



### **Disputes with Customers and Suppliers**

Your business depends on keeping on the right side of your customers, without which you wouldn't have a business, and your suppliers, without which you wouldn't have anything to sell. So disputes with either of them are really bad news. But all businesses have them, and they need managing. They will range from debt collection to full-scale warfare. The secret is to look at the business case first, before getting dug in.

Ask a few key questions:

- What will I get if I win, in money and in reputation?
- Or if I lose? Can I afford to lose?
- What will a dispute cost, both in legal cost and in disruption?

And is there a bigger picture:

- A risk of upsetting a valuable customer, or introducer?
- A breakdown in supplies from a key supplier?
- Must I make a stand to avoid being pushed into an uneconomic position?
- Or is there a danger of stirring up a regulator?

Sometimes you have to go through the courts. But often there is an arbitration clause in the supplier's agreement, or a settlement or ombudsman clause in the agreement with the customer. These are often quicker, cheaper and less public. So put them in your terms of business. And try and resolve things through a mediator if you can – this is particularly good if there is going to be a continuing relationship with the other side afterwards, as in supply contracts.

If you have to go to court how can you do things most efficiently? Claims under £10,000 are small claims and you won't recover your legal costs, so you have to try and get default or summary judgments, and avoid going to trial. This means you must have your paperwork in order. If you discuss things carefully with your solicitors you can divide the work up between you so that you are only paying for things that it is worthwhile for the lawyers to do. And they can run things efficiently because they know you will give them the information that they need. A win-win situation.

Bigger disputes, such as those with suppliers, need very careful handling, as the cost of litigation rises quickly, and you need to be able to take advantage of the tricks and loopholes that get learned with experience, as well as the latest developments in the law and procedure. Suppliers will know their way around their terms of business – you have to do so as well. A well-timed and well-chosen offer, or the revealing of some crucial evidence, can make all the difference between a good and bad result.

These things aren't simple, and you need vigorous advice from somebody who understands the bigger picture, and who can co-ordinate the team that you will need in order to deal with matters in the best way.

*If you want help on disputes with customers or suppliers, contact Alan Lodge, our Head of Litigation. He has over 30 years' experience to help you make the right decisions. Send him an email at [alan@davidleesolicitors.co.uk](mailto:alan@davidleesolicitors.co.uk) Or call him on 01926 852188.*