

Late payments "cripple" small businesses; how they are resolved needs to change

LawtechUK has recently published a new study which aims to tackle the issue of late payments and poor dispute resolution infrastructure facing small businesses across the UK. The study has recommended that payment dispute resolution should be made more accessible, and has proposed a new way of making this happen.

Temps de lecture : minute

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The study was carried out through a collaboration between Tech Nation, the LawtechUK Panel and the Ministry of Justice alongside researchers from the University of Oxford, Oxford Computing Consultants, Resolve Disputes Online and Jur.

The 'SME online dispute resolution' platform offers a technology driven solution to the problem of resolving late payments.

Affecting more than 72% of small businesses across the region, late payment disputes have risen to £23.4B, while collecting the owed amounts of money costs small to medium enterprises (SMEs) £4.4B each year.

Jenifer Swallow, Director of LawtechUK at Tech Nation, said that the issue of late payments "cripples" small businesses in the UK. "The legal system should be there when they need it. It should not be slow, adversarial and hard to access."

An easy alternative to resolving late payments

Lawtech UK have now revealed an affordable, alternative way of managing late payments through an online dispute resolution platform. It is estimated the platform could allow UK businesses to resolve over 200,000 disputes over a five-year period, which would account for £3.4B in debt value.

The online platform enables SMEs to resolve disputes within six to eight weeks, an accessible alternative to traditional court proceedings which are costly and time consuming.

"This study offers a roadmap for the future of legal dispute resolution – an inexpensive, straightforward, online alternative to a traditional hearing but connected to the courts in case a formal judicial determination is needed," said Richard Susskind, a LawtechUK panel member.

The study has estimated that a first release of the online platform could be brought to market within nine months, with the platform becoming financially self-sustaining within four years.