

How to Deal with Late Payments as a Freelancer - 7 Tips

As a freelancer, late payments are among the many things that give you a headache, right? If you say they are, then you're not alone. Other freelancers like you are also encountering late payments, hindering them from their objective of [achieving a steady income](#). According to an analysis report from Bill.com, 45% of American freelancers have worked for clients who don't pay on time. Late payments cause them to struggle to purchase their weekly or monthly necessities. That said, if you've experienced the dire effects of late payments, you're not alone in that department as well.

Fortunately, there are tips for freelance workers to deal with late payments. So, if you want to solve late payment issues, we invite you to read this blog and know our seven tips to deal with them as a freelancer.

Use an Invoicing App

Invoicing apps or tools such as Wave and Freshbooks allows you to create an [invoice](#) or [receipt](#) faster and easier. After that, you can send it as a bill for payment to your clients through email. Other than that, invoicing apps have a feature that notifies you if your clients haven't sent you their payment days after you've sent them a [quotation](#). That feature certainly comes in handy in tracking which of your clients already paid and which haven't yet.

Monitoring your clients' payments is already more work on your part. You already have your hands full doing your freelance work and productivity. So, consider subscribing to an invoicing app as a part of your next [budget](#) plan estimate. Aside from Wave and Freshbooks, you can search other invoicing apps on the internet.

Set a Convenient Payment Method

One of the probable reasons why your clients don't or can't pay on time is because you don't have a convenient payment method. If that's the case, then make sure to adopt one as soon as possible.

Because of various online platforms, particularly [freelance websites](#), freelancing is basically an online business. Communication and arrangements with clients are made online. So, why not do the same for payment transactions? Take advantage of digital payment platforms, such as Paypal and Stripe. Simply create an account, link it into your bills or invoices, and clients let your clients click on it to send their payment. All your clients need is their debit card and internet connection.

With a convenient payment method such as Paypal and Stripe, your clients won't have a valid excuse to justify their late payments.

Follow Up

Unfortunately, some clients are merely passive when you send them an invoice. They're well aware of the due date, but they might overlook it if you don't initiate them to pay on time. In other words, you might not be making it a practice to follow up late payments extensively.

As a freelancer, you need to send reminders or notices to your clients to pay their dues and overdue. Following up on late payments is actually pretty basic, but an essential business practice. You can follow up with your clients through email, text message, or phone call. Don't worry about irritating them. You have every authority to contact them multiple times for late payments.

The best periods to follow up on your clients' payments would be three days before the due date, and, of course, after the due date.

Stipulate Late Fees

Stipulating late fees will certainly incline your clients to pay on time. It's up to you on how much you'll set your late fees. However, 10% of the total quotation would be an advisable rate for a late fee.

You can also set your policy regarding late fees. For example, if a client's payment is a day past due, there will be a late fee of 10%. And, if the client still hasn't paid over the next three days, you'll increase the late fee to 20%, and so on.

Inform a client ahead of time that you'll be stipulating late fees for late payments. If a client is okay with it, that's a good indicator that he or she is capable of paying you on time. If a client objects to your late fees policy, well, that's a valid reason to refuse to work for them.

Create and Sign Contracts

Typically, when you receive a proposal from a client, you discuss terms and conditions, he or she provides a checklist of instructions, and the two of you schedule a deadline for the project. The next time you make deals with clients, you need to create and sign a [contract](#) with them.

A contract is a legally binding document. All the terms and conditions that your clients agreed to will be sealed in it, including late payment terms. A contract will protect you from the possibility of late payments that hold you from your goal to increase your income. If clients fail to pay on time, there will be sanctions against them.

Exercise Your Rights as a Freelancer

If a client's late payments become a recurring instance, that's already unacceptable and unethical. In that case, assuming they signed a contract with you, you're within your right to file a lawsuit against them. Lawyer up and settle the issue in court.

Remember that as a freelancer, you're also a businessman. A good businessman will always protect the welfare of his or her business, especially when it comes to financial aspects.

Do some research about your state's laws regarding freelancing activities. In New York City, there's a law called the Freelancing Isn't Free Act. It emphasizes that clients must send their payments on time. Otherwise, certain lawsuits will be filed against them. If your state or city has a law similar to the Freelancing Isn't Free Act, take full advantage of it and exercise your freelancing rights.

Cut Your Ties with a Client

One of the [benefits of freelancer careers](#) is that you can cut ties with an unreliable client freely. You might be thinking that doing so will hurt your online reputation and your chances of getting referrals. Well, as long as you've cut ties with a client for reasons such as late payments, you have nothing to worry about.

Having many clients is not an ideal solution to [earn more money](#), especially if some of them can't pay you on time. Instead, having a few trusted clients who can pay you promptly will be good for your freelance business. Don't let unreliable clients drag you down financially.

Moving forward, be firm in resolving late payments. Let your clients know that business is business; fair and timely pay for fair and timely work. Remember the things we've discussed with you here to secure the profitability of your freelance business.