# How to Strategically Implement Payment Plans at Your UK Law Firm

Written by Louise Donnery

When law firms embrace payment plans, clients benefit by paying for legal services in instalments, removing barriers to access and building trust. According to the Legal Trends Report, law firms using online payments collect fees over twice as fast as those that stick to outdated methods—resulting in smoother cash flow, higher client satisfaction, and faster growth for your firm. If your aim is to improve payment collection and elevate client service, integrating payment plans—backed by clever technology—should be high on your agenda.

Clio's online payments and legal billing solutions empower UK law firms to set up, manage, and monitor payment plans seamlessly, using automation and robust compliance features. Discover Clio Payments or read more about legal billing to see how your practice can save admin time, lift collection rates, and deliver a premium client experience.

## How to set up payment plans for your law firm

Getting started with payment plans doesn't need to be complex. By adopting a systematic approach—and bringing in trusted solutions—your firm can increase collection rates, reduce friction, and build long-term client loyalty.

A small time investment in codifying your process means your team can set up clients on suitable plans swiftly. Legal software helps keep you in complete control of billing and compliance.

### 1. Create an internal protocol for when to offer payment plans

Payment plans can help you get paid, but there will be times when offering them may not make sense. Before you start presenting payment plans as an option for your clients, make sure that lawyers and staff are clear on when to offer them—and when not to.
Here are a few factors to consider:

- Assess if a client can reasonably manage the proposed instalments. Spacing a £5,000 bill over too few months may be unrealistic for clients on a fixed income.
- Review the potential impact on your firm's cash flow. Spreading out payments can support client retention but may disrupt revenue if not factored in. Consider if a compliance or admin fee should be added.

- Compile a concise checklist for staff, including affordability, client history, and matter type.
- Foster a team culture around open, honest payment conversations, reducing anxiety for both staff and clients.

**Another note:** You may also find payment plans useful for replenishing funds held in client accounts. A tool like Clio Payments helps law firms stay compliant with client accounting and Solicitors Regulation Authority (SRA) guidance for keeping operating and client funds separate.

## 2. Draft an agreement template

Every client needs to sign an agreement before you confirm you'll bill them using a payment plan. You can specify the terms of each payment plan as part of your engagement letter or as a separate agreement.
Either way, it's a good idea to draft a templated agreement to help streamline the process of setting up clients on payment plans.

Key elements in your template might include:

- **When you collect payments.** Bi-weekly, monthly, or quarterly?
- **What payment methods you accept.** Will you take debit or credit card Pay-by-Bank, Apple Pay, Google Pay or others? Note: Law firms that accept payment via debit and credit cards get paid **39% faster,** and clients increasingly value the option to pay via debit or credit card.
- Clear terms for late payments: state what happens if payments are missed, including any interest or penalties.
- Compliance statements: for example, reference to the Late Payment of Commercial Debts (Interest) Act 1998 entitling UK firms to claim interest at 8% above the Bank of England base rate for overdue sums.
- **What happens when a client is late on a payment?** Will you allow a grace period for late payments? Will you charge a penalty in the form of interest for late payments? And if so, how much? While you should check the rules for your jurisdiction (and you must be sure to outline interest terms in your agreement with clients), you do have a right to charge interest on late payments. Specifically, UK law firms have a statutory right to claim interest on late payments at 8% over the Bank of England base rate under the Late Payment of Commercial Debts (Interest) Act 1998.

Include any additional information you need to clarify the terms of your payment plans for clients. Clear communication is critical for setting expectations and ensuring you get paid promptly.

## 3. Set up a system for billing clients and collecting funds

Will you send paper bills, or will you email your clients? Will you accept debit or credit card payments? How will you keep track of multiple payment plans, making sure that all client balances are correct and up-to-date?

You can have a staff member at your law firm set up a system of personal calendar reminders to send out invoices manually, process payments, send invoice reminders, and double-check balances at regular intervals. Or you can use a tool to set up and execute payment plans automatically.

Alternatively, bring in a dedicated tool to streamline and automate your billing and collections. For instance, when you use payment plans in Clio, your firm can set up online billing with ease and provide clients with seamless online card payment options. Once you activate a payment plan, you're able to automatically charge your client the agreed amount on each scheduled date—or the remaining account balance, if lower. Both you and your client receive a notification each time a payment is processed, giving everyone clarity on the payment status.

Automating your payment plans in Clio brings big advantages: you significantly lower the risk of manual error, decrease time spent on invoicing and chasing payments, and boost overall efficiency in how your firm manages collections.

*Learn more about payment plans in Clio or schedule a demo to see how they work.*

# Going further: optimising collections for law firm success

Boost your results from payment plans by aligning with industry-leading billing and collection practices:

- Offer varied payment methods: such as debit/credit cards, Pay-by-Bank, Apple Pay, Google Pay, or PayPal (with compliance checks where required).
- Embrace automation: recurring reminders and overdue notifications can help your firm recover up to 49% more revenue per fee earner.
- Track key metrics: focus on your collection rate (how much you actually collect) and lockup period (time between billing and payment received).
- Communicate clearly: make sure all costs, instalment dates, and late payment terms are crystal clear from the outset.
- Review and respond to outstanding balances, acting quickly to reduce the risk of unpaid invoices.

Providing flexibility for your clients is proven to increase both loyalty and referral rates, strengthening your reputation and results.

# Payment plans and modern client experience

A modern, client-centred payment experience is now the baseline, not a differentiator. Firms with online payments settle the majority of bills within seven days—meanwhile, manual collections can drag out for weeks or months.

A premium payment journey delivers:

- Simple, jargon-free invoices
- Multiple quick payment options
- Automated receipts and status updates
- Full security in line with SRA Accounts Rules and PCI standards
- Collaborative billing communication, reducing friction

Clients want predictability, flexibility, and simplicity. When you deliver, you increase their satisfaction, loyalty, and the chance they'll recommend you.

# Stand out with flexible, modern payments

Ready to give your firm a premium edge? Offer secure, effortless, and future-ready payment plans with an all-in-one platform. Take your first step forward and see how reliable billing helps set your practice apart.

# Law firm payment plans FAQ

## How do payment plans benefit UK law firms?

Payment plans open your services to a wider client base, keep revenue moving, and make collections more reliable. Firms using modern online tools report collecting payments more than twice as fast compared to traditional paper or manual methods, easing cash flow.

## How can payment plans be monitored and managed?

A reliable practice management platform gives you a real-time overview of every payment plan—tracking histories, outstanding amounts, and due dates. Automate reminders and sync records with your accounts for confidence and control.

## Are payment systems, like Clio Payments, secure and compliant?

Yes. Top-tier platforms are built to meet SRA Accounts Rules, PCI standards, and best practice requirements. They keep client money protected, maintain separation from operating accounts, and support clear, auditable records at all times.

## Which payment methods work with modern platforms?

Most leading platforms enable you to accept debit and credit cards, Pay-by-Bank, Apple Pay, Google Pay, and more, giving your clients flexibility and removing friction at the point of payment.

## How do I get started with Clio Payments or a smart billing solution?

Sign up to Clio Payments (a part of Clio Manage) or explore Clio's legal billing tools—and discover how you can improve efficiency, improve revenue, and delight your clients from day one.

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### About Clio

Clio is the global leader in legal AI, powering legal work across the profession, from law firms of every size to corporate legal teams, government agencies, and courts. Its Intelligent Legal Work Platform unites the business and practice of law, connecting the people, information, and processes behind legal work. Clio's AI brings the context together with legal sources drawn from Clio Library, a growing collection of more than one billion legal documents. Over 400,000 legal professionals in more than 130 countries rely on Clio to run their legal world. Learn more at www.clio.com.