

# The squeaky wheel gets the oil

During these unprecedented times being owed money and not knowing how you are going to pay your bills is very stressful. A tool that is being used is a Statutory Demand.

What is a Statutory Demand? A Stat Demand is a demand for payment issued under section 289 of the Companies Act 1993. It tells the Debtor that they have 15 working days to pay the overdue invoice, enter into a compromise or provide security to cover the debt. Should they fail to act the applicant can apply to the court to liquidate the Debtor company.

There are two main types of Debtor. Those that can't pay and those that won't pay. A Stat Demand tells the debtor that you are serious and that you want to be at the top of the pile of invoices needing to be paid – a squeaky wheel gets the oil.

A Stat Demand is normally served by a process server at a companies address for service or on a director of the company. Due to the lockdown we can't currently do this. What we are doing is serving a copy via email and then once the lockdown is over, we will serve the registered office or director in person. If the Director doesn't immediately deal with the emailed demand when they get served in person, the director knows this is real and we need to do something about it!

In the demand we add our preparation fee and service fee to the amount of your outstanding invoices. In approx. 60% of cases your debtors pay the full amount (inclusive of our fee). In the 40% of cases where they just pay the amount of your invoices you can decide whether you chase them to recover these collection costs or you may just be happy to have received your payment.

We are currently preparing and serving Stat Demands for \$350.00 + GST in Greater Auckland and \$400 + GST Outside of Auckland.

We understand that many situations are different. Please feel free to call us on 0800 746384 or email [enquiries@aucklandinvestigations.co.nz](mailto:enquiries@aucklandinvestigations.co.nz) as we are happy to discuss your debtor issues with you.

Acting today can save you a lot of stress and anxiety.

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