



GENERAL GUIDE – RECOVERING DEBT COLLECTION FEES

Can I collect your debt collection fees from the debtor ?

Nexus Collections Pty Ltd is a licensed Commercial Agent and is governed by the Property Agents & Motor Dealers Act 2000. Section 347 of this act expressly prohibits a commercial agent from recovering its debt recovery fees and charges from a debtor.

Every state in Australia has different acts governing debt collectors but all have specific provisions in relation to the recovery of debt collection costs. This doesn't however mean that it is not possible to collect your fees with some forward planning and good terms of trade.

Even if you can't collect our debt collection fees, you will still be significantly better off than you were prior to issuing the collection job to us. Wouldn't you rather have 85% - 90% of your debt back versus nothing at all had we not recovered it for you.

What if I have an agreement with the debtor to pay collection costs?

If you have a properly executed written agreement with the debtor that has been signed by them and it provides for them to pay your debt collection costs or administration fees relevant to debt collection then it may be possible. You will need to be able to supply the original document if requested to do so.

Nexus still CANNOT add any fees to the debt as such, however you can do so PRIOR to placement of the debt with us.

You must place the debt with us for a SINGLE sum that includes the debt plus your calculation of collection costs. You must use a single flat rate of commission for this calculation. Many businesses are now building in a clause in their terms of trade that provide for payment of a fee of up to 15% of the amount owing (this generally covers a debt collection companies fee).

If the debtor requires substantiation of the additional charges you will need to be able to produce an invoice for these fees that makes specific reference to the relevant section of the signed written agreement and its date. In the event that legal action is issued and a defence ensues some magistrates may not make an order for these fees.

Nexus Collections accepts no responsibility for any resultant action or loss relevant to the addition of our charges to the debt.

Can I recover legal costs if I sue someone?

YES you can if you are successful in obtaining a court judgment against the debtor or the debtor pays the debt after the issue of legal proceedings. The courts in each state set down a scale of fees that can be added to the core debt. We do this routinely whenever we file proceedings on your behalf.

The court will make an order for a sum that will include the debt, legal costs, and even interest.

If the legal action you issue is defended and you lose the case then the magistrate may make an order for costs against you in favour of the defendant/s. In this scenario you will still remain liable for our costs too – so beware – if you are going to sue ensure you can prove and substantiate your debt.