

# Trade Credit Talks

Late Payments, Insolvencies & Protecting Your Cash Flow

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Welcome to Trade Credit Talks, the podcast where we explore how businesses manage credit risk.

In today's episode, Jamie Coskry, senior business consultant, provides his insight on late payments and insolvencies and how businesses can use trade credit insurance to help navigate their financial risks in today's climate.

[ Jamie Coskry ]

The aim of this podcast is to discuss the UK economy. But not the UK economy, as an over-branching subject. Actually discuss it from a business perspective, day-to-day, the businesses who are dealing with the effects every single day of their lives, whether you're an existing business, new business, or a supplier within that industry, this will hopefully provide some insight, hints and tips for you to navigate the challenging and ever-changing landscape of the UK economy. But not just to survive, but to thrive, to grow and expand your business through the ever-changing times we are seeing.

If you run a business, manage cash flow or spend half of your time chasing invoices, you are in the right place. I am your host Jamie Coskry, and I look forward to navigating this with you episode by episode. And look for episode one I thought we would ease ourselves in generally.

So naturally we're talking about insolvencies. Yeah, I know it's a bit grim but please please stick with me because this just isn't about companies going bust. It's about that feeling you've probably had recently. You send an invoice, you think it is due, and you just think it's due now. I know it's due. Am I actually getting paid for this? If you're in construction, hospitality, food and drink manufacturing, retail, this will sound very familiar.

Things aren't collapsing overnight, but truthfully, they are definitely wobbling. So, what are we going to talk about today? We're going to talk about what's been going on over the last 18 months, what it actually looks like in the real world, and how you do not get caught out by somebody else's mess. So, without further ado, let's get into it.

The big picture. So, the big picture is that insolvencies across the UK have been high for a while now. Actually, in 2025, there was 24,000 reported UK insolvencies. And this is quite similar to how it was in 2024. So, it's not a peak, it's not a spike. It has unfortunately been labelled as the new normal, the new trading normal, the new UK economy normal. of high insolvencies. I mean, it's not panic stations, but it's definitely not comfortable. It's like background noise. You don't always notice it until it's suddenly affecting you. And the reasons, the reasons are no big mystery.

Everything costs more, borrowing costs more, and customers are thinking twice before spending. So many businesses are actually just stuck in the middle. And here's the important bit. Most of this is not happening to massive, massive corporations. It's happening to normal businesses, the exact kind you deal with every day, which basically means even if you are doing everything right, you are still exposed. And that is not ideal, is it?

What does this actually look like? So, let's bring this back down to reality because this is where it starts to feel familiar.

Construction. Construction, honestly, it's been a bit of a battlefield. Margins are tight anyway, and when you throw in the rising costs and slow payments, it's a lot. And construction is not just a house builder. Construction is many, many different companies under that overarching umbrella. Plant hire, steel, timber, building supply, consultants, recruitment, to name a few. All these have multiple different sectors they are trading with and trading into. And this creates a massive vacuum and knock-on effect.

A quick example of this actually when speaking to a subcontractor was, you know, these guys are good operators. They're not reckless, very risk adverse, and they know their numbers and know their customers. They took on a job from a long-standing pre-existing customer. And it all looked fine. It looked great. But halfway through, material price went up. Labour crept up. And payments, well, they started doing that thing. You know the one. Yeah, don't worry. We will get that over to you soon. And truthfully, soon was not soon.

At first, they brushed it off. Then they kept checking their bank. And this trend was happening a bit more than usual. 10 days became 20 days, became 30 days. It started to ask for extended terms. And by the end of the job, by the end of the project, to be honest, the profit had gone. And they were wondering, how did this even happen? And truthfully, the business owner said, you know, Jamie, that's just construction right now. It just feels like death by 1000 cuts.

And another industry who feels the pinch right now is hospitality and food and drink. This one is a tough industry. Costs are up everywhere and there is no surprises there. But customers are also being careful. They're cutting back, going out less and essentially when they do go out, they're spending less than they did before. The best line I've heard is, we are busy, but there's no money in it. And this is something you do not want to hear as a business owner. And on the supplier side, I spoke to a drinks distribution company who said their reliable customers had started ordering less, asking for a bit more time, and suddenly becoming very hard to get hold of on a Friday afternoon. Funny that.

Retail. Well, retail's just been quietly grinding through all of this. There's not been one big crash, just constant pressure. An example of this would be, I mean, a wholesaler notices 1 late payment. That's fine. They can deal with that. Then another. That's just annoying but still manageable. But when a deeper dive was done, they noticed just half a dozen accounts doing the same thing. Now they've got a problem, and it crept up on them. There was no big alarm bell, no massive red flag. It was just a slow feeling of this isn't great.

Manufacturing is an industry that's slightly different to the above, but it's got its own version of this because it sits right in the middle of everything. So, it's getting squeezed from both sides.

One business owner said to me, you know, Jamie, we pay everybody on time, but then we just sit there waiting to get paid basically acting like a free bank for everybody else. And when the margins are tight, to be honest, that is risky. I mean, what is the real issue here?

The real issue is where it really hits home. Insolvencies are one thing, but it's late payments that mess up your week, your month, your stress levels.

Because businesses don't usually disappear overnight. There's a build-up and it shows up in how they pay you.

Classic scenario of this was a customer always paying on time, very reliable, very known to you. But then suddenly 30 days becomes 45. 45 becomes 60. You spend time, effort and money chasing this continuously when that staff member could be doing other productive things for your business. And they do always reply fairly quickly and politely and say, yeah, sorry about that, accounts are just sorting it, it will be in your bank on Friday. I need to sign off for that, but it will be in the next payment run. And you know, of course they are always polite. But often, a few months later, they're gone. And you're just left sitting there thinking, right, that now makes sense. And it's not because they don't like you. They don't want to pay you. It's because they themselves often haven't been paid. And they have their own staff and bills to pay, and it just becomes a knock-on effect.

I mean, the first quarter of 2026 has been gone, and we are seeing a massive increase of late payments, an increase in repayment plans, but an increase in repayment plans being defaulted on. And when that happens, the last case resort, the last olive branch to try and drip feed payment over a period of time and that gets defaulted on, often the scenario after that, especially if they're doing it with one, two, three, 4, 5 customers, often the scenario after that leads to insolvency and the end of that company, which then means money owed to yourself, that is not protected.

I mean, here is the problem. Late payment spreads. One business slows down. You slow down. Then someone else slows down. It's the classic domino effect. And suddenly everyone's a bit tighter than they'd like to be. Nobody plans it, but it happens.

You're probably saying, Jamie, oh, this is grim for your first podcast episode. You know, are you just going to give us the facts of how things are tough? No. I am going to try and give some advice on what to do now. What can you do? What tools are available to protect your business and grow your business through these challenging times, regardless of the industry you are in.

All right, so what's the actual play here? Because let's be honest, hoping people pay is not much of a strategy. This is where a tool like trade credit insurance comes into its own. Now, I know what you might be thinking, I've already got insurance, insurance, insurance, nobody likes it. And it sounds like one of these things I should probably have looked at already. Yeah. Fair. But here's the simple version. Would you like to have a scenario that if your customer doesn't pay, you're not the one taking the full hit? You pass the risk onto a global insurer. And you can trade with your existing or new customers, knowing that you are protected, knowing that a massive insurer has your back, has protected your cash flow. And that's the baseline.

Credit insurance does protect you from insolvencies of one of your customers or the non-payment of invoices by one of your customers. And that's the baseline. But the real interesting bit comes beyond that. It is not just a protection tool. It's the insight, the behind-the-scenes information, the stuff that's not on Credit Safe or Experian that you have reported to the insurers through management accounts or other policy holders and payment patterns and analysts looking at these companies, making decisions based on all the vast amounts of information global insurers have available to them and getting as real time information on the companies that you trade or could trade with to make those commercial decisions that could allow you to grow your company.

I'll give you a couple of examples of this insight. So, this was a customer, a client of mine who had been a business with cover, credit insurance cover in place already, but they got a nudge from the insurer saying, look, one of your customers isn't looking as strong as before. We may have to reduce some cover here. Now there's nothing obvious from the outside. Experience said they were, 400,000 at any one time. They were a great company. But that insight from the insurer with the reasoning behind it was enough to make them think, maybe we ease off here. So, they reduced the amount they were supplying and tightened things up slightly. And actually, a couple of months later, their customer goes under. Without that, they would have been fully exposed but instead it was manageable. There's a big difference there.

And for companies who come to you looking for new lines of credit, you're not going to give 50,000 pounds to a company that you don't know, that you don't trust, that you have no relationship with. So that is prohibiting you from entering contracts where if you used an insurer and asked, would you support me in trading with this company? Would you provide credit cover for that company?

It can go one of two ways. They will either say no, there are several reasons that we would not support that trading, and these are the red flags to be aware of. And you can make that commercial decision and maybe think, that's too risky for us, we would not like to trade with that company and avoid yourself getting exposed and avoid that risk that brings. Or even better, the insurer says yes, we will support you with that company and here is your credit cover. So you can now trade with that company, grow your turnover with the peace of mind that you are protected should the worst case scenario happen and you can know that you can offer credit to new customers or increase the credit you currently have with your existing customers with the protection of an insurance product behind you and the safety blanket that provides.

This is what it is really about. Not just protection but not getting blindsided. Also, along with this, if you use finance, invoice finance, invoice discounting, any finance through a bank or financial institution. Funders love insurance protection because if they are lending you their money, they know it is protected on the other side by a credit insurance policy. So, they are more likely to lend you more or better rates of lending because you are now, that lend is now less risky.

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