SEPTEMBER 2025

COFACE ECONOMIC PUBLICATIONS

PAYMENT SURVEY

Jonathan Steenberg
Coface Economist
Based in London

2025 United Kingdom Payment Survey: Companies face rising payment delays amid buyer cash flow concerns

Executive summary

In the first edition of this survey on payment behaviour in the United Kingdom, conducted in July 2025 among almost 700 companies, the results highlight just how widespread and important offering credit is – yet also the risks it poses. An overwhelming **90% of companies reported experiencing late payments in the past year,** with the **average delay reaching 32 days.** The impact is not uniform: **construction** and **automotive/transport** are among the most affected sectors, while **publishing, communication & media**, and **agrifood** report fewer issues. **Micro and small companies** are particularly sceptical about improvement, though many businesses expect conditions to get better in 2026.

UK businesses are walking a tightrope between offering flexible payment terms and managing the growing burden of late payments. While most companies continue to extend credit – with only 3% offering no terms at all – getting paid on time is becoming increasingly difficult with 90% of companies reporting delays over the past year and nearly half experiencing them more frequently than before. This trend is particularly acute among *micro and small companies*, which generally offer shorter payment terms and are facing tighter cash flow constraints. Although the average payment delay is consistent across company sizes – around 32 days – smaller firms are more exposed to the financial strain, especially given that they hold less cash reserves.

The reasons behind late payments are shifting. Operational issues remain a factor, but financial difficulties among buyers are the most commonly cited cause. Some companies even report deliberate postponements unrelated to liquidity – a sign of poor payment discipline in some sectors. Sectoral differences are stark: *construction* and *automotive/transport* are the worst affected in regard to a rising frequency of late payments, while *publishing, communications & media* and *agrifood* report fewer delays, with the latter likely due to longer payment terms.

Despite these pressures, there is cautious optimism. Many companies expect fewer late payments in 2026, driven by improving economic sentiment and stronger expectations for profitability and cash flow. However, this optimism is uneven – *micro and small companies* remain more sceptical, and several sectors continue to face structural risks and highlight fears around interest rates, cyber risk, labour shortages, and supply chain disruptions.

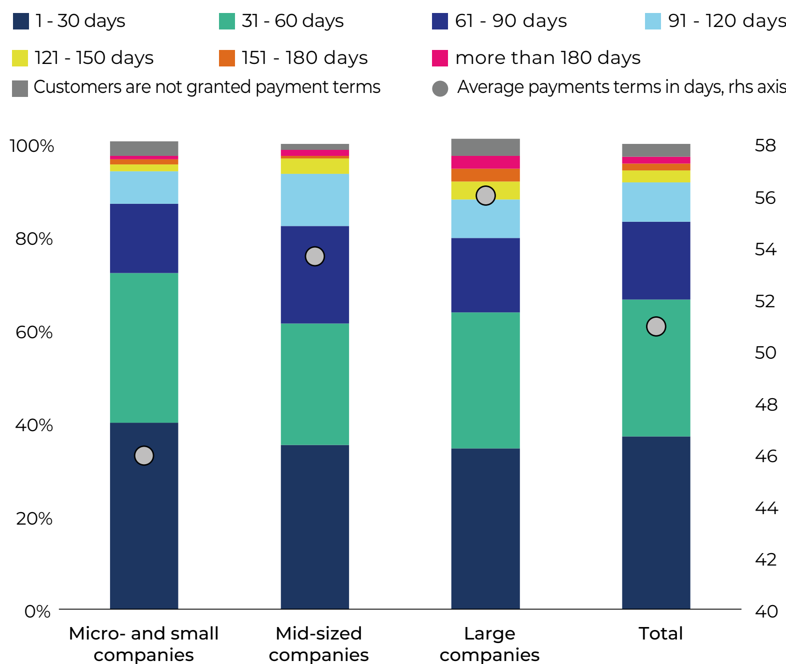
Payment delays remain a systemic and widespread issue and while the outlook might be gradually improving, they follow a prolonged period of difficulty and recovery is starting from a weak position. The challenge now is ensuring that this recovery is broad-based and that smaller firms, which are most vulnerable, are not left behind as payment practices hopefully improve in 2026.

coface FOR TRADE

JONATHAN STEENBERG
Coface Economist
Based in London

PAYMENT TERMS

Chart 1:
Payment terms by company size



Source: Coface Payment Survey

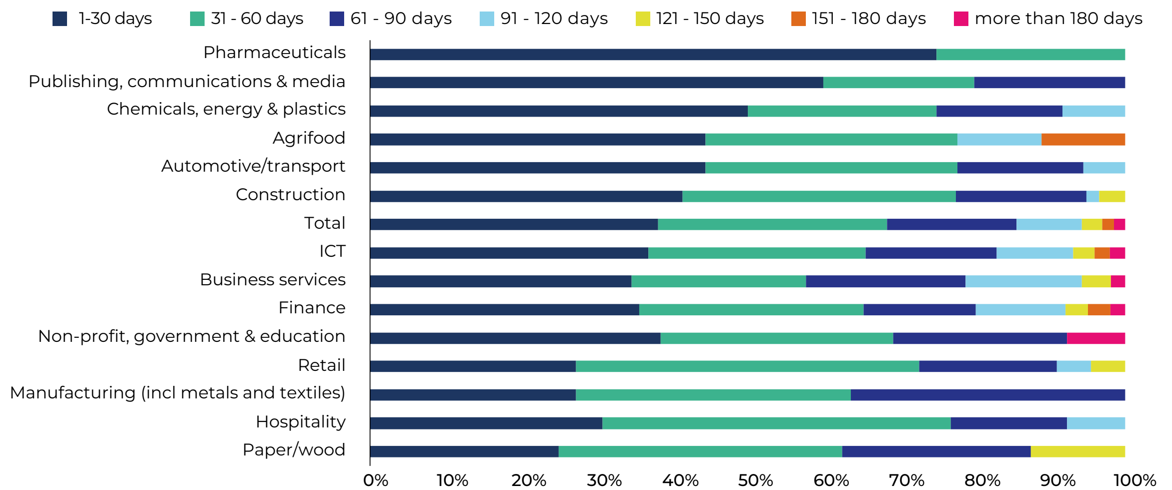
Offering payment terms when trading is a common practice in the United Kingdom, with only 3% of respondents stating that they do not offer any payment terms to their customers or buyers. This practice is widespread across most sectors, with limited variation – *hospitality* is a notable outlier, where a slightly higher proportion of companies (around 13%) do not offer any payment terms, although the vast majority still do.

The most frequent payment terms to offer (37%) is between 1–30 days, followed by 31–60 days (29%). Payment terms exceeding 90 days are relatively rare (14%). Interestingly, more companies reported having extended their payment terms (49%) than those who maintained their current terms (45%), while shortening payment terms was uncommon (6%).

The average payment terms were approximately 50.9 days – comparable to France (51 days[1]), but longer than in Germany[2] and Poland[3] (32 and 46 days, respectively), and notably shorter than the averages in Asia-Pacific[4] (65 days) and Latin America[5] (53 days). The payment terms were also lower than developed economies in Asia-Pacific and Latin America like Australia, Chile and Singapore where longer terms were reported, 70 days, 55 days and 53 days respectively.

1 France Corporate Payment Survey 2024: Increased payment delays for French businesses, amid growing social and political risks. 18 September 2024
https://www.coface.com/news-economy-and-insights/increased-payment-delays-for-french-businesses-amid-growing-social-and-political-risks
2 Germany Corporate Payment Survey 2025: It gets worse, before it could get better. 8 July 2025
https://www.coface.com/news-economy-and-insights/germany-corporate-payment-survey-2025-it-gets-worse-before-it-could-get-better
3 Poland Payment Survey 2024: shorter payment delays amid improving economy. 26 November 2024
https://www.coface.com/news-economy-and-insights/poland-payment-survey-2024-shorter-payment-delays-amid-improving-economy
4 Asia Payment Survey 2025: Companies expect payment behaviours to worsen amid economic uncertainty. 11 June 2025
https://www.coface.com/news-economy-and-insights/asia-payment-survey-2025-companies-expect-payment-behaviors-to-worsen-amid-economic-uncertainty
5 Latin America Payment Survey 2024: More restrictive credit terms and much longer payment delays in Latin America
https://www.coface.com/news-economy-and-insights/more-restrictive-credit-terms-and-much-longer-payment-delays-in-latin-america

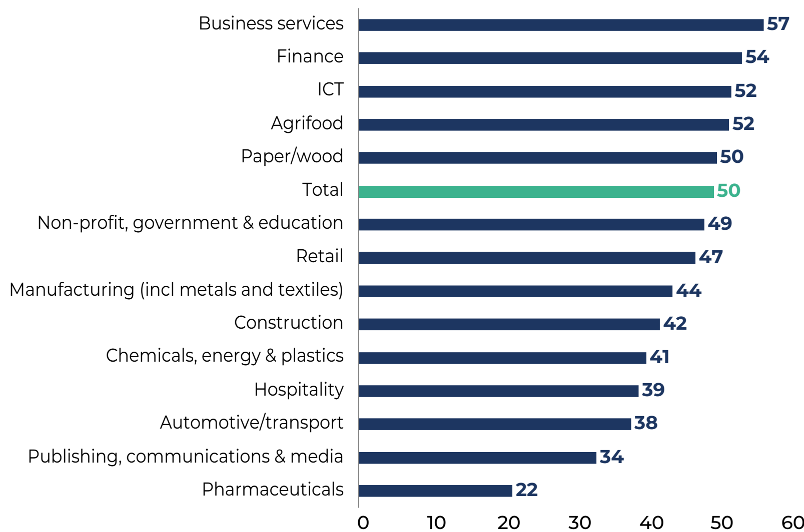
Chart 2:
Payment terms by sector



Source: Coface Payment Survey

Payment terms vary by company size[6]. *Micro and small companies* report the shortest average terms at 46 days, followed by *mid-sized companies* at 53.6 days, and *large companies* at 56 days. See **Chart 1**. Generally speaking, the larger the company, the longer the payment terms it is able to offer. Nearly 20% of *large companies* offer terms exceeding 90 days, compared to just 10% of *micro and small companies*. The proportion of companies reporting an increase in payment terms over the past year was similar across sizes – 49% for *micro and small companies*, and 50% for *larger companies* – indicating a broad, economy-wide trend.

Chart 3:
Average payment terms by sector (in days)



Source: Coface Payment Survey

Chart 2 highlights some variation in typical payment terms across sectors. In the *pharmaceutical* and *publishing, communications & media* sectors, the most common terms are between 1–30 days – likely influenced by the presence of large companies being able to pay their suppliers quicker. In *retail* and *hospitality*, the most common terms fall within the 31–60 day range. Meanwhile, in *business services* and *finance*, around one-fifth of companies offer payment terms exceeding 90 days. This shows that the service sector more frequently tailor payment terms to their buyers and – in some parts – have the liquidity to be able to offer it.

Average payment terms are highest in *business services* (57.0 days), *finance* (55.6 days), and *paper/wood* (56.8 days), largely due to the prevalence of terms between 31–90 days. At the other end of the spectrum, the *pharmaceutical* sector (23.0 days) and *publishing, communications & media* (33.5 days) report the shortest average terms, reflecting a tendency to offer terms below 30 days.

Several sectors with the longest payment terms also reported increases over the past year, with more than 50% of companies in *agrifood, ICT*, and *finance* indicating extending longer terms. In contrast, *paper/wood* and *publishing, communications & media* saw relatively smaller net increases. In the case of *paper/wood*, this is most likely linked to current liquidity and cash flow challenges within the sector, which could explain the adoption of stricter payment terms compared to other sectors.

6 Micro- and small companies are here defined as a turnover below £ 8.5 million, mid-sized between £ 8.5-40 million and large companies above £ 40 million.

2 PAYMENT DELAYS

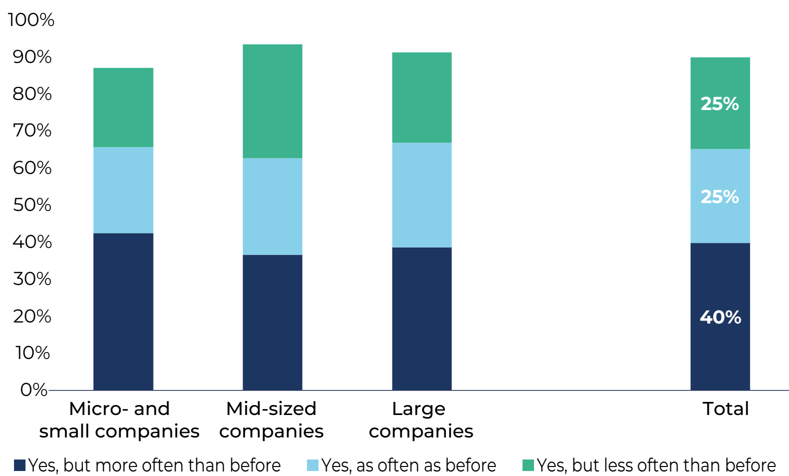
With a slowing economy and companies struggling with high – and rising – costs, payment delays are becoming increasingly common in the United Kingdom, with 90% of companies reporting at least one late payment over the past year. Of those, 44% stated that delays occurred more frequently than in the preceding period. This figure is particularly high compared to other European countries – 85% in France, 81% in Germany, and 60% in Poland – as well as other regions, where the incidence is around 49% in Asia and 51% in Latin America.

A similar proportion of companies across sizes experienced late payments – 87% of *micro and small companies*, 93% of *mid-sized companies*, and 91% of *large companies*. However, a significantly higher share of *micro and small companies* reported a worsening trend, with nearly 50% experiencing more frequent delays, compared to 39% and 42% among *mid-sized* and *large companies*, respectively.

On average, late payments were 31.8 days overdue, with only minor differences by company size – 31.0 days for *micro and small companies*, 32.0 days for *mid-sized companies*, and 32.6 days for *large companies*. This may suggest that *micro and small companies* are more proactive in pursuing overdue payments, as the impact on their cash flow can be more severe – especially when considering that their payment terms are also shorter on average.

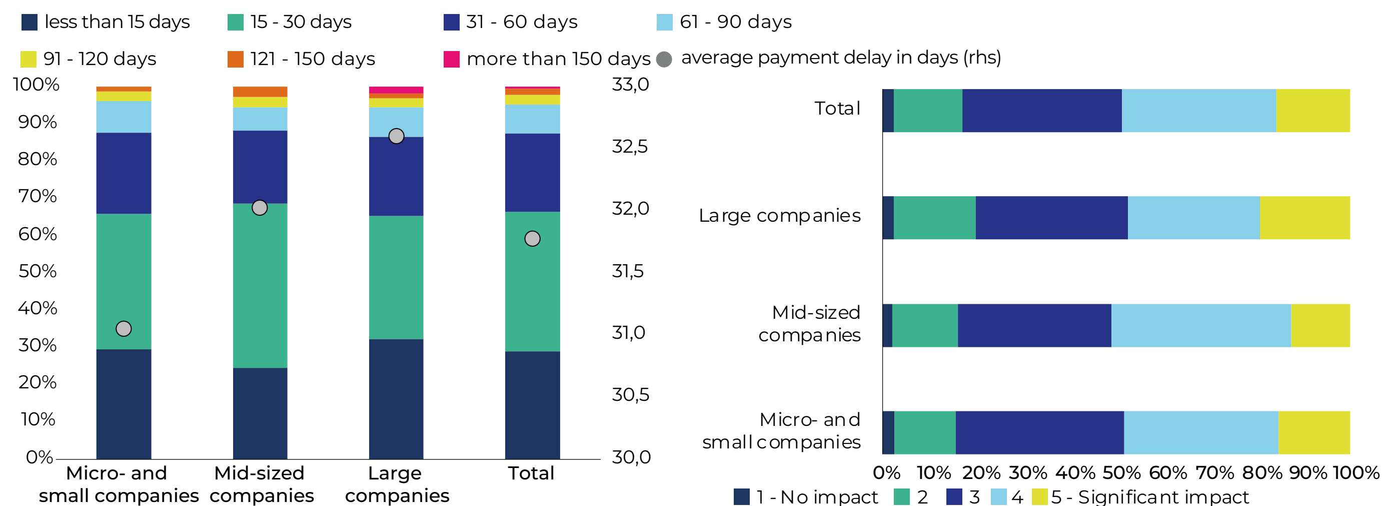
This is particularly important for *micro and small companies*, which typically operate with more sensitive cash flows and are more vulnerable to liquidity shocks. It is therefore unsurprising that around 15% of them reported that late payments would have a significant impact on their cash flow. Late payments are a concern across all company sizes, with 16% overall indicating a significant impact. That late payment seems to have a similar impact across all company sizes is somewhat of a surprise given that around 50% of *micro and small companies* hold less than three months of cash reserves compared to around 25% of large companies as of June 2025[7]. However, that it has an overall large impact is unsurprising as tight liquidity remains a challenge for British corporates.

Chart 4:
Proportion of companies that experienced payment delays in 2025 and change in the frequency compared to 2024



Source: Coface Payment Survey

Chart 5:
Payment delays, average payment delays (in days) and its impact (scale 1 – 5) by company size



Source: Coface Payment Survey

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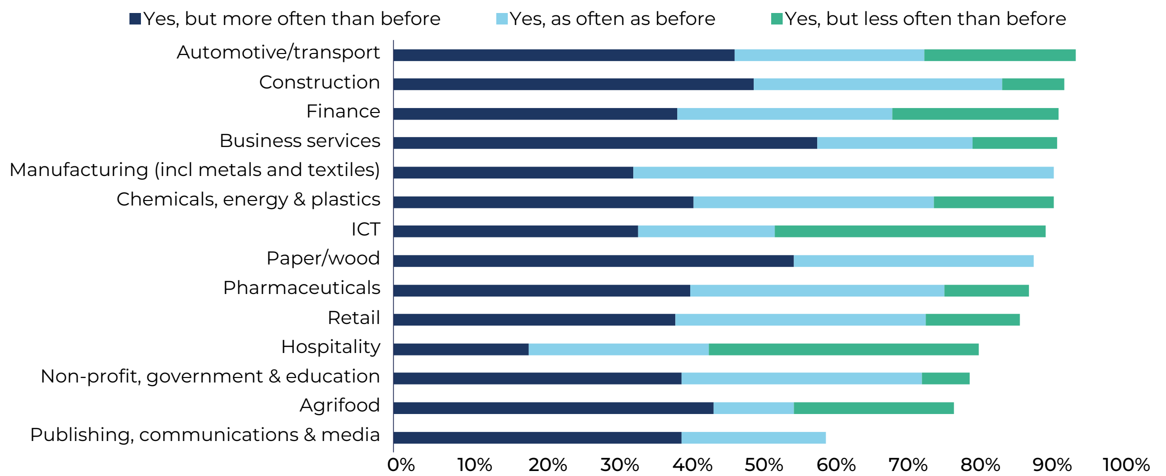
Chart 6:
Proportion of companies that experienced payment delays in 2025 and change compared to 2024



Source: Coface Payment Survey

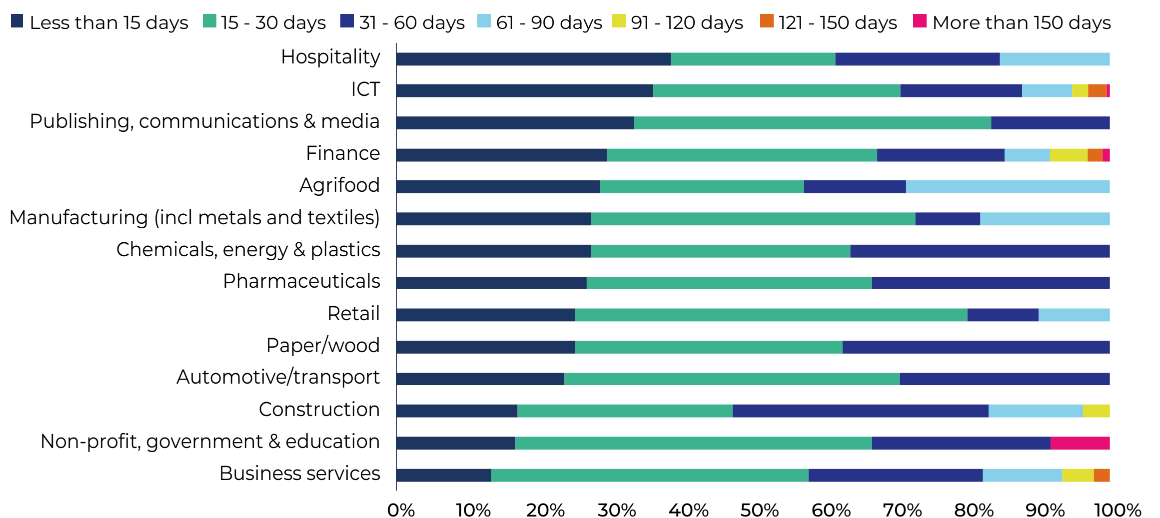
While some companies attributed late payments to operational issues – with around 29% citing internal processes at their buyers or bank transfers – the most commonly cited reason was financial difficulties on the part of the buyer (43%). An additional 10% believed delays were due to deliberate postponements unrelated to cash flow problems, i.e. companies choosing to pay late.

Among sectors, *automotive/transport* and *construction* had the highest proportion of companies experiencing late payments (95% and 93%, respectively). In contrast, lower shares were reported in *publishing, communications & media* (60%), *agrifood* (78%), and *non-profit, government & education* (78%). The latter two sectors tend to have longer payment terms, which may explain the relatively lower incidence of late payments.

Among those that experienced delays, most sectors reported an increase in frequency over the past year. However, two sectors – *ICT* and *hospitality* – reported a decline in late payments, although 91% and 81% of companies in these sectors, respectively, still experienced payment delays. In *business services, paper/wood*, and *publishing, communications & media*, around two-thirds of companies that experienced late payments reported an increase in frequency of late payments.

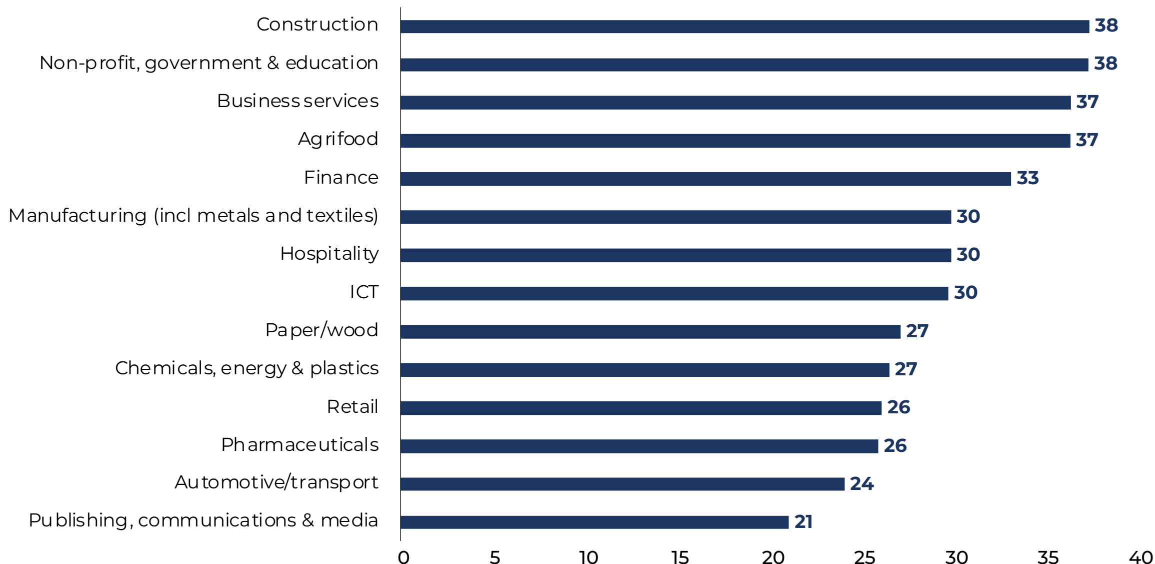
The longest average delays were reported in *construction* (38.2 days) and *business services* (38.1 days), while the shortest were in *publishing, communications & media* (21 days). Despite having the lowest average delay, around 50% of companies in *publishing, communications & media* stated that late payments had a significant impact on their cash flow.

Chart 7:
Payment delays by sector



Source: Coface Payment Survey

Chart 8:
Average payment terms by sector (in days)



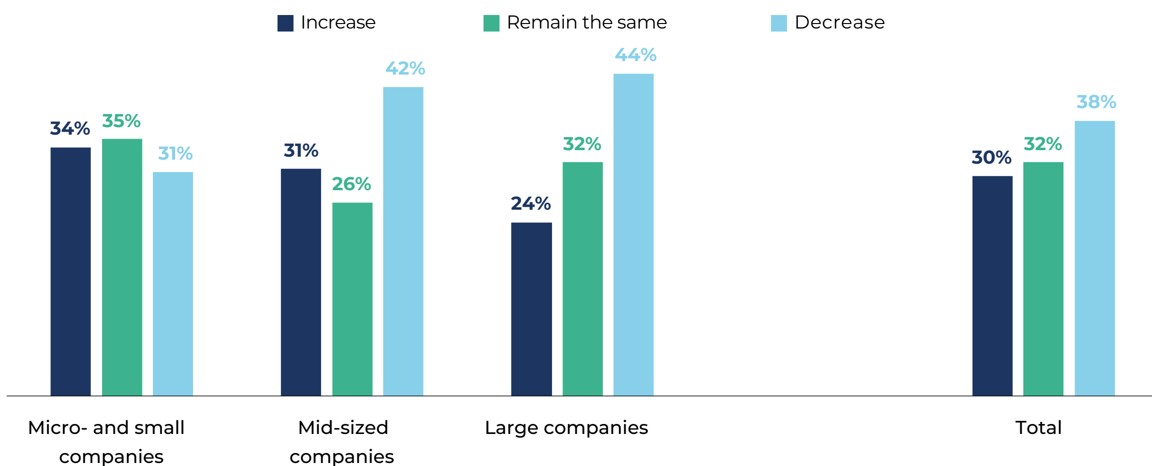
Source: Coface Payment Survey

Unsurprisingly, the sectors in which most companies attributed late payments to buyers' financial difficulties were *non-profit, government & education, chemicals, energy & plastics,* and *paper/wood*. The latter two operate in industries where elevated energy costs have significantly compressed margins and reduced liquidity. *Construction* and *hospitality* were the sectors where late payments without underlying cash flow issues were most frequently cited. However, those two sectors – along with *transportation* – are the sectors in which most companies report having less than 3 months of cash reserves according to surveys[8].

On a more positive note, more companies expect the number of late payments to decrease in 2026 (37%) than expect them to rise (30%), suggesting a net improvement. This optimism is primarily driven by *mid-sized* and *large companies*, where 42% and 44%, respectively, anticipate fewer delays. Among *large companies*, relatively few expect an increase, indicating a more substantial net improvement than among *mid-sized companies*. In contrast, *micro and small companies* expect a net increase in late payments, with only 31% anticipating a decrease and 34% expecting a rise.

The *ICT* sector was particularly optimistic, with slightly over half of companies expecting a decline in late payments. Meanwhile, *business services, hospitality, agrifood,* and *paper/wood* were among the most pessimistic. *The median Days Payable Outstanding (DPO)* – the average number of days it takes a company to pay its suppliers – has been rising in the service sector as of the first quarter of 2025 perhaps explaining part of their pessimism.

Chart 9:
Anticipated change in the number of payment delays over the next 12 months (% of responses)



Source: Coface Payment Survey

8 BICS Wave 135

Box 1:
CORPORATE INSOLVENCIES

The previous highest number of corporate insolvencies in the United Kingdom over a rolling twelve-month period occurred in the aftermath of the Global Financial Crisis, with approximately 26,400 companies becoming insolvent between November 2008 and October 2009. This unfortunate record was surpassed in the twelve months to July 2024 (from August 2023), when around 27,100 insolvencies were recorded. Encouragingly, the figure has since declined, with roughly 25,400 companies going insolvent between July 2024 and June 2025. While this marks a clear easing from the peak, it remains more than one-third higher than the level seen in 2019.

Despite the overall decline, a concerning trend persists: compulsory liquidations – where (usually) a creditor files a winding up petition against the company – continue to rise at double-digit rates. In the twelve months to June 2025, they increased by 12.3%, with 4,200 companies undergoing such proceedings. In contrast, creditors' voluntary liquidations – the most common form of insolvency, where shareholders themselves put the company into liquidation, and the primary driver of the post-pandemic surge – are beginning to ease, and administrations are also trending downward.

The sectors most affected by payment delays and deteriorating payment behaviour are also those that have seen a notable number of insolvencies. *Manufacturing* has been hit hard since energy costs began to climb; many *retailers* have succumbed to insolvency under the weight of rising wage bills and the impact of the cost-of-living crisis; *construction* continues to struggle with subdued activity and elevated costs; and even *pharmaceuticals* have seen an uptick in insolvencies, as high interest rates and liquidity pressures expose vulnerabilities within certain parts of the sector.

With a more stable – albeit subdued – economic outlook and signs of easing interest rates, corporate insolvencies in the United Kingdom are expected to ease slightly in 2026. However, they would still remain elevated by historical standards. Policy uncertainty continues to weigh on sentiment, particularly around the potential for further tax increases in the upcoming Autumn Budget and the broader implications of fiscal decisions in addition to uncertainties around the global economic development and geopolitics.

1 This figure is only for England, Wales and Scotland and does not include Northern Ireland.

3 NEW ENACTED AND PROPOSED REGULATION REGARDING LATE PAYMENTS

The optimism regarding the expected number of late payments going forward could be partly attributed to recent legislative changes. The *Reporting on Payment Practices and Performance (Amendment) Regulations 2024* came into force in April 2024, with new reporting obligations applying from 1 January 2025. These amendments expanded the previous framework, which required large UK companies to report on their invoice payment practices every six months. Now, they must also disclose the total value of payments made within specific time frames and the percentage of payments made within agreed terms.

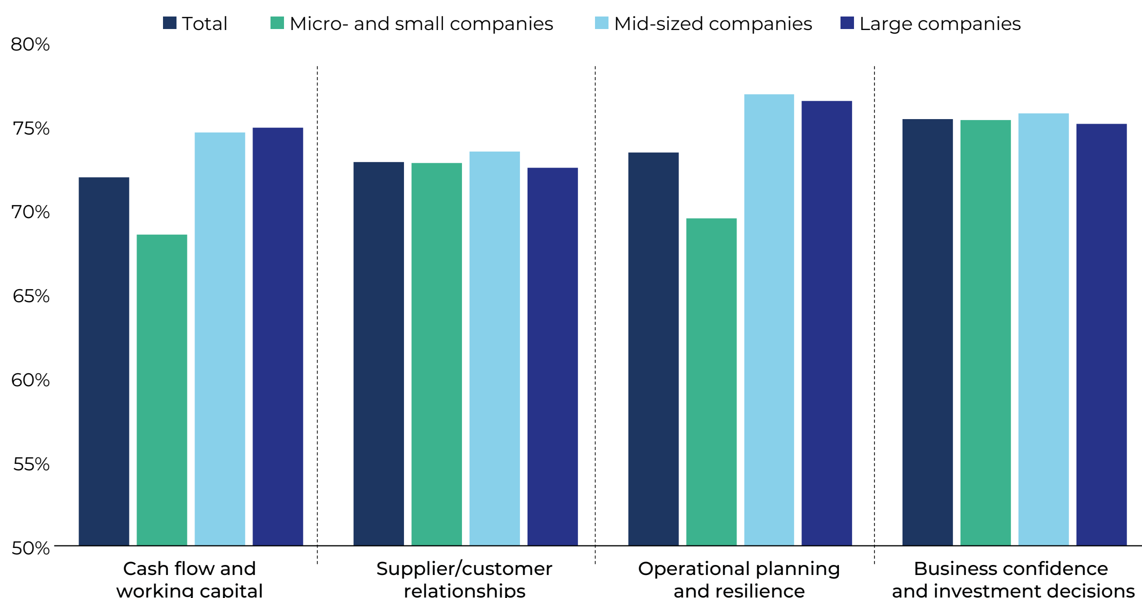
In addition, the *Fair Payment Code*, introduced in December 2024, established a voluntary tiered system allowing companies to assess how effectively they pay invoices on time. A quarter of respondents (25%) believe these recent changes are having a significant positive impact, while 42% see a slight positive effect. Only 13% consider it to be having a negative impact.

The government has proposed further legislation to address late payments, including potential measures to "[...] introduce maximum payment terms of 60 days, reducing to 45 days, giving firms certainty they'll be paid on time." Additionally, the *Small Business Commissioner* is expected to be granted new powers to conduct spot checks and enforce a 30-day invoice verification period to expedite dispute resolution.

Most companies expressed optimism about the proposed legislation – 72% believe it would improve their cash flow, 73% think it would enhance customer relationships, and 75% say it would support business confidence and investment decisions. However, perhaps somewhat unexpectedly, *micro and small companies* were the least positive, with only 68.5% believing it would benefit their cash flow. This may be due to the fact that, while these companies prefer to be paid promptly, they themselves may occasionally need to delay payments during periods of cash flow pressure – potentially explaining smaller companies slightly more cautious outlook on the impact compared to *mid-sized* and *large companies*.

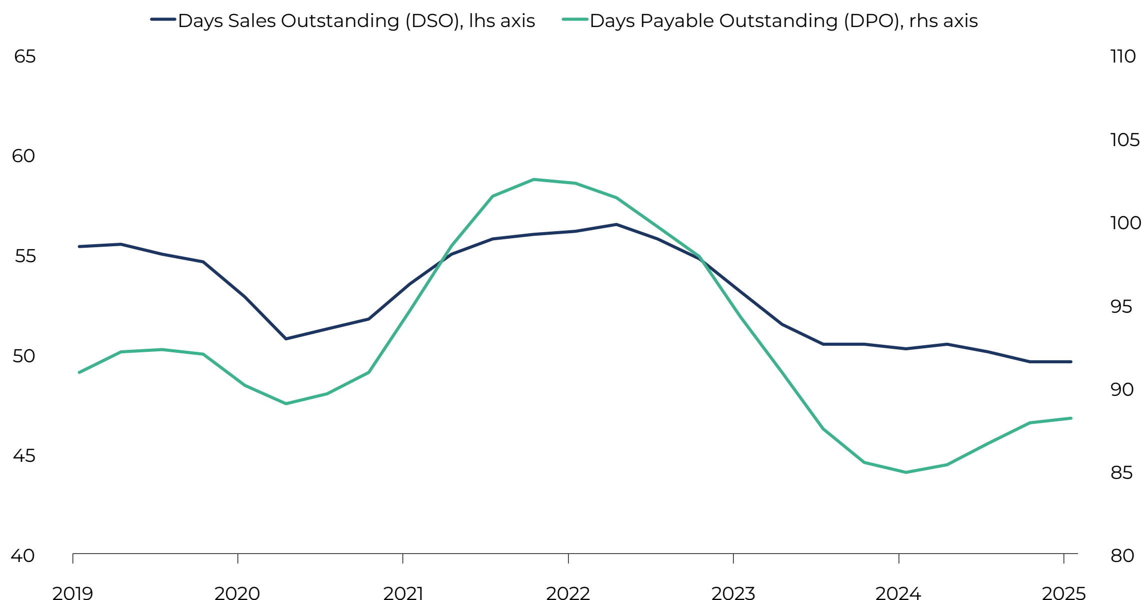
There is also a divergence in optimism across sectors regarding the legislation's impact on

Chart 10:
Share of companies believing changed maximum payment terms will have a positive impact on (% of responses)



Source: Coface Payment Survey

Chart 11:
Median DSO and DPO of Listed UK Companies (in days)



Source: FactSet, Coface

cash flow. Some sectors are strongly supportive, while others are more reserved. Around 20-25% of companies in *automotive/transport, paper/wood,* and *pharmaceuticals* believe the proposed changes would negatively affect their cash flow. This highlights a common dilemma: while companies want to be paid as quickly as possible, they also value flexibility in managing their own outgoing payments – a tension that becomes more acute during periods of financial distress.

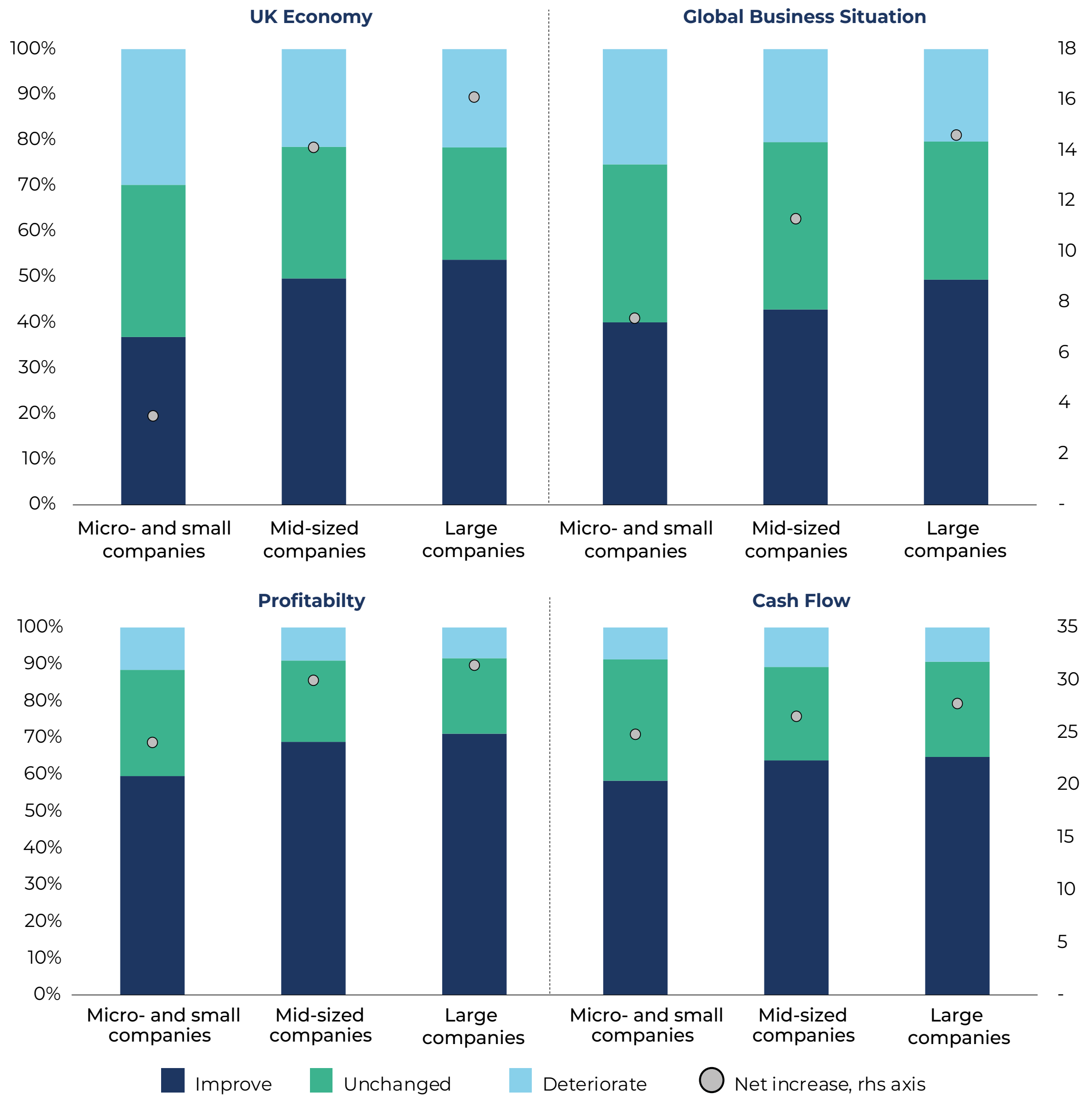
This is clearly illustrated in the **chart** above, which shows *Days Sales Outstanding (DSO)* – the average number of days it takes a company to collect payment after a sale – and *Days Payable Outstanding (DPO)*. These two metrics represent opposite sides of the same coin: DSO reflects how quickly a company is paid, while DPO reflects how quickly it pays others. Both indicators tend to rise during periods of economic stress – as seen during the pandemic – when companies face delays in receiving payments and, in turn, delay their own payments. Typically, these metrics improve gradually as conditions stabilise.

4 ECONOMIC OUTLOOK

Another possible reason behind the optimism regarding the expected number of late payments could be the economic outlook for 2026. Most companies believe that the UK economy will be in a better state in 2026 than in 2025 (47%), with only 24% expecting it to worsen – resulting in a net positive outlook. This optimism is most pronounced among *large companies*, while *micro and small companies* are more pessimistic – mirroring their expectations for improvements in late payments.

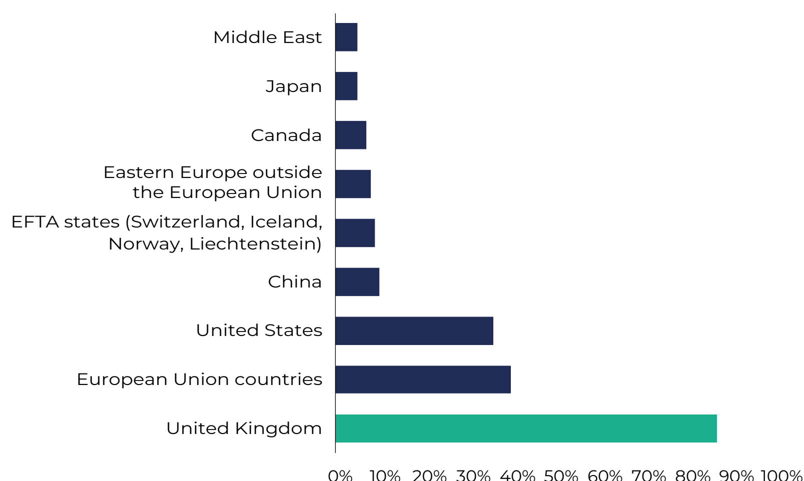
A similar proportion of respondents (46%) expect the global business environment to improve in 2026. The difference in sentiment between *micro and small companies* and *large companies* is less marked in this case, although the former remains slightly more cautious.

Chart 12:
Anticipated change in the UK, global economy, profitability and cash flow over the next 12 months (% of responses)



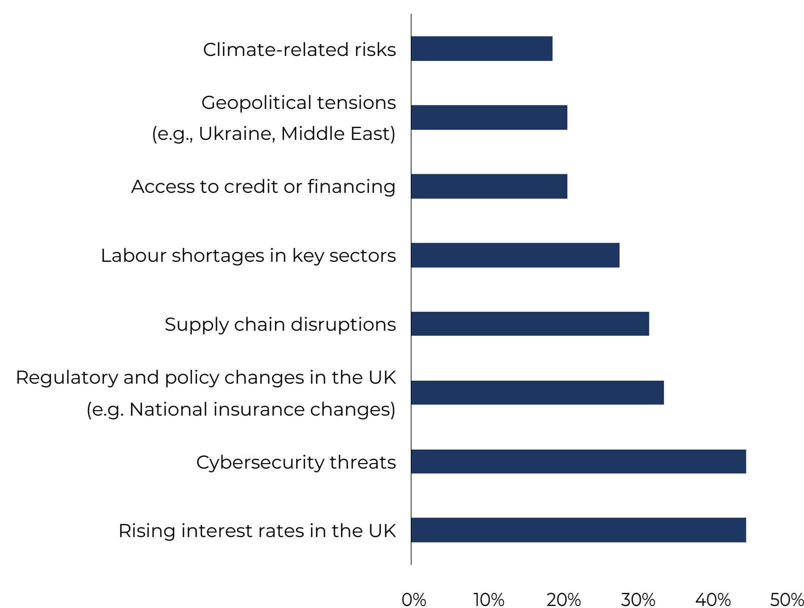
Source: Coface Payment Survey

Chart 13:
Markets offer the best business opportunities in 2025 (% of responses)



Source: Coface Payment Survey

Chart 14:
Risks currently having the greatest impact (% of responses)



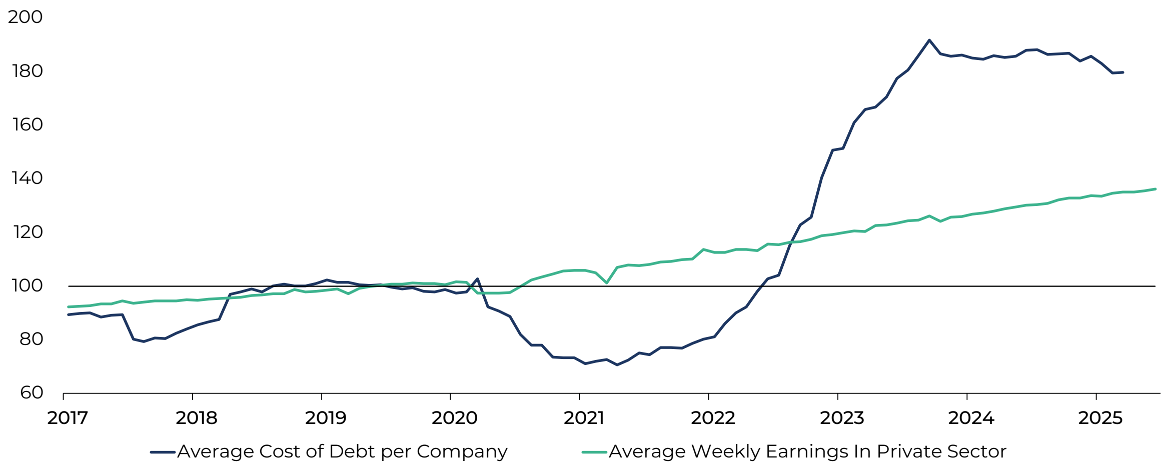
Source: Coface Payment Survey

This positive outlook also feeds into expectations for cash flow and profitability, with 66% of companies expecting higher profitability and 63% anticipating improved cash flow – although part of this optimism may stem from base effects, as many are recovering from a relatively weak starting point. There is some variation between sectors, with goods-producing sectors being less optimistic – particularly *automotive/transport, paper/wood,* and *other manufacturing*. In contrast, service-oriented sectors such as *ICT, business services,* and *finance* are more optimistic. *Retail* and *hospitality* do expect a net improvement, though not to the same extent as other service *sectors*.

Most companies that also export still see their best business opportunities within the United Kingdom (84%), followed by the European Union (49%) and the United States (47%) – despite the tariffs announced by the US administration. Only 12% mentioned China, while others highlighted opportunities in non-EU European countries (such as EFTA members or Eastern Europe) and Canada. This evolving outlook appears to be influencing corporate decision-making, with 55% of companies indicating that they have already relocated, or are in the process of relocating, all or part of their operations. Only 25% stated definitively that no relocation is currently planned. The majority of these relocations – already happened or in the process – have taken place within the United Kingdom or Ireland (61%), particularly in cases involving the relocation of entire operations. However, a significant share of firms are looked further afield, with 38% looking to EU, EEA, or single market countries, and 37% to the United States. Notably, 12% of companies reported looking to India. These international relocations are more commonly associated with partial rather than fully relocating activities.

The list of potential risks facing businesses appears almost endless, with frequent headlines about domestic politics and global geopolitical tensions. However, companies most often cited more traditional concerns. The most frequently mentioned risks were higher interest rates and cyber-attacks (both were mentioned by 45% of companies). These were followed by domestic regulatory changes and policies – including recent changes to National Insurance – cited by 34% of respondents. Supply chain disruptions (32%) and labour shortages (28%) also remain significant concerns. Other risks mentioned include geopolitics (21%), access to finance (21%), and climate risk (19%).

Chart 15:
Average Cost of Debt per Company and Average Weekly Earnings in Private Sector (Index, 2019 = 100)



Source: Office of National Statistics, Bank of England, Macrobond, Coface

These findings are not surprising, as businesses have become somewhat accustomed to global shocks and uncertainty. However, in recent years, the focus has returned to fundamentals: managing debt obligations, controlling labour costs, maintaining critical systems, and ensuring stable, affordable, and efficient production. It is also worth noting that, while corporate lending rates have eased somewhat, they remain significantly above pre-pandemic levels and rising government bond yields have made interest rates a continuous worry for companies in spite of Bank Rate cuts by the Bank of England. At the same time, labour costs continue to rise – driven both by wage pressures and recent changes to employers' National Insurance Contributions.

There is considerable variation across sectors in terms of perceived key risks. *Agrifood* companies most frequently cited labour shortages, supply chain issues, and climate risk. *Manufacturers* – including those in *automotive/transport* – and *retailers* highlighted supply chain disruptions. *Hospitality* companies pointed to labour shortages, UK political developments (particularly tax increases and changes to labour laws), and interest rates. *Retailers* also frequently mentioned tax increases, especially National Insurance contributions. Cyber risk was a key concern – unsurprisingly – in *ICT, business services*, and *finance*, but also among several *manufacturers*. Recent experiences from Marks and Spencer and Jaguar Land Rover highlight that all types of companies, including big established ones, can be affected by cyber-attacks and that these can have significant fiscal consequences.

Table 1:
LARGEST RISK BY SECTOR

Cybersecurity threats

- Business services
- Chemicals, energy & plastics
- Finance
- ICT

Rising interest rates in the UK

- Construction
- Hospitality
- Paper/wood

Supply chain disruptions

- Automotive/transport
- Manufacturing (incl metals and textiles)
- Retail

Labour shortages in key sectors

- Agrifood
- Pharmaceuticals

Others

- Publishing, communications & media **(Geopolitical tensions)**
- Non-profit, government, & education **(UK regulatory changes and policies)**

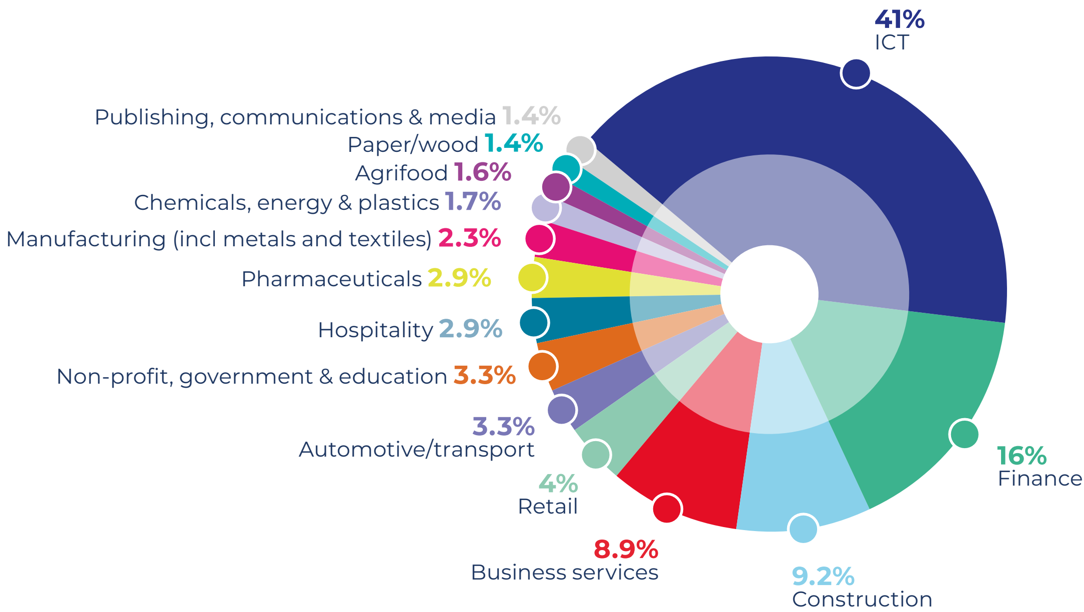
APPENDIX

A TOTAL OF

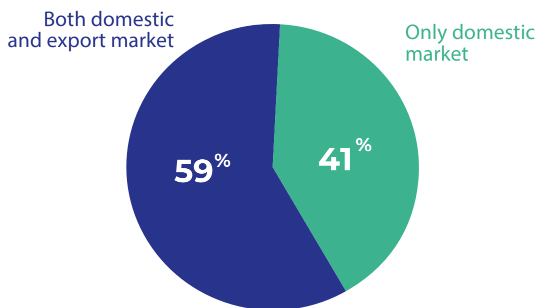
699

COMPANIES PARTICIPATED IN THE PAYMENT SURVEY

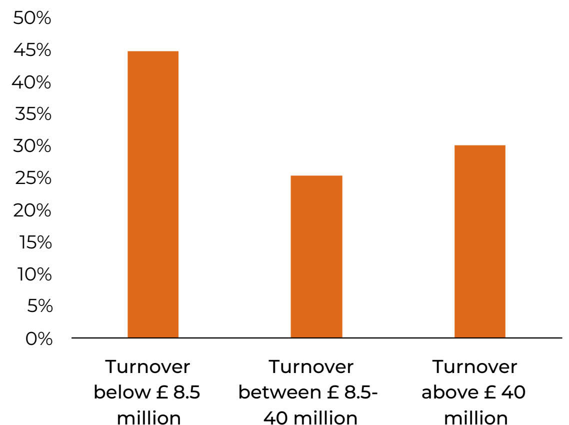
Which of the following best describes your company's industry?



Where is your major destination of sales?



For 2024, the total estimated sales revenue of your company will be (GBP)



GLOSSARY

PAYMENT TERM
The time frame between when a customer purchases a product or service and when the payment is due.

PAYMENT DELAY
The period between the payment due date and the date the payment is made.

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COFACE SA
1, place Costes et Bellonte
92270 Bois-Colombes
France

www.coface.com

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