11 May 2026

BUSINESS NEWS – Round up

Welcome to our weekly round up of the latest business news for our clients. Please do contact Cognitor Accountancy to talk with us about how these updates may affect your business. We are here to support you!

Credit control: The quiet discipline that keeps a business alive

Running a business in recent times has been a lesson in resilience. Costs continue to increase and customers are cautious. Cash is proving tight for many businesses and credit control is a core discipline for keeping a business afloat in such times.

When businesses get into financial trouble, it is often because they have run out of cash and not because they are unprofitable on paper. Credit control sits right at the centre of solving that problem.

When sales are made on credit, cash can often arrive weeks or even months later than expected. VAT, PAYE and suppliers, on the other hand, still need paying on time. A single large customer who pays 30 days late can be enough to put a major strain on a small business.

Effective credit control can help to turn sales into cash in a more predictable way. So, what is involved in credit control?

Agree payment terms and issue invoices promptly

Good credit control begins before the invoice is raised. Having clear payment terms that are agreed with the customer before work starts helps set expectations on both sides.

Try to avoid any delays in sending invoices out. For instance, if invoices are due when work reaches a certain stage, ensure that you are keeping track of the work done and send the invoice as soon as the trigger point is passed. The earlier you can send an invoice, the earlier you stand to receive payment.

Enforce your payment terms

Having agreed your payment terms, you then need to enforce them. If customers are routinely allowed to drift beyond your stated terms, you are telling them that your deadlines are flexible.

For instance, if you include a 14-day term on your invoice but only start chasing at 45 days, you may find that most customers do not pay until around the six-week mark. On the other hand, if you follow up politely the day after the 14 days have passed, the difference in cash flow can be dramatic.

It can feel awkward to chase payment, and you may be concerned it will damage your relationship with your customer. However, most well-run businesses expect to be chased if they miss a due date. Clear communication and timely reminders show that you run an organised business.

Keeping your tone consistent and professional helps normalise the process and makes it clear that payment is simply part of how you do business, not a personal criticism of the customer.

Spot problems early

Good credit control can help you spot problems early. When a reliable customer starts to delay payment, that's usually because something has changed. Sometimes it is simply an administrative adjustment, but it can also be the first sign that they are experiencing some financial difficulty.

If you catch that early, you may have some options. For instance, you may be able to tighten credit terms, request payment upfront, or pause work before you are out of pocket.

You may be surprised at how helpful it can be to regularly review your aged-debtor report.

Make it a routine part of your business

On that subject, the most effective credit control systems are regular and documented. Make credit control a regular part of the week, rather than something only considered once non-payment has become a problem.

A weekly review of outstanding invoices and use of standard reminder emails takes the emotion out of things. Your accounting software may be able to automate some parts of the process for you.

Conclusion

Businesses that take credit control seriously are less likely to face sudden cash crises.

It is not about mistrusting customers, but rather helping ensure that the value you create for your customers is turned into cash in a timely and reliable way. Credit control can be the difference between growth and constant firefighting.

If you would like help reviewing your current credit control processes and understand what your debtor figures are telling you, or putting something more robust in place, please get in touch. We would be happy to help you!

What will happen to interest rates in 2026?

The ongoing Middle East conflict has raised concerns over its effect on UK inflation and interest rates in the coming months.

At its most recent meeting, the Monetary Policy Committee (MPC) voted to maintain the Bank of England interest rate at 3.75%. In its report accompanying the decision, the Bank set out some potential scenarios for the coming months.

Here we review what could happen to interest rates in 2026.

How interest rates control inflation and dampen growth

The Bank is tasked with using interest rates to influence inflation, with the target of keeping inflation below 2%. Inflation was 3.3% in March. When inflation is above target, increasing interest rates encourages less spending, which reduces demand and helps to keep price rises in check.

Raising interest rates can dampen growth, though it may already be negatively impacted by the conflict. In other words, increasing interest rates can have a doubly dampening effect.

Earlier in 2026, inflation appeared to be on a downward trend but the conflict in the Middle East has affected oil supplies and prices in a way that makes increased inflation likely.

The Bank of England appears to have adopted a 'wait and see for now' policy, as they look to see the extent of the inflationary increases. It is likely to take a few more weeks for the effects of price changes to work their way through the system.

Potential scenarios ahead

The MPC's report considers some potential scenarios and how the Bank may respond.

- **Scenario A**: Oil prices peak at $108 per barrel in 2026 before falling back to below $80 by early 2027. Gas prices similarly peak and fall back within a similar time frame. Secondary effects on inflation, where wages and prices of other items rise, are limited.
- **Scenario B**: Prices peak in a similar time frame to Scenario A but take longer to fall back. This has a more prolonged, but modest, effect on inflation.
- **Scenario C**: Energy prices rise sharply and stay high for a prolonged period. Inflation rises to over 6% by early 2027.

Scenario C is the most adverse scenario of the three and modelled reactions to this scenario suggest that multiple interest rate rises would be needed, perhaps reaching 5.25%, to bring inflation down more quickly.

The MPC note that the effect that this would have on growth, which is also forecast to have weakened, would need to be considered when deciding on actual rate rises.

Another possible alternative to these scenarios is that the situation in Iran resolves quickly, prices come back under control and there is no effect on interest rates.

The MPC's report does not indicate which scenario is more likely, however, Andrew Bailey, the governor of the Bank of England, told the BBC that he considered scenario B to be the most likely.

Rates have still gone up

Although the Bank has not yet adjusted the official rate, interest rates on loans and fixed-rate mortgages have already increased in the weeks since the conflict started based on lenders' expectations of what will happen in 2026.

This has already affected the housing market, with some buyers finding that their mortgage offer has collapsed or become unaffordable, and those renewing fixed-rate deals are finding that their options have suddenly become more expensive.

Clearly, there continues to be uncertainty about the scale and effect of the conflict on household and business finances. As ever, forecasting cash flows and planning for how changes in interest rates will affect your business' finances remain important. If you need any help with this, please do get in touch. We would be happy to help you.

See: https://www.bankofengland.co.uk/monetary-policy-report/2026/april-2026

Fuel prices: Latest monitoring report from CMA

The Competition and Markets Authority (CMA) has published its monitoring report on fuel prices for April. They have found that the rapid increase in fuel prices since the Middle East conflict started has been driven by higher oil prices rather than profiteering by fuel retailers.

Analysis conducted by the CMA for the report shows that, in general, retailers' fuel margins, the difference between the amount they sell for and the amount they pay, were broadly unchanged between February and March and are similar to margins throughout 2025. Average margins were 10.7 pence per litre for March and 10.3 pence per litre for February.

The CMA did note a minority of retailers had seen their fuel margin increased, and this will be the subject of further investigation for their May report.

There does, however, appear to have been a period of notably higher margins before the conflict started in December 2025 and January 2026. Average margins were 12.7 pence per litre for those months compared with 10.0 pence per litre in November 2025. The CMA is investigating the reasons for this.

Fuel margins are still higher than have historically been the case. It is thought that this is because of insufficient competition.

The CMA's recently introduced Fuel Finder scheme may help to increase competition. The scheme makes it easier for drivers to shop around for the cheapest fuel, and could add pressure on retailers to bring prices and margins down.

The monitoring report indicates that shopping around could save drivers up to £9 per tank.

Sarah Cardell, Chief Executive at the CMA, commented that the lack of increase in retailer fuel margins shows that the CMA's increased scrutiny is working. She said: "We will remain vigilant to ensure any fall in costs is passed on quickly to motorists."

See: https://www.gov.uk/government/news/cma-publishes-latest-monitoring-report-on-road-fuel-market

Pub closures blamed on costs and disproportionate tax burden

The British Beer and Pub Association (BBPA) have reported that 161 pubs closed across the country in the first three months of 2026. It is estimated that this has led to the loss of 2,400 jobs. Scotland has been the most heavily affected, with 41 closures between January and March.

The BBPA have called for longer-term changes, including an overhaul of taxes affecting the hospitality industry.

Emma McClarkin, chief executive of the BBPA, said: "The scale of these closures is avoidable because pubs are doing a brisk trade, but their profits are wiped out by a disproportionate tax burden and tax costs. We want to work with government to establish a permanent long-term plan that will deliver permanently lower bills, a fairer system and ultimately protect this treasured sector."

A 15% relief on business rates for pubs came into effect in April 2026 and will be followed by a two-year freeze. A government spokesman also noted extended opening hours for the World Cup and alcohol duty cuts on draught pints as part of the support that is currently being offered.

However, increased employment costs and shifting consumer habits continue to make trade challenging for many pub businesses.

If your business is under pressure by tax or other costs, getting early advice can make a big difference to your options. Please feel free to contact us; we would be happy to help you.

See: https://www.bbc.co.uk/news/articles/c9d355nw7jzo

Fined for failing to take out employers' liability insurance

A visit from the Health and Safety Executive (HSE) resulted in a Cheshire-based scrap metal business being fined £1,000 plus costs of £2,000 for failing to have employers' liability insurance in place.

Employers are legally required to insure against liability for injury or disease to their employees arising out of their employment. It is a compulsory insurance for businesses in Britain and Northern Ireland.

HSE principal inspector Emily Osborne said: "[Employers' liability insurance] is not a trivial optional extra, it is a compulsory requirement that is designed solely to protect employees."

A free guide is available from HSE that provides information about employers' liability insurance in England, Scotland and Wales and who needs to have it. HSENI, the health and safety body for Northern Ireland, also have guidance available.

See: https://press.hse.gov.uk/2026/04/27/company-fined-for-not-having-compulsory-insurance-for-its-workers

Legal challenges to FCA car finance compensation scheme

The Financial Conduct Authority (FCA) has received legal challenges to its car finance compensation scheme.

The compensation scheme relates to finance taken out to buy a car, motorbike or van between 6 April 2007 and 1 November 2024. Many lenders of such finance did not provide important information about the agreements, and broke FCA rules. The FCA estimates that around 12.1 million agreements made during this time are eligible for compensation.

The scheme, which is due to start on 30 June 2026 for loans taken out from 1 April 2014, has received broad support and a commitment from most lenders to implement it.

However, the scheme has now received four legal challenges. One is from Consumer Voice, and the other three are from lenders: Volkswagen Financial Services, Mercedes-Benz Financial Services and Credit Agricole Auto Finance.

The FCA has said that it will defend the scheme robustly as lawful and the best way to resolve such a widespread, long-running and complex case.

In view of the fresh uncertainty these legal challenges create, the FCA has said that it is “engaging at pace with lenders and consumer groups” and will provide further advice shortly.

In the meantime, the FCA continues to advise consumers to complain directly to their lender. They remind complainants that this is free to do and does not require the services of a law firm or claims management company that will take a cut of any compensation.

See: https://www.fca.org.uk/news/statements/fca-statement-legal-challenges-motor-finance-scheme

Export to the EU: Low-value parcel rules change on 1 July

Starting 1 July 2026, a fixed customs duty of €3 will be applied to small parcels valued at less than €150 exported to the EU.

The rate will be applied to all goods exported to the EU by non-EU businesses that are registered in the EU’s Import One-Stop Shop (IOSS) for VAT purposes.

Whether the rate will also be applied to goods sold by traders that are not registered in the IOSS remains under review.

The new fixed customs duty is a temporary measure that will stay in place until a permanent solution to eliminate the customs duty relief threshold comes into force. At that time, all goods under €150 will have customs duty applied at the normal EU tariffs for individual products.

A so-called ‘handling fee’ is also under discussion by the EU Council, however, this is separate to these measures.

Government guidance is available on how to register for the VAT IOSS scheme to report and pay VAT due on imports of low-value goods to consumers in the EU, Northern Ireland, or both.

See: https://www.consilium.europa.eu/en/press/press-releases/2025/12/12/customs-council-agrees-to-levy-customs-duty-on-small-parcels-as-of-1-july-2026/

Please do contact us if you would like to talk about any of the articles. We are here to support you and your business!

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