Your route through Insolvency Loss Prevention

A sample report, built from invented answers, to show what yours will look like.

> This report is based only on your answers, before we have seen any of your papers. It is not legal advice, and you should not rely on any date or time limit in it: check every date against your subcontract. Legal questions go to your solicitor.

Where you stand

A payment is already past its final date with nothing paid. Deal with that sum first: until it is paid, it is money you could lose if your main contractor fails.

Your main contractor already owes you more than you could afford to lose, and it is showing signs of trouble. That is the case this service is built for, and the time to act is now, while it still trades.

Your answers suggest two or more warning signs are showing together. One on its own can be a busy month. Two together is when to tighten: smaller deliveries, every application in on its due date, the public record checked weekly and a suspension notice ready.

Your answers suggest a sum is unpaid after its final date for payment, with no Pay Less Notice. If that sum was due, the Housing Grants, Construction and Regeneration Act 1996 may let you suspend work until you are paid. You must first give at least 7 days' notice of your intention to suspend, stating the grounds.

In your routine, the first thing to fix is knowing what each main contractor would owe you if it failed. The unpaid applications are only part of it. The work since your last application, the retention held and the materials on site count too, and together they can come to more than the job's margin.

Your stock sits on site unfixed for weeks at a time, and your terms may not keep it yours until you are paid. If your main contractor failed, you may not be able to take it back. Its value would then join your claim, which usually pays a few pence in the pound.

Payments landing later each month is often the first warning sign, and the easiest to miss, because the money still comes.

Your subcontract says your retention is held on trust, but you know of no separate account. A trust may only protect retention that was actually set aside before a failure. Without that, it usually joins your claim with everything else.

Your team would threaten to stop, but has never served a notice. A threat with no notice behind it is easy to ignore, and your main contractor knows it.

Your subcontract lets you end it if your main contractor becomes insolvent. Insolvency rules since 2020 may stop that clause working as it reads, so do not plan around it until your solicitor has advised.

What to do now

In order: the first ones cannot wait.

1. **Chase the overdue payment in writing today** (today)

   Why: A written chase records what you asked for and when. It is also the first step towards the remedies the law gives you, such as suspension where its conditions are met.

   How: Write to the person your subcontract names for notices. Quote the application, the sum and the final date for payment that passed, and ask for payment by a set date. Do not agree a payment plan or a lower figure yet. If it stays unpaid, Late Payment Claim is built to recover it: read that page, or reply to this report and we will tell you which service fits.

2. **Bring down what that main contractor owes you, starting now**

   Why: What you lose if it fails is decided by what it owes you on the day, and nobody knows when that day will be. Every pound you bring down before then is a pound you cannot lose.

   How: Put in every application on its due date, with all the work done to date, so less sits unbilled. Cut deliveries to what your team fixes within days. Keep working to your subcontract meanwhile: do not stop work or hold back labour without a proper notice.

3. **Get a suspension notice ready, and have it checked before it goes**

   Why: Suspension is the strongest step open to you while a main contractor still trades. It only works if every condition is met and the notice is right, so it is best written before you need it.

   How: Find the payment and suspension clauses in your subcontract. The notice names the sum due and the final date for payment that passed, says you intend to suspend and why, and gives at least 7 days' notice. Keep working while the notice runs. Send us the application, any notices and the subcontract, and we check the conditions with you before anything goes. Serving it is your decision.

4. **Add up what each main contractor would owe you if it failed tomorrow**

   Why: What you lose if it fails is decided by how much it owes you on the day. That figure is usually more than the unpaid invoices, and it cannot be kept small until it is measured.

   How: For each live job, add four figures: unpaid applications, work done since your last application, retention held and unfixed materials on site. Then add the jobs together for each main contractor, and mark any figure you have estimated. Or send us the account on each job, and we measure it for you with the build-up shown.

5. **Keep a monthly watchlist for each main contractor**

   Why: The warning signs usually show in your own account and on site before they show anywhere public. Written down each month, two signs together are hard to miss.

   How: List the signs to look for: payments landing later, requests to hold an invoice, other trades or staff leaving, suppliers stopping deliveries, and accounts overdue at Companies House. Once a month, your credit controller notes the day each payment landed against its final date, and your site manager notes what is being said on site. Two signs together means you act that week.

6. **Ask in writing for your retention to be kept in a separate account**

   Why: Retention that sits in your main contractor's own money usually joins your unsecured claim if it fails. Money set aside while it still trades has a better chance of staying yours.

   How: Write to your main contractor, quote the retention clause, and ask it to confirm the retention is held in a separate account. Keep the letter and any reply. Whether you can insist on it depends on your subcontract.

7. **Time deliveries so less sits on site unfixed**

   Why: Materials built into the works generally go with the building, and unfixed stock only comes back if it is still yours and you can prove it. The less that sits on site, the less you can lose.

   How: Ask your buyer and your site manager to call off materials in smaller loads, matched to what your team fixes in the next week or so. Keep each delivery ticket with its invoice, and note where the stock is stored on site.

8. **Get retention of title wording into your next quotation**

   Why: A retention of title clause keeps materials yours until you are paid, so unfixed stock can be claimed back if your main contractor fails. It only helps if it forms part of the terms agreed for the job.

   How: Ask your solicitor for retention of title wording, then use it on every quotation and order acceptance from then on.

9. **Keep every application, notice and delivery ticket exactly as it went or arrived**

   Why: If a main contractor fails, your claim is only as strong as the paperwork behind it, and the administrator or liquidator reads the originals. The original email keeps its date and time; a forwarded copy or a printout may not.

   How: Make one folder for each job. Save each application as the email that sent it, each notice as it arrived, and each delivery ticket with its invoice. Do not edit or rename the attachments.

What to gather

Everything the work is built from. Copies are fine: send what you have and we will tell you what is missing.

- **The subcontract.** A complete PDF or scan with all schedules and amendments; the last exchanged version if it was never signed, and say so.

  Where to find it: The job's commercial folder or the order email normally holds the signed copy.

- **The account on each live job.** The last few applications, the Payment Notices and Pay Less Notices that came back, the payments received and the retention held, as they stand.

  Where to find it: Your accounts package and the job's application folder.

- **Your own order and delivery terms.** The terms you quote and order on, and the terms your main suppliers sell to you on.

  Where to find it: Your quotation template, the back of your order form and your suppliers' account terms.

- **What you already know about the main contractor.** Anything that has worried you: payment dates slipping, requests to hold invoices, other trades leaving, rumours from site.

  Where to find it: Your credit controller, your site manager and your own inbox.

Why Quantsurv

You can do a good deal of this yourself, and the steps above show how. If you would rather have it done for you, or want the notices checked before you act, this is the work we do.

- **Specialists in exactly this.** We work only for subcontractors, on the claims and disputes that cost them money. Behind it: 10 years on the commercial side of construction, and £100m+ of construction projects worked on.
- **A fixed fee, agreed first.** We never bill by the hour. Fixed set-up fee agreed in writing before work starts. Optional monthly checks have a fixed fee agreed first. Pause between jobs or stop at month-end. If the work runs over, the cost is ours, not yours.
- **Fast where it matters.** Ten working days. A fixed fee also gives us every reason to finish quickly.

How Insolvency Loss Prevention would run for you

The whole service, step by step. Where your answers decide a route, it is shown under the step it belongs to.

Step 01 You tell us about your jobs and who you work for

One call on your live jobs, the main contractors above you and anything that already worries you. The first conversation is free and commits you to nothing.

- **If a payment is already overdue past its final date:** That sum is dealt with first. We check your notices, tell you which Recover service fits it, and say whether the right to suspend is open now.

Step 02 We confirm the scope and the fixed fee in writing

We set out the jobs and main contractors covered, what you get, the timetable and one fixed fee for the set-up, agreed before it starts.

What you get: A written scope, timetable and fixed fee

Step 03 You decide whether to go ahead

Go ahead, change the scope or stop. Nothing starts until you have agreed the scope and the fee in writing.

Step 04 You send us the paperwork

Everything in the list below, for each job in scope, as it stands today and not tidied. We build the routine from your own subcontracts and your own account, not from a generic checklist.

Step 05 We map what your subcontract gives you

We read each subcontract as signed and set out on one page what it gives you. That covers the payment cycle, the retention terms, who owns materials delivered to site, and your rights to suspend or terminate.

What you get: A one-page map of your rights under each subcontract, clause by clause

- **If your subcontract says retention is held on trust for you:** We note it, and the routine asks in writing for the retention to be kept in a separate account. Whether the trust would hold in an insolvency is for your solicitor.
- **If your subcontract lets you end it when your main contractor becomes insolvent:** We flag that insolvency rules since 2020 may stop that clause working as it reads. Your solicitor advises before you

ever rely on it.

Step 06 We measure your exposure on each job

Job by job, we add up the unpaid applications, the work done since the last one, the retention held and the unfixed materials on site. That is what you would lose if the main contractor failed tomorrow.

What you get: An exposure figure for each live job, with its build-up

- **If one job's exposure is already more than you could afford to lose:** We tell you in writing that day, and that job's routine is set up first.
- **If a sum is overdue past its final date for payment:** It is chased now, and we check whether the right to suspend is open. Recovering it is a job for a Recover service, and we say which.
- **If the figures show payments landing later each month:** That is a warning sign in itself, and it goes on the watchlist from day one.

Step 07 You set a ceiling for each main contractor

The ceiling is the most you are prepared to be owed by one main contractor at any time. It is your commercial call. We show what each level means for deliveries, applications and chasing.

Step 08 We set up the routine

A diary that keeps every application, default Payment Notice and chaser on time, and a monthly watchlist of warning signs. A materials routine keeps unfixed stock low, and a suspension notice is prepared, ready to use.

What you get: The diary, the watchlist, the materials routine and a suspension notice ready to serve

- **Where two or more warning signs show together:** That job moves to a tighter routine: smaller deliveries, applications checked the day they fall due, and the suspension notice checked against its conditions.
- **Where a sum due is unpaid after its final date and no valid Pay Less Notice was sent:** The suspension notice is ready. The Housing Grants, Construction and Regeneration Act 1996 requires at least 7 days' notice of your intention to suspend, stating the grounds. Serving it is your decision.
- **If your order terms do not keep materials yours until you are paid:** We flag the gap, and your solicitor provides the retention of title wording for your next order. Until then, deliveries are kept to what is fixed quickly.

Step 09 We walk your team through it

We take your credit controller, QS and site manager through the diary, the watchlist and the materials routine. Each learns their part on your live jobs.

What you get: A walkthrough of the routine for the people who will run it

Step 10 You run the first live cycle with us alongside

Your team applies, chases and reads the watchlist on a real payment cycle, with us beside them. That proves the routine on your job before we hand it over.

Step 11 We check the cycle and correct what it shows

We check the cycle against the routine: applications in on time, notices sent, chasers on their dates and deliveries within the ceiling. Anything missed is put right in the same cycle.

What you get: A written check of the live cycle, with every slip found and put right

Step 12 We hand over the written routine

Your team gets the routine in writing. It holds the subcontract maps, the exposure figures and ceilings, the diary, the watchlist, the materials routine and the suspension notice. It is written to survive a change of staff.

What you get: The written routine, ready for your team to run

Step 13 You choose whether to keep the monthly check

Your team can run the routine alone. The monthly check adds a reader from outside the job, for as long as you want one.

Step 14 We run the monthly check, if you keep it

Each month we update each job's exposure figure and read the watchlist and the main contractor's public filings. Then we tell you in writing whether anything needs acting on.

What you get: A short written note each month, with each job's exposure against its ceiling

Step 15 We leave you with a routine your team runs

You receive an exposure calculation for each job and a record of the limits you choose. A payment diary, warning-sign checks and delivery controls support a tested team routine, with recovery records kept organised.

Your path through the questions

The questions you answered, in order, as the page drew them. Your answers are in yellow, with the line running through them.

Which is closest to where you are now?

- **A main contractor is showing signs of trouble, but still trading**
- Nothing is wrong yet; we want to limit what we could lose
- We have heard a rumour that our main contractor is going under
- Our main contractor has already gone into administration or liquidation

Does an application date, a final date for payment or a large delivery to site fall this week?

- Yes
- **No**
- Not sure

Is any payment from a main contractor past its final date for payment right now?

- No
- **Yes, and nothing has been paid on it**
- Yes, part was paid and the rest is still unpaid
- Not sure

Did your main contractor send a Pay Less Notice for that payment?

No | Yes | Not sure

Do you know what each main contractor owes you today, counting retention and materials on site?

Yes, job by job, all of it | **We know the unpaid applications, not the rest**

No, we have never added it all up | Our account is behind, so we could not say

If the main contractor that owes you most failed tomorrow, could you afford the loss?

Yes; it would hurt, but we would get through it | **No; it could put the business at risk** | Not sure

Which of these warning signs have you seen from a main contractor?

None so far | **Payments landing a little later each month**

Another sign, such as a request to hold an invoice | Two or more signs at once

Not sure what to look for

Does your subcontract say your retention is held on trust for you?

Yes, and it is kept in a separate account | **Yes, but we know of no separate account**

No, it says nothing about a trust | No retention is held on our jobs | Not sure

How much of your material sits on site unfixed at any one time?

Very little; it is fixed within days of delivery | **A few weeks' worth**

A lot; we deliver in bulk or store on site | Not sure

Do your own quotation or order terms keep materials yours until you are paid?

Yes, we have a retention of title clause | **Our terms say nothing about it**

We have no written terms of our own | Not sure

When a payment misses its final date, how soon does someone chase it in writing?

The next working day, naming the sum and the date | After a week or two, often by phone | Nothing set; it depends who notices | Not sure

If a payment stayed unpaid after its final date, could you serve a proper notice to suspend work?

Yes; we know the conditions and have a notice we could use | **We would threaten to stop, but have never served a notice** | We have stopped work before without a written notice | Not sure how it works

Does your subcontract let you end it if your main contractor becomes insolvent?

Yes | No | Not sure

Roughly how much is at stake?

Under £5,000 | £5,000 to £25,000 | **£25,000 to £100,000** | Over £100,000 | Not sure

Your report

Next step

> **The first conversation is free and commits you to nothing.** Reply to the email this report came with, or email contact@quantsurv.com, and we will already have your answers.