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Late payments cost SMEs £51.5 billion, says Hitachi Capital UK

Hitachi Capital UK has conducted a [survey](#) of 1,000 SMEs in the country, and the results are not good – 31% of small companies said they had experienced late payments that cost them £10,000 in the last year.

This comes up to an extrapolated figure of £51.5 billion in costs to SMEs.

Also, 74% of the SMEs polled had a customer fail to pay at least once in the last year. And 27% have experienced a profit squeeze because of late

payments, while 12% have had to [delay paying staff salaries](#).

Around 40% of the respondents have been forced to put their own money into the company to tide over periods of insufficient cash flow. The majority of these respondents (80%) have invested personal savings to keep their business afloat.

21% of small companies turned down a contract because a customer was known to be a bad paymaster or was offering unfair payment terms.

Most of the leaders of the small companies (68%) would support legislation to make it illegal to miss a payment deadline.

Robert Gordon, chief executive officer of Hitachi Capital UK, said: “An imbalance of power between clients and suppliers, often driven by larger players abusing their position, has led to a widespread late payment culture that is damaging UK SMEs. As our research has shown, if we let this go unchecked, huge numbers of businesses will continue to experience cash flow pressures at a time of wider economic uncertainty.

“This has ramifications not only for SMEs, but for entire supply chains and a fair, competitive and supportive business environment is critical for the country’s wider economic success. It’s imperative that we not only acknowledge this issue and crack down on late payments, but also take practical steps to ensure businesses are given the required support and penalties are put in place for the worst offenders.”

RIABU helps companies of all sizes – but especially SMEs – be first in line to get paid. We provide you with insights into the past payment conduct of prospects and customers, and how long they are likely to take to pay their invoices, based on the experiences of other suppliers. RIABU also helps you to get paid on time in the future, by giving you access to the RIABU Academy. There you can find expert advice, best practice guides, and peer forums to improve your policies and processes and ensure you get paid faster.

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