

Know Your Customer – Top Tips

- **Who are you dealing with?**

You must know who owns the business to identify who is liable for the debts, so ascertain the exact name and legal status of the business. For sole traders and partnerships, you must know the full name and addresses of the individuals. For companies and LLPs, establish the registered name as well as the trading name.

- **Do your research**

Obtain impartial references - your customer is likely to give you favourable references which may not be reliable, so ask to choose your own. Are you happy for their reasons for changing supplier if they were previously dealing with a competitor?

- **Prevention is better than cure!**

Don't be afraid to question your customer for the information you need. Ask for copies of headed paper, obtain information from Companies House and push for information at the earliest opportunity.

- **Check credit status**

Obtaining credit information will help you flag up any potential problem customers and avoid non-payers. Consider using a credit reference agency to check your customer's credit status.

- **Be consistent**

Put a set policy in place for new customers, and ensure all employees follow this procedure. Ensure all new customers receive your terms and conditions, carry out credit checks and have set rules for the credit limits you allow. Follow these procedures in every instance!