

Top 13 excuses for late payments and how to counter them

See through your customers' excuses by learning from the most common ones.

It's frustrating to hear excuses when you remind your customers about their non-payment. Some explanations can be so plausible that you can't press them to pay, while some reasons can be so impossible that you don't know what to do.

In our many years of collecting outstanding invoices for various businesses, we've heard most of the excuses for paying late and found some of the most effective ways to respond to each of them.

Standard excuses

The following excuses are some of the most common ones used by businesses in all sectors

1) We haven't received the invoice. / We've lost the invoice.

Tell your customer you'll send a copy immediately via email or their preferred means of communication. Once you've done that, contact them, preferably over the phone, to check whether they've received the invoice, and ask them to pay within a few days.

2) The company name/address/balance/ etc. on the invoice is not correct.

Double-check what your customer stated. If the invoice is indeed incorrect, amend it and put in a new due date (preferably the date of the amendment). Then email it to your customer, call them to check whether the invoice is correct this time, and ask them to pay promptly.

3) The computer is down.

Ask your customer how often this happens and how they've dealt with it. Also ask them to find a workaround with you so that they can make the payment.

4) We only pay on a fixed day each month. / We don't make any payments until next month.

Negotiate with your customer on one standard method to set the payment terms. Then have them confirm the negotiated terms in writing to prevent similar disputes from now on.

5) We're waiting for payment from a large customer. / We can only pay you after our customer pays us.

Ask your customer about their debtor's details (e.g. name, address) and when they expect payment from the debtor. You can negotiate an immediate payment plan or come back for the full amount later. Either way, tell your customer that you expect them to honour their commitment to paying you, and you're determined to make it happen.

6) The person authorising payments is out of office. / There is no one to sign the cheques.

You've probably heard this in the summertime and during bank holidays. You can ask your customer when the person in charge returns, then call back and discuss the invoice at hand with them, mentioning how payments to you can be better managed in the future. Or you can ask your customer who takes care of paying salary and utility bills in the meantime, then persuade that person to settle the outstanding invoice.

7) The cheque has already been sent. / The invoice has already been paid.

Ask your customer about the payment's details, such as a proof of payment, the date the payment was made, and who approved the payment. If they haven't paid, they won't be able to answer your questions. In that case, ask them to pay immediately by bank transfer.

8) The goods/services weren't delivered. / The goods/services weren't satisfactory.

It's important to not get distracted by disputes. You should clarify the situation and negotiate with your customer on settlement terms, then have them confirm the terms in writing so that you have proof to fall back on and it's harder for them to go back on the settlement terms.

9) We have cash flow problems. / We're insolvent.

Negotiate with your customer on a realistic payment plan that includes an immediate part payment. This payment plan needs to be specified in a contract signed by you and your customer. This is to make sure that your customer fulfils their commitment and follows through with the payment plan.

You don't want to fall victim to such stalling tactics. What you need to prepare are responses that deflect your customers' excuses and set them back on the path to making payments.

Unusual excuses

We've actually heard the following excuses. The chances you encounter them are not high, but if you do, it may be a good idea to take your collections effort to the next level.

- 10)** The debt is not valid because my ex-wife ran off with our company's credit card.
- 11)** I just got back from my luxury holiday. It costs more than I thought, so I no longer have the funds to pay.
- 12)** I want to pay, but all the invoices were in my briefcase and it was stolen on the street.
- 13)** My wife has been kidnapped and I need the money to get her back.

If it's too time-consuming to deal with your late payers' excuses or your prior efforts haven't resulted in payment, consider getting external help.

An experienced and professional collections agency with the right approaches can encourage your customers to pay, while maintaining your business relationships.