

Credit card payments can provide protection

BUSINESS MATTERS

With the economic downturn forcing a number of businesses to consider administration **Lisa Thomas** an insolvency practitioner with Plymouth-based Neville & Co considers some of the issues involved



One of the first questions we are often asked by directors of a company in trouble is "will I get banned from being a director?". It is actually a rare occurrence to be banned as a director but one of the worst offences that will put directors at the top of the list for being struck off is taking deposits from members of the public and not then fulfilling the service.

It is a common occurrence in some trades for customers to pay a deposit in advance eg for double glazing, solar panels or perhaps an adventure day out voucher.

Most of us don't have a problem with this and simply hand over our hard earned cash with the intention of paying the balance once the service has been completed (satisfactorily of course).

During the ordinary course of trading this doesn't usually present a problem however if a company enters an insolvency process and/or ceases trading before the supplier has completed the job in question then this may prove to be a problem for both the customer and the supplier.

The key is whether or not the supplier has done enough to protect the deposit.

As licensed insolvency practitioners, one thing that we see all too often when a supplier goes bust is that not enough has been done by the supplier to protect the customer deposits.

We may find as liquidators that the deposits have been paid into the general trade bank account and mixed in with other monies (Google Farepack for an example). Often that bank account will be overdrawn when we come on the scene and the customer deposits have been sometimes inadvertently used to pay some of the supplier's expenses to keep going. Even if there is a credit balance in the

account it may be taken by the bank's debenture. Either way if you have paid a deposit then may simply rank as an unsecured creditor of the insolvency process and will have to share any dividend between all the other creditors.

What a lot of directors do not realise is that they have a duty of care to ensure customer deposits are paid into a separate client account and held on trust for that customer until the element of services relating to the deposit can be provided to the customer.

Many of us are now wise to paying for things on our credit card where we are paying in advance. If the company can't then provide the service we can make a claim back against the credit card company. The directors should have placed your money into a separate client account so that it cannot be snaffled by the bank or any other party should the company cease trading.

■ Don't learn the hard way...

I am aware of a case where an elderly couple used their savings to pay a £5,000 cash deposit to a company, only for the company to enter liquidation just a few weeks later. Their money had been paid into an overdrawn bank account and sadly the couple lost it all.

If you are paying a deposit in advance you might want to ask the company if your deposit is being paid into a protected client account.

At the very least I would recommend paying any deposits on your credit card, if you have one.



Neville & Co are a firm of licensed insolvency practitioners. If you wish to contact Lisa call 01752 786800.

Waste management business secures £5.5m in bank funding

Devon Waste Management has secured a £5.5 million finance package to support its continued expansion.

Steve Hadley, previously commercial director, has also taken over ownership and management of the Exeter-based business from Collin Hickling, who has left to pursue other interests.

The lending facility has been provided by Lloyds Bank, using funding from the Government-backed Funding for Lending Scheme.

Employing more than 75 people, Devon Waste Management manages large public sector contracts as well as providing services to business

and residential clients. The firm operates two principal recycling and recovery centres at Deep Moor, Torrington, and Exeter Recycling Centre, in Kennbury.

The funding package will support investment in existing infrastructure, including the materials recycling facilities at the Kennbury site.

Steve, who will continue to be supported by chairman Allan Vodden and non-executive director Stuart Crebo, said: "Our business has gone from strength to strength in recent years and the remainder of 2013 will bring further organic growth and expansion."



Entrepreneur Gary Baker has been overwhelmed by interest in his company's Dream Flow Beds

Orders pouring in for Dream Flow's 'sleep and heal' beds

BY CATHERINE BARNES

The Plymouth company behind the design and manufacture of a health-boosting mattress has had a call from a Premier League club and 'significant' investor offers for a stake in the business, after media reports sparked a surge of enquiries.

Gary and Rick Baker say that their available stock of Dream Flow beds and mattresses – which are designed to improve circulation by effectively massaging you as you sleep, sold out just four hours after its story was broken, nationally.

The technology is based on a patented design pioneered by Dream Flow's sister company, Squirrel Medical, which has been tested in clinical trials for over three years.

The reports followed up on a *Westcountry Business* December exclusive, which revealed how the mattresses – which have in-built air pockets that inflate and deflate to alleviate pressure upon the skin's delicate capillaries – have been found in tests to fast-track the healing of sports injuries, bed sores and even reduce cellulite.

Gary Baker said: "We normally receive three calls a day, but in just one day last week we received 486 – including loads from overseas – and sold out in four hours. We now have a backlog of orders to fulfil."

The Dream Flow products range in price from around £480 for a portable mattress topper, to £3,000 for a bed

system with adjustable dual controls. Initially developed to alleviate bedsores that can be suffered by those with restricted mobility, the mattress mimic the effect of repositioning during sleep. As its air pockets inflate and deflate, they increase blood flow to the skin's tissue and take away toxins.

By improving circulation, Dream Flow says the mattress will also heal sports injuries faster, help insomniacs to sleep and even help to counter cellulite.

As well as an undisclosed Premiership club, Mr Baker says that he has also been approached by a representative from Team GB, interested in the potential of its Sports Flow-branded portable mattress topper, to maintain or improve the performance of athletes.

He said: "While they might have a £20,000 bed at home, athletes may only spend 167 nights a year in their own beds, due to the time they spend away in competition or training. In a hotel bed, they may not get that good night's sleep the night before an event or match."

Mr Baker is lined up for talks with both Plymouth's Marjon and Loughborough University over research projects linking the Sports Flow to improved athletic performance.

With a surge of interest from both consumers and professional bodies in his company's products, Mr Baker anticipates that the business, which is based at the Tamar Science

Park, could generate around 40 jobs in the city within 18 months. His aim is to establish a Plymouth-based team to create a global distribution network for the products which are manufactured in

the Midlands.

He said: "We want to put Plymouth on the map. The *Western Morning News* story generated national interest and the past week has been phenomenal."

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