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**Begbies Traynor**

## **Scottish businesses on late payment alert as 115,000 firms wait an average of 57 days for payment**



Almost 115,000 businesses waited an average of 57 days for payment in 2018 with more than 1,000 of these subsequently entering insolvency as a result, according to new data from insolvency specialist Begbies Traynor.

The data, which was gathered from more than 1 million debtor day reports since 2011, also revealed that of those 1,000 businesses entering insolvency during 2018 34 per cent had debtor days in excess of 57 days and 15 per cent for longer than 86 days. This highlights how late payments could potentially be a significant factor of insolvency for Scottish businesses.

During 2018, media companies were made to wait the longest for payment with an average of 69 debtor days. Of even greater concern is continued growth of the length of debtor days from 2011 – 2018 with a 9 per cent increase in the telecommunication & information technology sector from 62 to 68 days, and a 5 per cent increase in travel & tourism (46 – 48 days), general retail (41 – 43 days) and media (66 – 69 days).

Ken Pattullo, managing partner at Begbies Traynor in Scotland, says: “In our work across Scotland, we regularly encounter the catastrophic effects of late payments, particularly on SMEs.

“The worrying growth of late payments must be addressed if we are to help businesses, and the UK economy, grow. Otherwise, the knock on effects will spiral out of control and this trend of late payment will constrict, squeeze and suffocate growing businesses. However, even the largest companies are not immune from the impact of late payments as this practice impairs cash flow and makes businesses less competitive.”

The data also revealed that the support services sector is most likely to be hit hard by late payments with almost 35,000 businesses reporting debtor days in the last year. Of these businesses 260 went under during 2018 reporting an average of 25 debtor days. This was followed by the construction industry with almost 12,000 debtor days filed with an average 61 day wait for payment and 146 insolvencies. The utilities sector has also experienced a worrying increase of 102 per cent from 912 to 1,838 reports of late payment.

Ken Pattullo continues: “If this form of bad faith trading is allowed to continue then more businesses in Scotland will inevitably go to the wall. It is simply not sustainable for suppliers to take the hit when payment is not made on time – even businesses with large financial resources and contingency plans will suffer.”

For more information please contact <https://www.begbies-traynorgroup.com/>

**Picture shows:** Ken Pattullo