Why Late Invoice Payments Are Your Fault (And How To Fix It)

The invoice was sent 127 days ago. You know this because you've highlighted it in three different colours across four different spreadsheets, each time hoping the act of highlighting might somehow transmit payment directly to your bank account. It hasn't worked yet, but the fifth time could be the charm.

You feel the familiar embrace of your palm on your forehead, your fingers working it like fresh dough. But you're not making dough, literally or figuratively. And you don't know why. Your cursor hovers over your Aged Receivables report in disbelief as you look at the revenue you've earned but don't have. The same names still outstanding, the same awkward conversations. The same heat rising up your neck as you type yet another reminder, or wait for them to pick up the phone.

You didn't sign up to chase late payments full-time, and you certainly didn't dream of it as a child. You feel like Sisyphus with his rock - every overdue invoice only pushes you back down the hill. You just want to be paid; you *deserve* to be.

Then a thought enters your mind. Yes, a collections agency; it feels like the logical next step, right? But you're only pulling the weed, whilst its roots remain to sprout further resentment and slowly erode the path you've paved for your relationship and business.

What if the real issue isn't stemming from 'bad' customers at all, but a broken experience you've unknowingly cultivated? Because once you start seeing your accounts receivables through the lens of the customer experience, you win twice. Better relationships, faster payments.

The Uncomfortable Truth About Late Payments

Your product team obsess over the user experience, backed by years of customer research and market analysis. They pour their heart into development and design - your product is their baby, and they treat it as such.

Your sales team are fully enabled. You've likely funnelled thousands of pounds and hours into training and plotting the perfect buyer journey to take them from curious to customer.

Your customer success team are meticulous when it comes to onboarding and implementation, and to them, 'churn' is a dirty word that must be whispered in corridors and avoided at all costs. Every touchpoint has been refined and reviewed.

Then you send an invoice that needs three follow-up emails just to be understood.

Here's what's actually going on. According to UK Government research, [up to 90% of late payments are a result of poor communication], not deliberate ignorance. They're not trying to pull wool over your eyes; they're inconvenienced by your payment process.

Accounts receivables isn't 'just' a back-office function anymore. Your invoicing and collections form an integral part of the customer journey your team has worked to create, but you undermined it as soon as it was time to pay. Your customers don't need you to be 'nice' about money; they need you to be clear and competent.

Why Traditional AR Is Dead

You don't use the same CRM that you did fifteen years ago. So why are you so beholden to the same old AR processes?

You manually create invoices in isolation and, without delivery confirmation or read receipts, send them out into the great beyond, where they either get ensnared by email filters or buried beneath the rubble of a busy inbox. It's almost like printing your invoice, neatly folding it into a paper airplane and throwing it out the window in the hopes it lands in your customer's lap.

And when there's no response, most businesses escalate with sterner language and hard-handed tactics like using aforementioned external debt collection agencies - pouring fuel onto an already- burning bridge instead of reviewing their own process.

Relationships are built on trust and understanding, and context is key. Generic templates don't distinguish between your loyal customer who's temporarily cash-strapped and another who regularly avoids payment. Instead, they treat every late payment as an act of defiance rather than a misunderstanding, and scold customers who were absolutely willing to pay; they just needed clearer communication or a different arrangement.

You're dealing with other people, not just conduits on the other end of a screen or telephone. Yet most payment terms read more like a court summons, littered with legal jargon. If customers need a manual just to send you money and they're already strapped for time, they'll relegate it to tomorrow, and you'll end up strapped for cash.

So, what's the alternative?

¡Viva La AR Revolución!

What if you reframed every payment request as an opportunity to enhance customer experience as opposed to another transaction?

Billing *is* brand. Collections *is* customer experience. And that very first invoice should be as perfected as your welcome email, as tailored as your sales calls, and as professional as your product demos. Billing shouldn't be a formality, but a continuation of the service you've worked to provide so far. If your first invoice could speak, it should say, “We value your time. We’re easy to work with. We get it.”

Because here's the reality. The moment money enters the conversation, most companies tend to drop their warm demeanour and abandon attempts to build rapport as though the work is already done. The language turns cold. Even combative. And customers notice.

Customer-First Collections In Practice:

Traditional approach: "Your invoice #4268 dated 11th May is now 30 days overdue. Please remit payment immediately to avoid further action."

Customer-first approach: "Hi Sarah, I wanted to check in about invoice #4268 for the May project work. I know you mentioned cash flow timing during our last call. Would splitting this into two payments help, or would a different payment date work better for your budget cycle?"

The difference? One treats the customer like a debtor. The other treats them like a partner with legitimate business constraints.

Why This Approach Accelerates Cash Flow *and* Improves Retention

When your customers know and understand what they owe, and trust they can pay it without risking rows or migraines, then they’ll pay faster, sure. But more than that, they’ll feel better about paying you.

They won’t tense up or start white-knuckling when they see your name amongst their inbox. You won’t get labelled as “that company” that comes off as abrasive and makes everything into an argument. They won’t rethink every interaction they had with you before, and doubt if they made the right choice. Instead, they’ll just see your AR process as just another reflection of how you operate. Respectfully and honestly.

Payment is an emotionally-charged part of the customer journey - get it right, and you’ve reinforced trust. Get it wrong, and watch your retention rate wither away.

Yes, getting paid is the ideal outcome. And doing so without causing damage is the strategy, but many view the two as if they’re mutually exclusive. They’re not. Take the Community Energy Scheme, for example.

Case Study: How Community Energy Scheme Recovered £800,000 While Strengthening Customer Relationships

Before Chaser, they were relying on outdated, spreadsheet-based systems, leading to inconsistent record-keeping, complicated handovers and a lack of accountability, which had bled into their customer interactions. So much so that they’d amassed around £2 million worth of aged debt, thought mostly irretrievable.

With a growing customer base came the realisation that their ‘traditional AR’ approach was holding their growth and financial health hostage. Something had to change, and quickly.

With Chaser, the Community Energy Scheme completely reimagined the way they approached customer communication, and the results speak volumes.

This shift in their philosophy has meant that they've recovered £800,000 and counting in old debt. They also now receive £18,000 in direct debits each month.

They simply replaced their icy collection calls and all-encompassing emails with intelligent, contextual correspondence based on customer history and preferences. Debtors are now given full transparency with Chaser's payment portal, whereby they can view both upcoming and overdue invoices in seconds. And they can make payments in as little time with multiple payment options to suit them. This quick and clear view extends to CES themselves, too - they now track and manage their customers individually to ensure consistent, tailored messaging. They've turned a weak point in their AR into a competitive advantage and haven't looked back.

Don't just take our word for it, though - take CEO Graham's.

"Chaser is an absolute necessity for any credit control team... The fact that we don't have to worry about manual processes, and the system takes care of so much for us, has been a game-changer."

Your Next Move?

When that next invoice slips into overdue territory, don't instinctively see it as an immediate problem and start bracing for an awkward conversation

Instead, see it as a chance, as counterintuitive as it may sound, to actually establish rapport with them and water the seeds for a fruitful partnership, not cut the whole tree down. Getting paid and building great business relations isn't an 'either or' thing - they go hand in hand.

Choose wisely.