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Wirtschaftsrecht • Forderungsmanagement • Unternehmensberatung

Debiflex - the effective way to claim and sue demands

It is nice to sell and build up and grow up your turnover, but there is a double loss of product and money if the customer doesn't pay.

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Debiflex – a new project for suing debts

After year-long experience in suing debts we have developed and successfully tested a new concept of suing debts with greater efficiency. The results show that the new concept is more efficient than the old incasso system even with bad debts unlikely to be ever paid and with great numbers of small claims. Without investment of capital positive results are scored in a short period of time.

Our fundamental principle is: efficient flexible methods instead of ineffective numbers of reminders.

Fundamental principles of Debiflex, our claim management:

Acting fast is the first and foremost rule for several reasons:

- The financial plight of the debtor is liable to worsen.
- The debtor only takes the creditor seriously, when he acts with determination.
- Moreover, interest accounts and administrative fees run on, limitation period in Germany approaches.

Numerous reminders are no great help.

This instrument wears down and according to German law it does not postpone nor supersede the limitation period.

Moreover, mechanically produced massed letters with visibly printed signatures have no or the wrong psychological impact on the debtor.

According to Debiflex the reminder by the client should be delivered, when settlement is due, at the latest, four weeks after tendering of account. Then a lawyer should immediately take over.

Is the calling of incasso firms worthwhile?

Firms report about completely insufficient results in Germany.

The processing time of reminders handed over to incasso firms is often delayed by years. The customer only gets a marginal

percentage of his original claim. Some customers even report that the amount to be paid for fees was higher than the sum which was collected.

The reasons are obvious: The delivery of numerous ineffective reminders by incasso firms costs precious time. At last the incasso firm calls a lawyer to whom the customer has no direct contact and for that reason the lawyer cannot react properly to the debtor's fictitious objections. The immediate calling of a lawyer who had tackled the problem at once would have saved time and money.

Installing a personal reminder system?

A personal, effective reminder system is too costly for smaller firms. Moreover they could not do without a legal department in their firms. But it is not only the costs which speak against a personal reminder system.

Pressure exerted by a lawyer makes greater psychological impact. Any debtors find it easier to negotiate with a neutral third person.

How does Debiflex work?

At first the debtor will be sent a request for payment by the lawyer to get into contact with him, which lays open all his default charges and his interests on account of delay. The debtor gets the feeling that he is threatened by immediate measures. Part of the debtors will pay now to avoid further costs and will neglect other creditors, who are not represented equally. The debtor is



ready to pay his outstanding debts, but is not in a position to pay the whole claim of money at once, an instalment plan can be agreed on. The instalment plan is made conditional on the acknowledgement of the debtor.

As a consequence of their experiences with incasso firms a lot of debtors, at this stage of exaction, will stop the proceedings by invented objections. Because of the circumstantial proceedings this works with incasso firms, but not with Debiflex:

According to their objections callers are either connected with officials in charge who are familiar with the itemization of their claims and the accountant data or they are connected with psychologically trained lawyers. Frequently they succeed in convincing the amazed caller of the futility of his intention within a few seconds. It is worthwhile, because in minutes legal proceedings can be avoided, which, being may take months or even years. At this moment a lot of debtors postpone other financial obligations and remit the money they owe at least by instalments.

Some debtors, however, will move to other places or even change their names in order to escape. Within one week their new place of residence will be found out.

If negotiations are no help, default summons are applied for. By data transfer the default summons are immediately delivered to the claims court and are belaboured there immediately. Filling out of forms is a matter of past now.

In case of trades people or firms a credit assessment has been obtained beforehand to avoid senseless costs.

At last an enforcement order is applied for. Only the enforcement order grants a title which guarantees enforcement of claims for thirty years in Germany.

Many debtors pay after receiving default summons or enforcement orders or at least signalize serious readiness to pay now. For the resistant rest enforcement proceedings must be carried out

Does Debiflex have geographical borders?

As a flexible principle Debiflex has no geographical borders. Even a debtor who had escaped to New

Zealand could be stalked by modern research systems.

In Europe modern laws of procedure are available to have enforcement measures carried out on the spot thanks to a network of partner lawyers.

What about the suddenly moneyed wife?

As to expenditure the system Debiflex is flexible:

If we detect movements of assets in bankruptcy, financial exactions will be continued with methods of rescission. With claims up to 3000 Euro the expenditure is worthwhile.

What about the costs?

Like any other enterprising project financial exactions only make sense, if the revenues surpass the costs.

Therefore no money must be advanced, as it is the habit of lawyers in other cases. All expenses are covered by successful cases, which are billed monthly. The expenses cover all necessary measures, law charges, information, partner lawyers.

Contributions of value added taxes of the expenditure are immediately declared to the tax office. Finalised claim failures are declared to be abandoned.

All measures are rationally applied. It is with great felxibility that we evaluate the prospective success and the costs which are to be expected according to economical principles and in accord with the clients' interests.

The early bird catches the worm!

Therefore success must be evaluated according to different factors:

However, with higher claims at least one mill of the total amount can be brought in within the first month, even though the claims have been put aside and have been delayed for two years or longer. Finalized random failures because of bankruptcy or legal incapacity are statistically below 10 per cent and can be neglected. Many clients are surprised at this low rate because of generally known negative results of conventional systems of financial exaction.

In 2006 we could save more than 400.000 € of our international customers's money until July. We transferred this sum to their bank accounts.

In contrast to financial exaction with consumers the results with business firms are dependent on branches.

Of course, problematical branches are gastronomy, agriculture, construction firms without suppliers.

In the long run the results with the latter branches are identical. However, as the debtors in these branches delay payment at any cost, belabouring time is considerably longer.

At last the belabouring rate approaches 70 per cent of the original value of the total claim according to long term statistics of assignments for financial exaction.

References are not allowed because of strict confidentiality on the part of the lawyer. Among the clients there have been numerable middleclass firms such as construction firms, commercial firms, mutual associations and a bank, too.

Management of financial exaction is also Controlling!

An important side effect of efficient management of financial exaction is the discovery of deficiencies in the organisation of firms.

The results of objections raised from outside can be belaboured by the quality management. The management gets valuable information for improving organisation and avoiding failures of payment.

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