

Top 4 reasons why we reject claims

We rarely reject our clients' claims but it can happen on occasion (around 4% of all claims are rejected). The good news is you can act now to increase your chances of having your next claim paid.

Here's a list of the top four reasons we reject claims – and tips on how you can ensure it doesn't happen to you.

1**Late reporting: inform us within the deadline**

It's very easy to assume your customer is going to pay you next week. That's what they're saying, so you delay reporting, but by the following week they still haven't paid... After a while, the maximum date to report the claim has passed.

Reporting on time is essential:

- It increases our ability to collect your money.
- It adds to our knowledge about companies and enables us to provide predictive protection.

You should take note of the terms of your cover (maximum payment terms, Maximum Extension Period, reporting deadlines...) and let us know right away when something happens that could put payment at risk.

Check out our guide on [Reporting overdue or adverse information](#).

Important

The top reason why we reject claims is late reporting of an overdue payment or adverse information (for example, if a cheque bounces).

2**Lack of cover: keep track of cover**

Without a valid credit limit on an existing or new customer, if they fail to pay you, the debt will not be insured. Here are the things you want to keep track of:

- **Having a valid limit in place**
You should track reductions and cancellations, make sure you've asked for cover on a new customer or that you have the appropriate justification to use your Discretionary Limit. Check the different types of limits you can use in our guide on [Understanding credit limits](#).
- **The level of cover versus your level of trade**
As the relationship with your customer evolves, the amount of sales may vary. As it progresses, you need to monitor cover and especially check if your credit limit is high enough to cover your outstandings (the amount of sales that you have made but that your customer hasn't paid yet). You may decide to work at a level higher than your Approved Limit, but your cover will be limited to that level.
- **Negative information**
Be mindful that your cover will cease for any goods or services supplied after you have received negative information or your invoice is unpaid past the Maximum Extension Period.

3

Fraud: watch out for fraudsters

Sadly, fraud is increasing and limiting the risk is a growing challenge for businesses. It's important to establish that your customer is who they say they are – and not someone looking to secure products without paying for them.

In a common scam, a fake customer will pretend to be from a reputable company and will try to establish a trading relationship with you. It's only when they don't pay and you file a claim that you discover that you weren't dealing with the legitimate company.

This is an illegal act and we can only cover legitimate companies. It's important to stay vigilant and research new customers thoroughly. Check out our guide on [How to steer clear of fraud](#).

4

Missing documents: keep a record of all supporting documents

It's vital to establish a paper trail for each transaction to establish a valid contract, including purchase orders, signed delivery notes and terms and conditions. Without this paperwork, a non-payer could slip through the net if it goes to court. You must show evidence of the contract and specifically that the customer asked for the goods or services you supplied and that they received them.

To sum up, here are actions to take to ensure your claim will be paid:

- Report on time and keep us updated with any developments impacting your customer's ability to pay.
- Check your customer's outstanding balance and see what type of credit limit you can use.
- Ensure you have cover: Do you have the appropriate justification for trading under your Discretionary Limit? Has the Approved Limit on your customer been withdrawn or reduced?
- Research new customers thoroughly and do your best to avoid becoming a victim of fraud.
- Keep proper paperwork to prove that goods and services were ordered and supplied.
- Be mindful that the goods and services fit the description of trade on your Policy and comply with payment terms and invoicing period endorsed to your Policy.

Any questions?



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