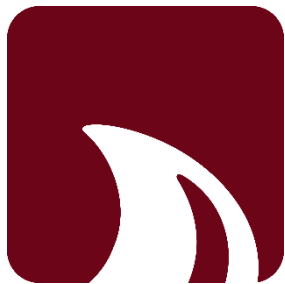ASQiT

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Dispute & Bad Debt Management

For Microsoft Dynamics 365 Business Central

- **User Guide. Managing Disputes & Bad Debts** -

Disputes and Bad Debts

Dispute Register and Bad Debt Ledger allows credit managers to track difficult debts, and keeps the record related to customers in their history, that supports in managing their credit control and future debts.

Create and activate dispute → Mark as Bad Debt → Close Dispute

Overview

When a customer disputes their invoice, such information can be recorded against the document and assigned to responsible employee to manage. The dispute can be resolved and closed, or the debt can be marked as "bad debt" – system will contain a separate ledger for bad debt to manage. You can define the process of bad debt management, whether it is sent to legal teams, external collectors or written off.

Create Dispute

Disputes can be created in 3 different ways:

- **Using Dispute Wizard**. Use wizard to select customer and the overdue invoice to create the dispute. Such dispute is <u>automatically activated</u>.
- **From Customer Ledger Entries**. Creating dispute from customer ledger entries will also use Dispute Wizard, but pre-fill required data with ledger entry information. Such dispute is <u>automatically activated</u>.
- **From Dispute List.** Create dispute from the list. Dispute will have to be activated manually after selecting customer and overdue invoice.

Important! Only one active dispute can be created for one invoice at a time. But once the dispute is closed, a new dispute can be created for the same document.

Using Dispute Wizard

Click the link on the role centre or the wizard using search. Select a customer and their overdue invoice to dispute, the dispute date, reason for dispute, expected dispute closure date and the user, to whom the dispute is assigned; and finally, the customer contact details for this dispute:
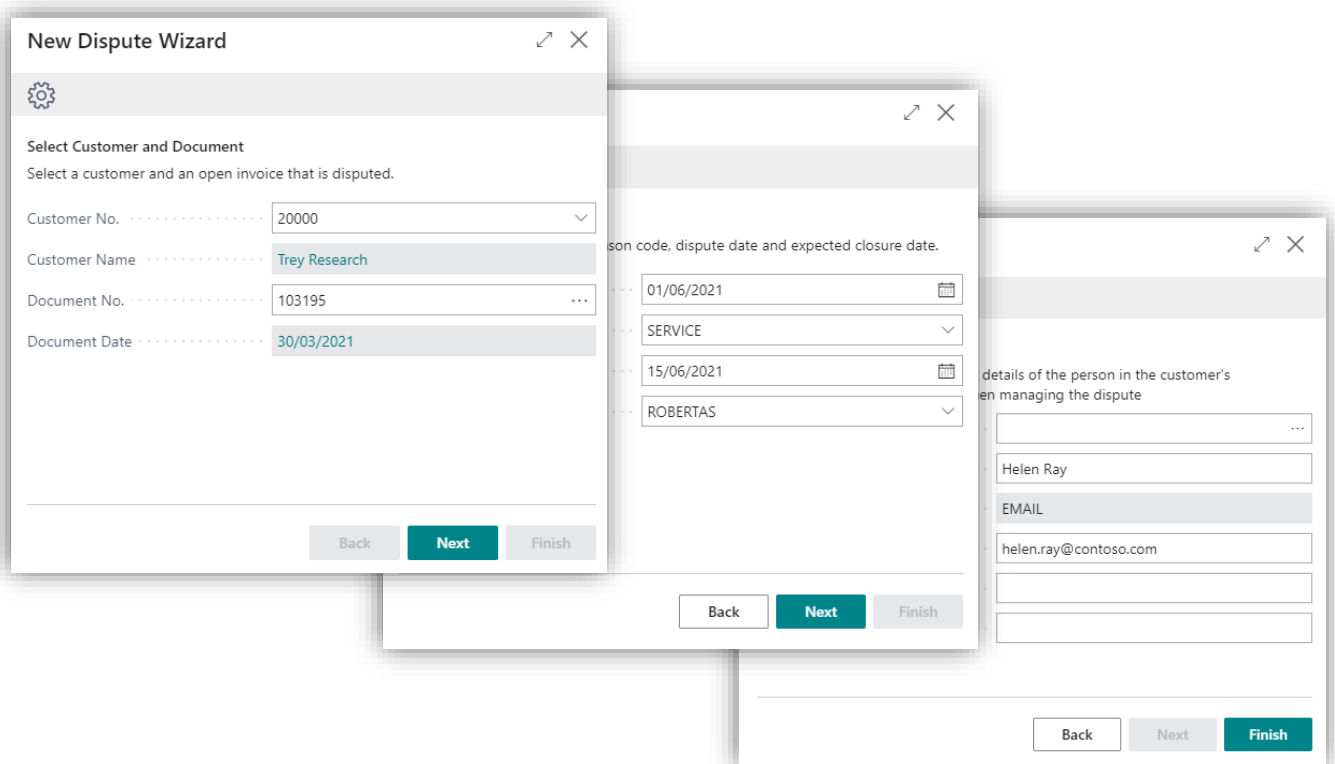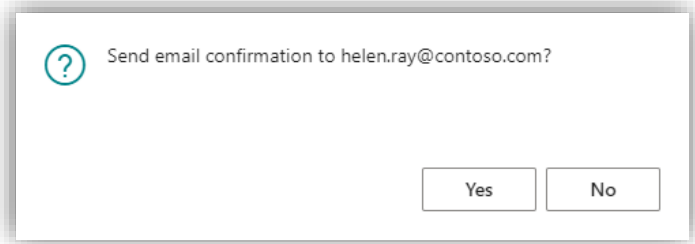

Figure 1 - New Dispute Wizard.

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If system is configured to send dispute email to the customer or internal email to dispute manager, the confirmation might be required:

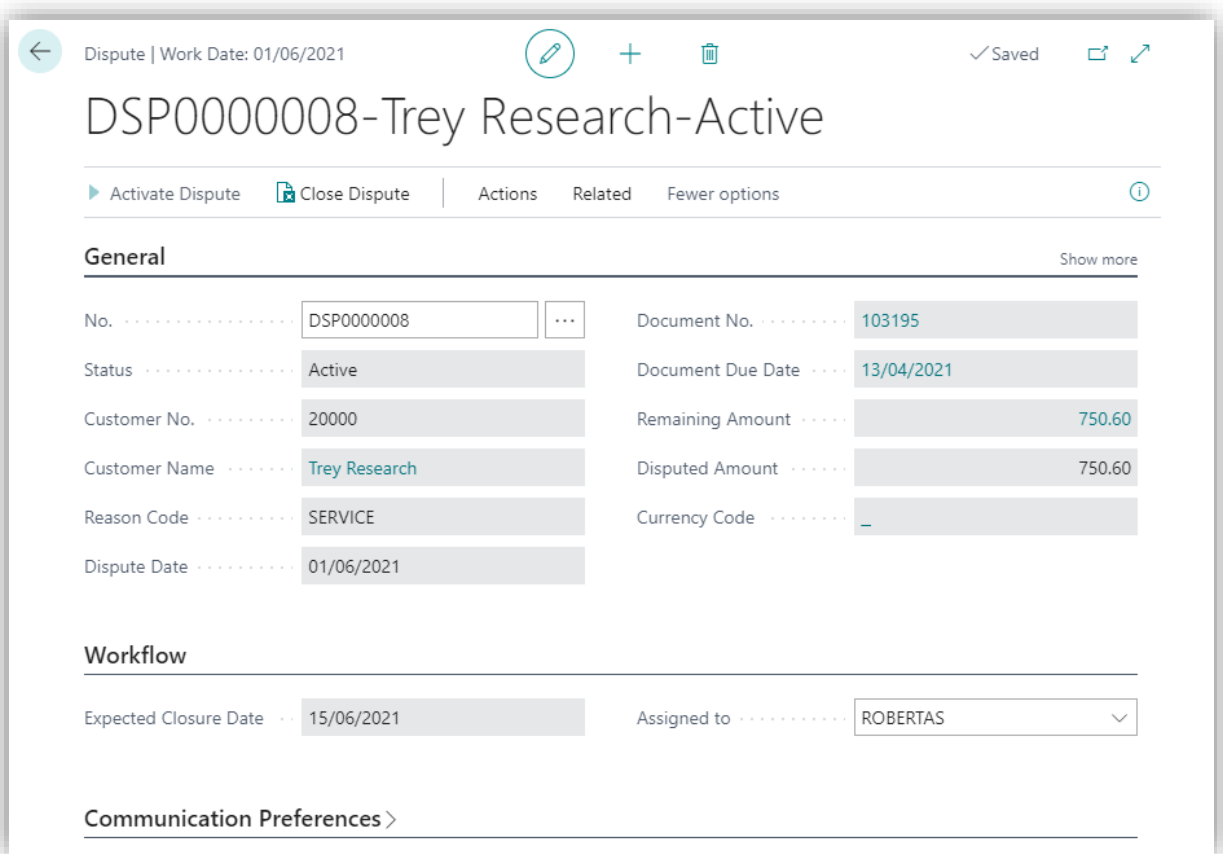After closing the wizard, system creates a new dispute that is already activated:

Figure 2 – Dispute Card.

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Create Dispute from Ledger

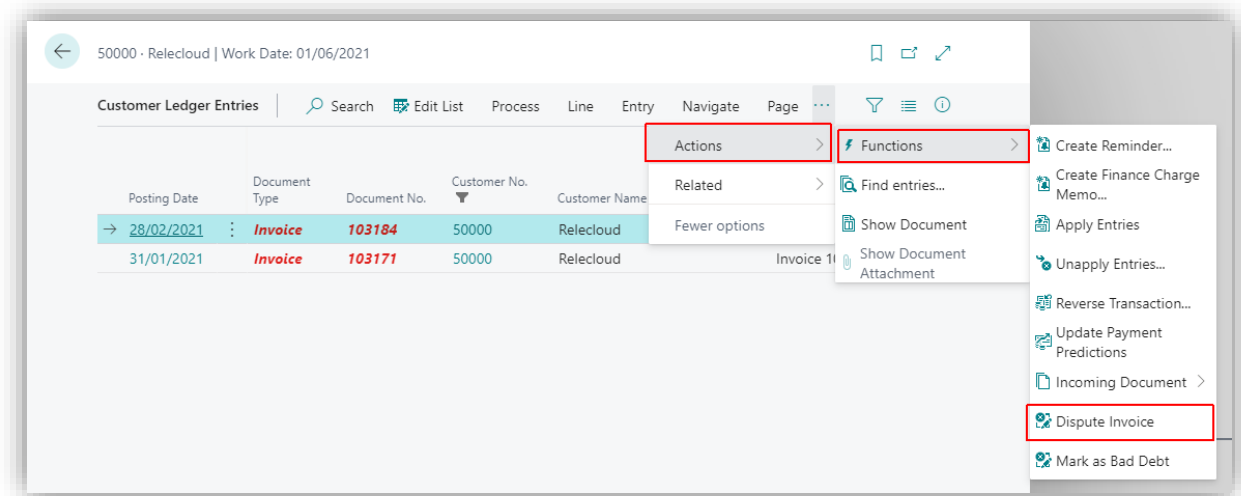On the Customer Ledger Entries page select an overdue invoice and click *Actions -> Functions -> Dispute Invoice:*

Figure 3 - Customer Ledger Entries.

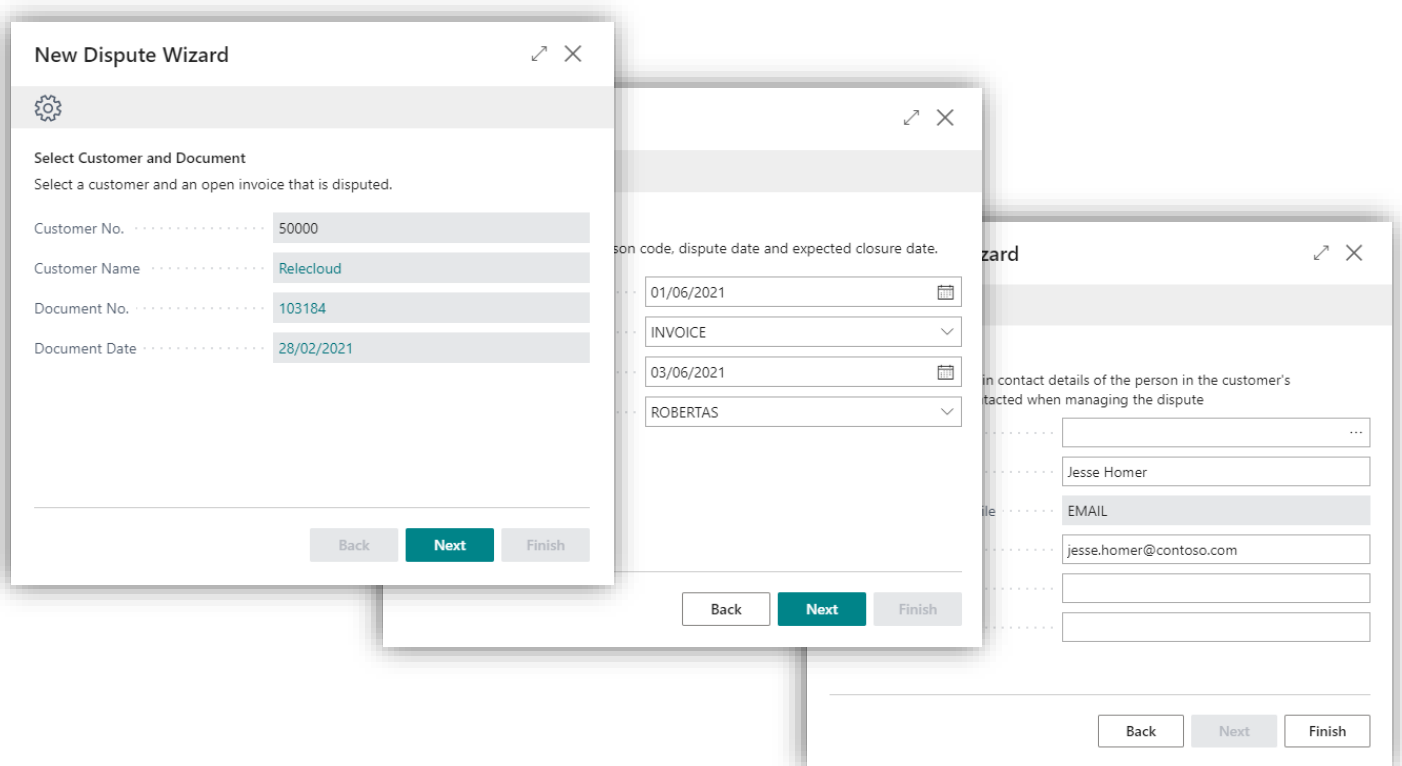System uses the same dispute wizard, but the document information is already filled in:

Figure 4 - New Dispute wizard.

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Create New Dispute from List

New dispute can be created from the dispute list. Same information must be selected on the dispute card – customer number, document number, reason code, dispute date, assigned user and communication preferences:

Figure 5 - New Dispute.

Important! Creating dispute without using a wizard, will result in the dispute that is **not** activated.

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To mark the invoice as being disputed, activate the dispute. On the dispute card click *Activate Dispute.* The system checks if customer and document are selected, reason code and dispute date defined. The activation email is sent to the customer if configured on the communication preferences on the dispute card:

Figure 7 – Activate the dispute.

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Confirmation Emails to Customer

Each dispute has a contact details defined for the app to send dispute activation and dispute closure emails to. The emails are sent if all the statements below are true:

- Dispute Management Setup has confirmation/closure email enabled.
- Dispute Card has confirmation/closure email enabled.
- Dispute Card has a valid email defined.
- Customer's document sending profile is set to email.
- Email feature is enabled and configured to send SMTP emails.
- Reports are selected on the "*Report Selection – Disputes*" page.

Users can manually send emails from activated or closed disputes by selecting to send an email:
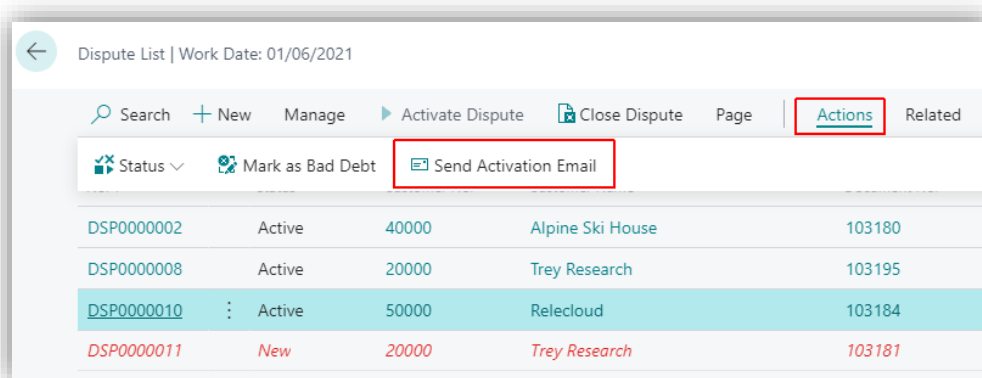

Figure 8 - Manual email.

This action opens the email editor to send an email even if the automated emails are disabled, or customer's document sending profile does not allow emails.

Default email layouts are provided, but these can be changed using Custom Report Layouts and changing the layout in MS Word.

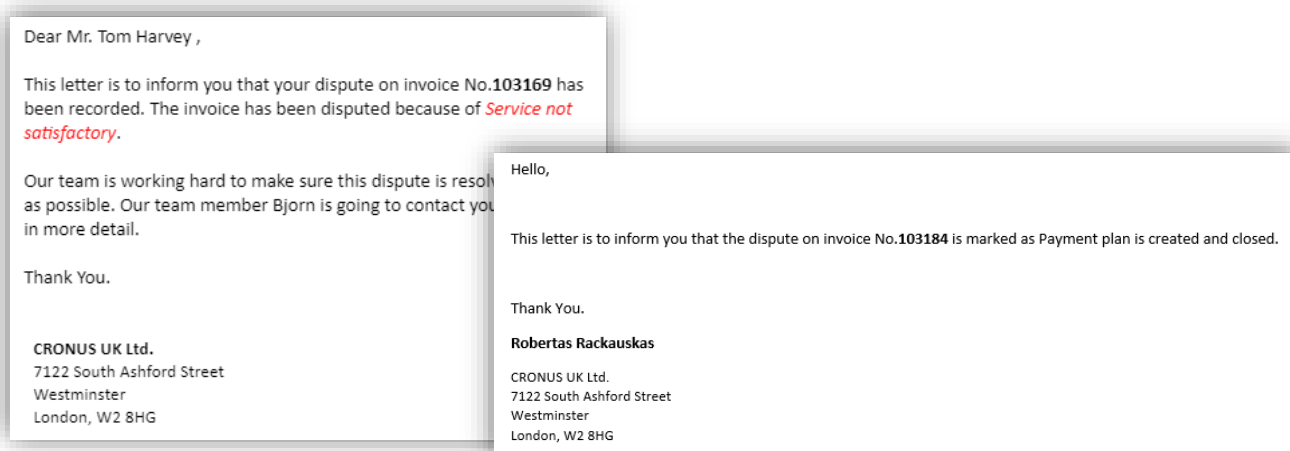Default email layouts are created and set to be used on the report selections:

Figure 9 - Confirmation and Closure Emails.

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Create Bad Debt

When the dispute cannot be resolved, it can be marked as bad debt. This will create a new entry in the bad debt ledger, that servers a couple of purposes – as a reminder to perform a certain action (for example, sent documentation to 3rd party collectors or legal team, or write off the debt), and to record it in customer's history for the future reference.

To create a bad debt for the dispute, open the dispute card and select *Actions -> Mark Bad Debt*. System asks to add the initial bad debt status (that can be changed later) and the date:
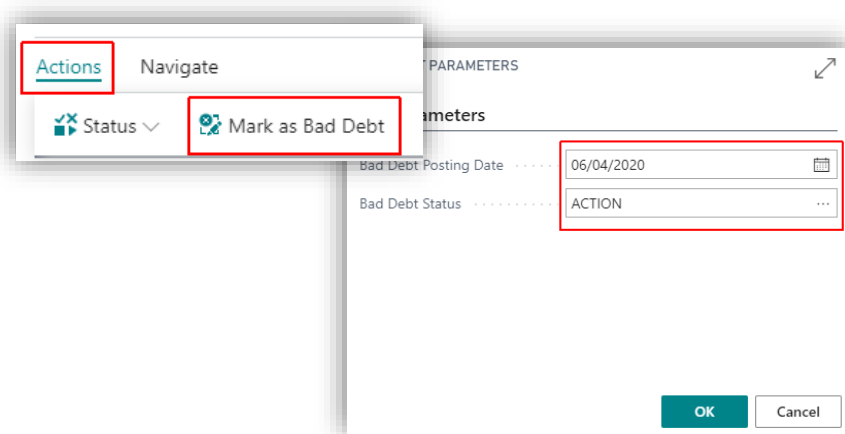

Figure 10 - Create Bad Debt

Bad Debt can also be created directly from Customer Ledger Entry.

> **Important!** Dispute or bad debt cannot be created for invoices that are on the payment plan (when using Customer Payment Plans app). If invoices are on the payment plan but now are disputed, please cancel the payment plan first.

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Manage Bad Debt

Bad Debts can be managed by reviewing and changing the status of a debt:

Figure 11 - Bad Debt Ledger Entries

The bad debt entry will remain open, until the related invoice is open. When the related invoice is closed (for example written-off), the bad debt is marked as closed, but is not deleted. This allows reporting of historical bad debts for customers.

Users can also delete bad debt entries if the bad debt is no longer relevant.

Bad debt entries can be accessed from the customer card, to help making decisions about that customer's internal credit rating and credit control process in the future:

Figure 12 - Customer bad debt history.

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Closing Disputes

When the dispute is resolved it can be closed and archived. To close the dispute, click *Close Dispute*, then set the outcome of the dispute and the closure date, and selected whether to send the closure confirmation email to the customer:
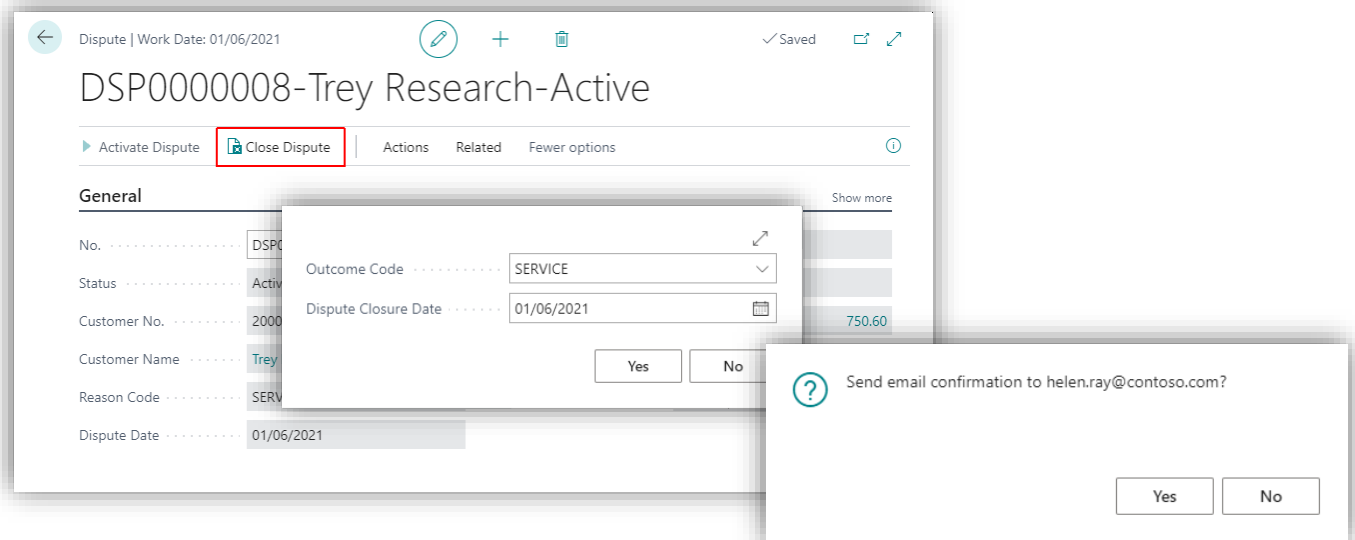

Figure 13 - Closing the dispute.

The dispute will become a closed dispute and will be accessible in the closed dispute list:

Figure 14 - Closed disputes.

Important! Closing the dispute will not affect the bad debt ledger entry.

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