,** the case moves to standard legal proceedings.
    - If the debtor contests the claim, the case is transferred to ordinary court litigation **(Standard Suit)**. This phase involves exchanges of submissions, the production of evidence and hearings. Timeframes then become significantly longer and overall costs increase.

  - **Effective enforcement,** dependent on identified assets
    - Once a judgment has been obtained **(enforcement proceedings)**, the creditor may instruct a Polish bailiff to carry out enforcement measures. The effectiveness of this phase largely depends on the ability to quickly identify the debtor's assets.

- **On-site visits** remain a key competitive advantage

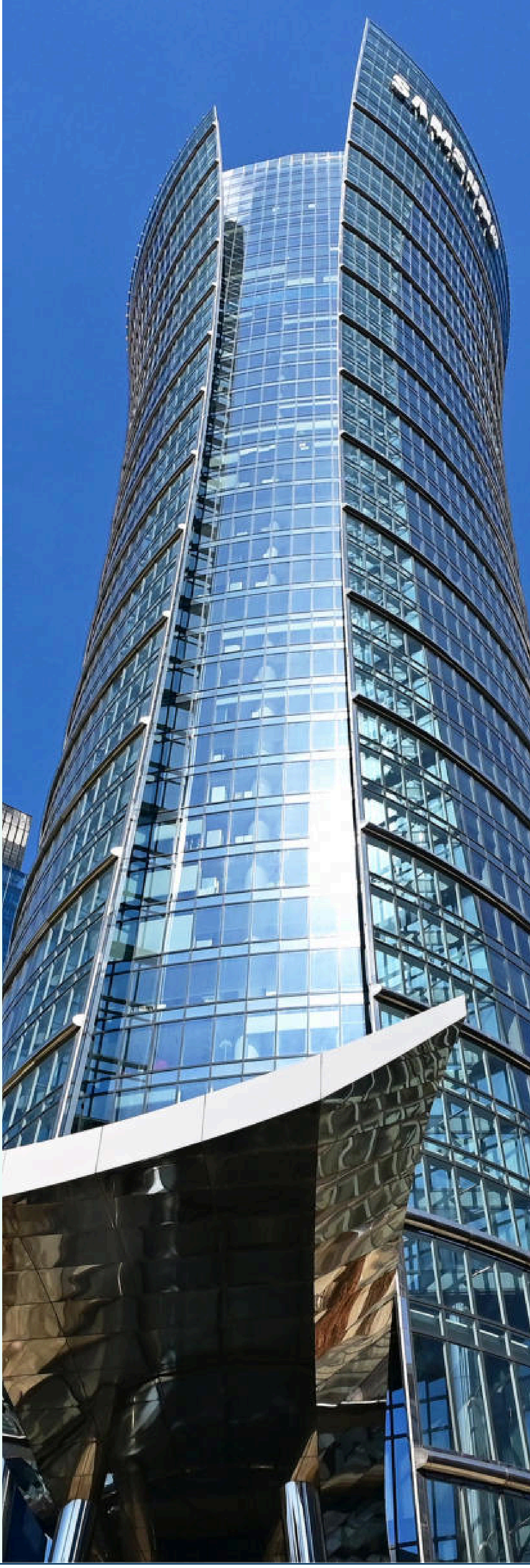
  A distinctive feature of the Polish market, on-site visits carried out by local debt collection agents or specialised correspondents often help to:
  - confirm the company's actual activity,
  - identify decision-makers,
  - verify the existence of assets,
  - unblock cases before any legal action is taken.

  → This local proximity represents one of the most effective levers of local debt collection.

POLAND

Pitfall to avoid

In Poland, it is essential to carefully manage the frequency of follow-ups: requests that are too frequent may be perceived as excessive pressure or even harassment (stalking) under GDPR (General Data Protection Regulation) and Polish law, exposing the creditor to legal risk and compromising the success of the debt collection process.



Best practices

Consult the Polish commercial register (KRS) and review the company's history, management and financial position. Conducting due diligence at an early stage significantly reduces the risk of litigation.

Use appropriate guarantees whenever possible, prioritising:

- the **Weksel in blanco** (promissory note), one of the most effective instruments in the Polish market,
- personal guarantees,
- pledges,
- mortgages,
- bank guarantees.

Assess the cost-effectiveness of legal action before referring the matter to court. Legal proceedings typically represent around 5% of the claim amount, to which translation, legal and enforcement costs must be added.

BELGIUM

An efficient yet linguistically complex system

Belgium benefits from a judicial system recognised for its efficiency and speed, making it a relatively predictable market for creditors.
However, certain sectors report extended payment terms, particularly in the steel industry, where **DSO** (Days Sales Outstanding) **can reach up to 97 days**.

Debtor behaviour varies and can sometimes be less cooperative, with payment commitments being fulfilled less reliably in recent years. In this context, administrative rigour and precision in exchanges are essential to ensure effective debt recovery.
This is especially important in a system where the language of proceedings depends on the region and the debtor's registered office, directly affecting the validity of the process.

3

→ LANGUAGES OF PROCEEDINGS (French, Dutch, German and English)

Key features

- Strict compliance with the **language of proceedings**
  - The applicable language depends on the region in which the debtor is established (French, Dutch or German),
  - An incorrect language may lead to objections or procedural delays,
  - Identifying the debtor's exact registered office is therefore an essential preliminary step.
- Fast and predictable **judicial procedure**
  - A judgment may be obtained in approximately one month when the case is complete and uncontested,
  - Timeframes are generally shorter and more predictable than in many other European countries,
  - This speed increases the effectiveness of formal notices and pre-legal actions.
- Moderate **legal costs**
  - legal fees generally range from **€250** to **€1,250** depending on the amount of the claim,
  - bailiff fees are typically between **€350** and **€450** per intervention,
  - overall costs remain lower than in several other European jurisdictions.
- Highly effective **pre-legal actions**
  - **On-site visits (field collectors)** help re-establish contact with the debtor, verify the reality of activities and accelerate negotiations,
  - Consulting seizure or enforcement registers allows creditors to identify existing proceedings against the debtor and assess recovery prospects before initiating legal action.
  - These tools provide a practical insight into the debtor's solvency prior to any court proceedings.

BELGIUM

Pitfall to avoid

In Belgium, initiating legal proceedings in a language different from that of the debtor may result in the immediate inadmissibility of the claim: a simple linguistic error may lead to significant delays and compromise the entire debt collection process.

Best practices

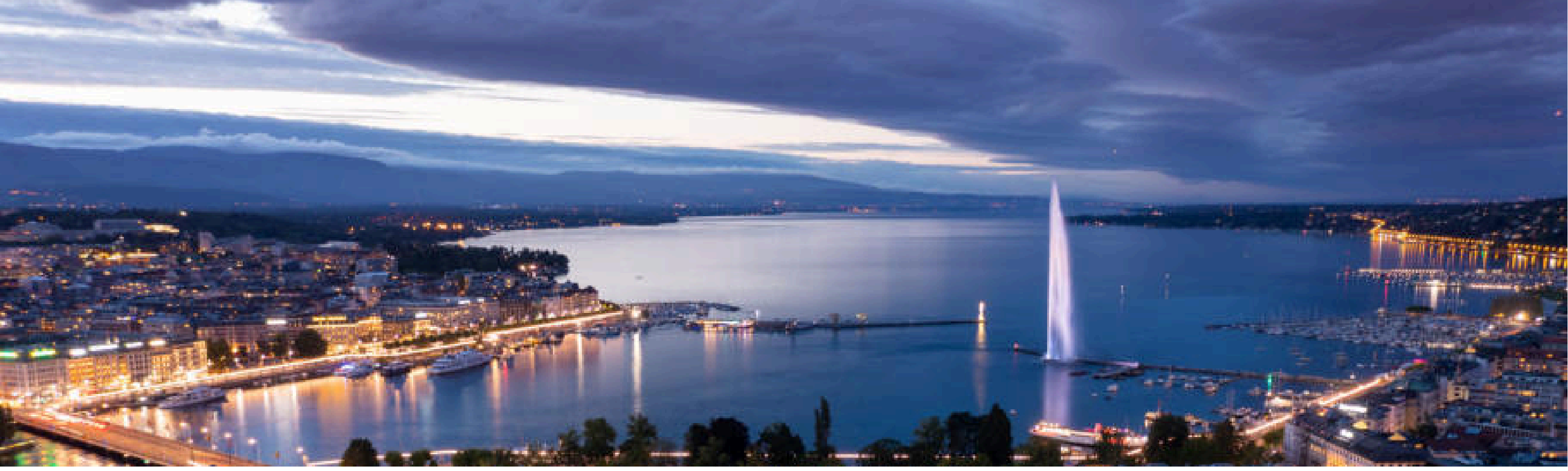
Identify the debtor's language from the outset.

Verify the exact address of the registered office before issuing any formal notice, as well as the competent jurisdiction.

Use telephone and SMS, which are often more effective than email.

Maintain formal, structured and well-documented communication. In the event of debtor silence, consider arranging an on-site visit by a local agent without delay.

Prepare a complete case file from the outset, demonstrating the validity of the claim.



SWITZERLAND

Rapid action in a highly formalised environment

Switzerland stands out for generally short payment terms and a high level of discipline, close to the standards observed in Germany.

The country benefits from a particularly efficient debt enforcement system, allowing swift action in cases of non-payment. However, the presence of **four official languages (German, French, Italian and Romansh)** requires careful adaptation of communication, and **documentation requirements are particularly stringent**.

10 days

→ TO SUSPEND THE PROCEDURE
Time limit for the debtor to lodge an objection to enforcement — without justification

Key features

- **A multilingual country** requiring local adaptation
  - Procedures must always be carried out in the language of the relevant region (German, French or Italian),
  - Using an incorrect language may slow down exchanges or undermine negotiations,
  - Payment practices also vary between German-speaking, French-speaking and Italian-speaking Switzerland.
- **Limited financial transparency**, risk of shell companies
  - Company formation is simple and fast,
  - Some structures are registered through fiduciary firms or administrative addresses hosting multiple companies,
  - Financial information is often limited, making it difficult to assess solvency.

  → It is therefore essential to verify the company's actual existence and activity at an early stage.
- **An efficient judicial procedure**... but costly
  - In the event of an objection, the creditor must obtain its removal before the courts or establish the claim through full legal proceedings,
  - Swiss courts are fast and well-structured, but legal and attorney fees can be high, particularly in certain cantons such as Zurich.
- **The cantonal payment order** (debt enforcement procedure): a powerful deterrent
  - A simple and cost-effective procedure initiated with the competent enforcement office,
  - Takes the form of a payment order officially served on the debtor,
  - Recorded in a public register accessible to third parties (banks, landlords, business partners), creating strong reputational pressure.
  - The debtor may file an objection without providing justification, which immediately suspends the procedure.

SWITZERLAND

Pitfall to avoid

In Switzerland, it is important not to assume a fully secure environment: the ease of company formation allows for the existence of shell companies that may disappear quickly, leaving behind irrecoverable debts if not identified early.

Best practices

Verify the company's identity before extending credit (address, management, business activity, history of enforcement proceedings).

Adapt communication to the language of the canton (German, French or Italian).

Prepare a comprehensive case file (invoices, purchase orders, proof of delivery and correspondence should be available from the outset). In the event of an objection by the debtor, these documents will be essential to lift the objection.

Initiate the cantonal payment order promptly in cases of persistent non-payment, as the enforcement register is often more effective than a simple reminder.

Case study: how a European agri-food cooperative overcame a major dispute and recovered €3.9 million

When this European agri-food cooperative — a group employing between 1,000 and 5,000 people — approached us, the situation appeared to be at a complete standstill.

Its Italian partner, a strategic client with whom it had been working for several years, had suddenly become unresponsive. No calls, no emails, no signs of activity. This breakdown in communication was compounded by a complex dispute: technical disagreements, contractual disputes, unmet commitments... and €3.9 million at stake.
The risks were significant:

- the potential permanent loss of the debt,
- but also the risk of severing a key commercial relationship within the supply chain.

The Finance Department was fully aware that legal proceedings in Italy would be lengthy, uncertain and costly. An amicable solution seemed impossible — yet essential.

Diversity of Payment Practices

Faced with a complete communication breakdown, Coface immediately mobilised its Italian teams, composed of specialised legal experts and experienced local negotiators with a strong understanding of both the legal environment and market practices. Their objective: to re-establish contact, a critical first step in unlocking the situation.

Thanks to a firm, professional and culturally appropriate approach, our teams were finally able to re-establish contact. This turning point made it possible to restore constructive dialogue and lay the groundwork for renewed cooperation.

Analysing, clarifying, understanding: laying the foundations

Once dialogue had been re-established, Coface conducted a comprehensive legal analysis of the dispute. Each of the debtor's arguments was carefully examined: contracts, delivery notes, previous correspondence, timelines of commitments and technical evidence.

This clarification phase made it possible to identify the real points of contention and prepare a balanced, realistic and legally sound proposal.

Negotiating a reliable payment plan over 24 months

On this stabilised basis, our teams initiated negotiations to establish a payment plan spread over 24 months.

This plan was built around three key principles:

- **security:** regular, formalised and monitored instalments,
- **realism:** aligned with the debtor's repayment capacity,
- **visibility:** a clear and predictable schedule for the Finance Department.

Over a two-year period, Coface ensured rigorous monthly monitoring, supported both parties, anticipated risks and prevented any further breakdown in communication.
A true example of international mediation.

The payment plan was respected through to the final instalment.

- €3.9 million fully recovered,
- legal proceedings avoided (saving an estimated 18 to 36 months and significant costs),
- business relationship preserved and stabilised.

Today, the two companies have resumed their business exchanges in a stable and constructive environment.
The client has not only recovered the outstanding debt but also secured a strategic commercial relationship, essential for its supply chain and long-term growth.

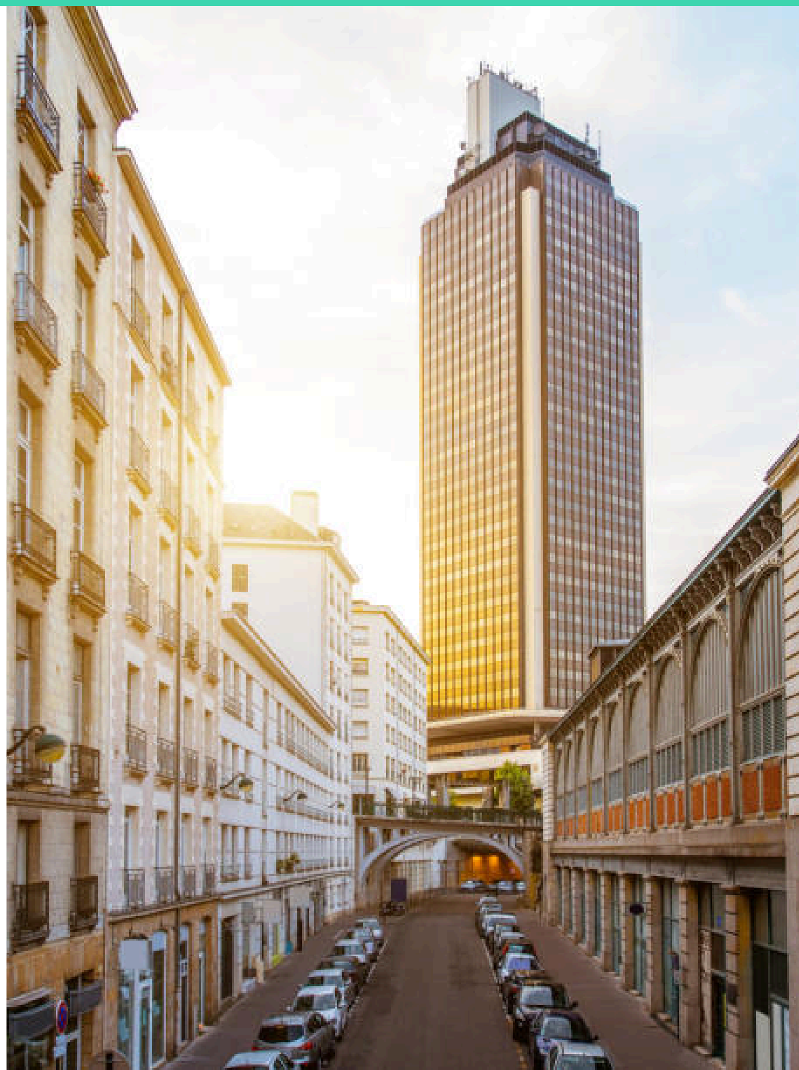
Without local intervention in Italy, in-depth legal analysis and continuous mediation, this case would likely have resulted in lengthy and uncertain litigation.

Instead:

- the dispute was resolved,
- the full amount was recovered,
- the commercial relationship was strengthened.

A clear illustration of the strength of Coface's international network and its ability to manage complex situations in a diverse European environment.

Working with a debt collection specialist, a strategic decision!



In an increasingly fragmented European environment, characterised by heterogeneous practices, legal frameworks and risk levels, finance departments must go beyond generic internal processes.

An international debt collection expert provides:

- **A local presence** in each country, with the ability to communicate in the appropriate language and according to local business practices,
- **Strong expertise in national legal frameworks,** which are often decisive in unlocking complex situations (winding-up in the United Kingdom, Mahnbescheid in Germany, debt enforcement in Switzerland, MASC in Spain, etc.),
- **Operational efficiency:** structured follow-ups, tailored workflows, professional amicable management and rapid execution,
- **Neutral mediation,** making it possible to preserve commercial relationships while protecting the creditor's financial interests,
- **A measurable reduction in DSO** and a sustainable improvement in cash flow,
- **Time savings for internal teams,** enabling them to focus on steering performance rather than managing disputes.

An expert enables companies to transform a potentially contentious situation into a fast, structured and secure solution.

KEY TAKEAWAY

With its European network, on-the-ground expertise and ability to manage complex cases, Coface provides companies with a powerful lever to secure cash flow, preserve commercial relationships and support their growth in a demanding international environment.

FOR MORE INFORMATION, CONTACT OUR INTERNATIONAL COLLECTION EXPERTS

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Coface Collect

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