

Using AI to Outrun Late Payments - A Guide



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“Small firms spend too much time chasing debt, restricting them from growing their business. Supporting small businesses to embrace digital tools so more of their time can be spent doing what they love is a priority of mine - AI is a critical part of this. As AI tools improve and become more integrated into our day-to-day lives, we want to share insights and learnings so founders have the confidence to engage with the tools available. This guide is the perfect place to start.”



- Emma Jones CBE, Small Business Commissioner

Introduction

UK businesses spend on average **86 hours** chasing late payments, resulting in **14,000 firms** closing every year as a result. (The Department for Business and Trade, 2025)

Whilst the link between automation and improved operational efficiency has been corroborated, only **20% of small businesses** say they use AI, despite the opportunities it proposes. (FSB, 2025).

Moreover, engagement with businesses and representative organisations has shown that automating payment functions may not be amongst businesses priorities when integrating AI into their operations.



AI can act as a bookkeeper in your back pocket to reduce the time spent chasing late payments, leaving you more time to do what matters most.

Automating financial operations can lead to faster invoice approval cycles, a reduction in processing errors and lower processing costs

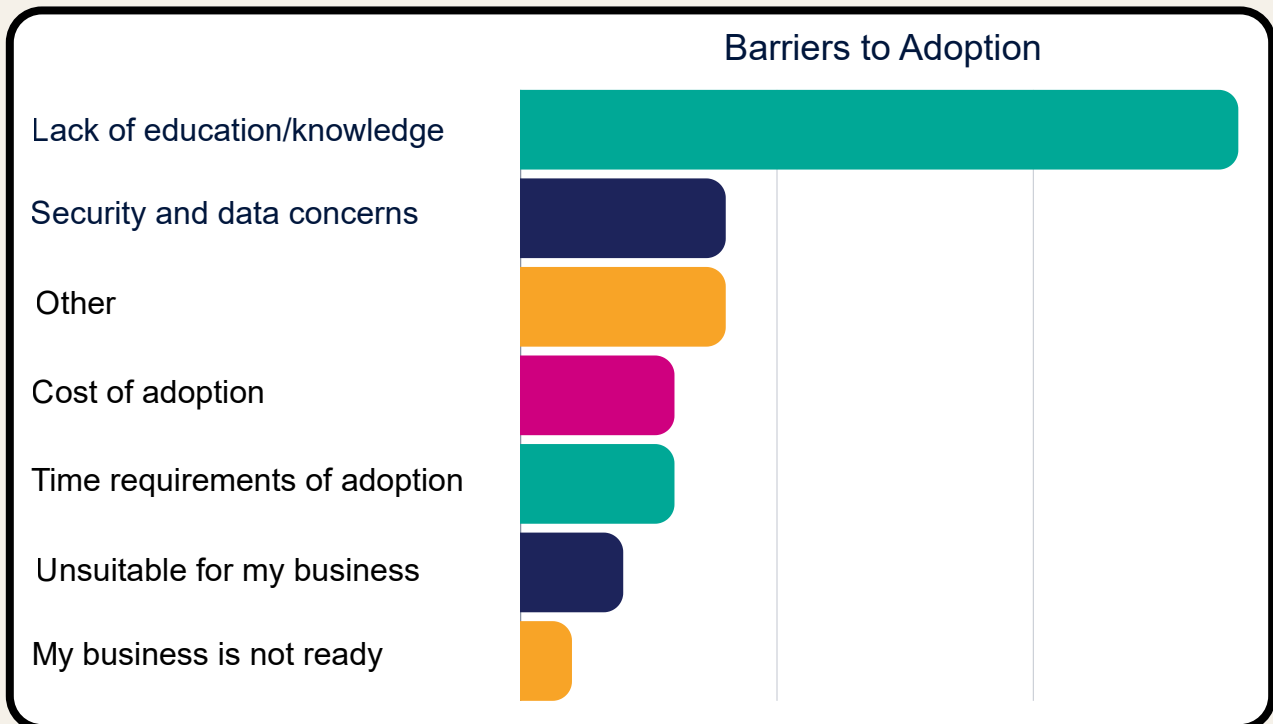
Onteddu (2025)

But where do you start? How do you integrate safely? The Office of the Small Business Commissioner (OSBC) has been working with businesses and representative organisations, as well as speaking to small businesses that have implemented AI effectively to explore some tips to help you take the first step.

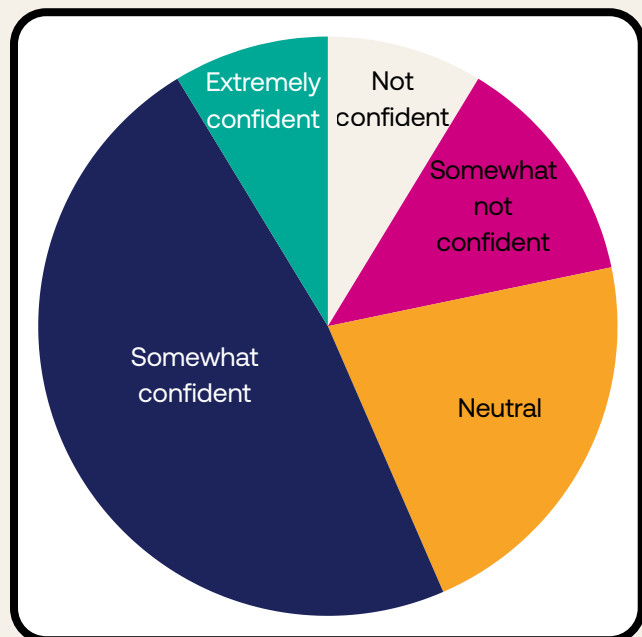


Our Findings

Our office conducted a touch survey to explore some of the attitudes of UK businesses towards integrating AI into their business functions. Respondents cited a lack of education/knowledge as the most significant barrier to adoption with just over half of respondents stating they felt confident integrating AI functions into their operations.



To explore the results further, our office also ran a session that brought together businesses and sector representatives to discuss some of the barriers prohibiting small businesses from adopting and to identify some of the ways government can help. Our initial findings were echoed in the session where participants noted a lack of knowledge of where to start implementing as well as a lack of trust over which tools to use.



So where do you start?

Step 1 - Choose your function

The first step to effectively implementing is to identify the functions that take up most of your time. When it comes to chasing payments, there are many operations that can be automated to save you valuable time and reduce errors.

Knowing my rights

How do I know what my rights relating to late payments are?

AI can quickly summarise your rights relating to a particular late payment. By providing the details of the late payment it can quickly provide links to the relevant law, tools like the SBC's calculator or its complaints service or where you can get further advice. It can even help you draft a polite but firm chaser letter.

Managing my inbox

How much time am I spending sifting through my emails?

Many businesses use AI to review and respond to their emails. There are many platforms that can sift and sort your inbox for you, for example by flagging payment related emails and prioritising important emails relating to invoices etc.

Reviewing contracts

How do I know my contracts or the contracts I'm reviewing are correct?

AI can quickly review a 200-page contract and highlight clauses that relate to payment. Although AI shouldn't be relied on to fully understand legal contracts or give legal advice,, it can help signpost and summarize payment related information as well as flag potential conflicts or inconsistencies which could help you avoid a future payment dispute.

Researching suppliers

How do I know if a supplier usually pays on time?

If you are thinking of supplying a particular company you could use AI to research their payment performance. Many AI platforms can quickly identify publicly available information including their commitments to suppliers and the Payment Practices and Performance Reporting Data.

Sending chasers for invoices

Am I chasing invoices that could be running in the background?

Certain systems will take care of the admin of sending chaser emails. They can automatically contact a company to remind them payment is due, ask for payment on the due date as well as send chasers once it is late. These can be set to automatically do the chasing when needed, saving you time to focus on other aspects of your business.



Everyone has to start somewhere, why not start with AI? Businesses who are confident adopters told us that to begin thinking about the right tool for their functions, they started asking free AI platforms about what tools were out there.

Step 2 - Choose your tool

'What free AI Tools are available to send automated invoice chasers for a business with less than 50 employees?'

Why not try asking any AI platform some simple prompts?

What are my rights relating to late payments?



If you're apprehensive, why not start by experimenting with fake data? We understand that there may be concerns using AI for payment functions that involve personal and financial data. Before inputting personal data into free AI platforms, try using 'dummy' data. You can even ask AI to create a dummy data set that resembles your own.

Step 3 - Adopt With Caution

Create a data policy: In a new and often daunting environment, the best way to protect your business is to establish a data policy for how your employees can use AI safely.

AI is great, but it's not you: Automating processes can free up your time to focus on the things in your business that matter, but it can't do what you do and it can also make mistakes. For example, when integrating AI into your inbox management functions. Always ensure that the emails drafted are checked. It's your voice sending the automated chasers, ensure you check the wording and the tone of voice. You get the final say!



Wrap up

Integrating AI into your payment functions can reduce the time spent chasing payments, leaving you more freedom to do the things that matter most. Taking the first step can be the hardest part, but by experimenting with different tools and seeing what works best for your business's needs, you'll be an expert in no time.



References

[Federation of Small Businesses \(March 2024\) Redefining Artificial Intelligence Policy Report | Redefining Intelligence](#)

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