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

London, October 1st, 2025 – Coface, the trade credit insurance and business information provider, has published the first edition of its survey[1] on United Kingdom companies' payment behaviour, highlighting that UK businesses are facing an extortionately high level of late payments compared to other countries.

- **90%** of UK companies experienced late payments in the past year; **44%** say delays are more frequent than before
- Average payment delay stands at **32 days**, with micro and small firms most exposed to cash flow risks
- **37%** of companies expect late payments to decrease in 2026, but optimism is uneven across sectors and company sizes

UK businesses grapple with record-high late payments compared to global peers

The survey reveals an overwhelming **90% of UK businesses are facing delays**, with nearly half (44%) reporting these issues more frequently than in the past. This is significantly higher than other European countries, with France[2], Germany[3] and Poland[4] reporting rates of just 85%, 81% and 60% respectively. It is also higher than late payment rates seen outside of Europe, where the incidence is around 49% in Asia[5] and 51% in Latin America[6].

Recent reforms like the 2024 Payment Practices Regulations and Fair Payment Code are shifting attitudes on late payments, with early improvements reported. While most firms welcome stricter terms and enforcement, only 68.5% of micro and small businesses expect better cash flow, compared with larger firms who see stronger gains in confidence and investment.

"*Late payments have become a defining challenge for UK businesses, threatening the financial stability of the most vulnerable firms. While new regulations and improving sentiment offer hope, the recovery must be broad-based to ensure that smaller companies are not left behind as payment practices evolve.*", ***Benoit Urbin, Country Manager for the United Kingdom and Ireland***

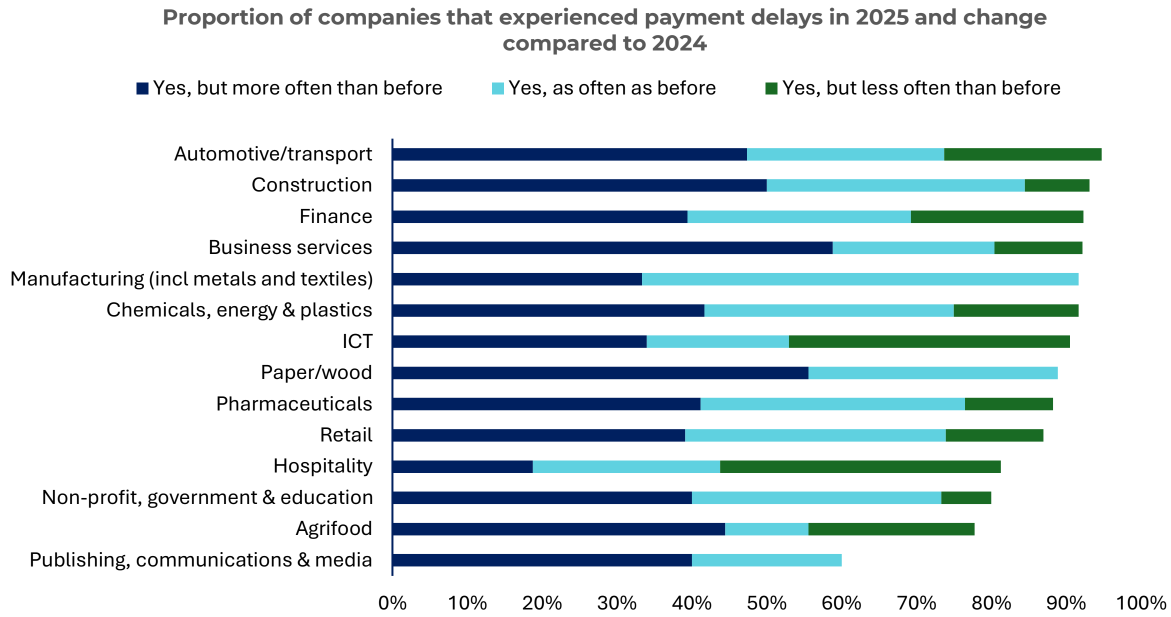
[1] Survey conducted in July 2025 among 699 participating companies
[2] Coface: Increased payment delays for French businesses, amid growing social and political risks
[3] Coface: Germany Corporate Payment Survey 2025
[4] Coface: Poland Payment Survey 2024
[5] Coface: Asia Payment Survey 2025
[6] Coface: More restrictive credit terms and much longer payment delays in Latin America

Payment terms: widespread practice, but with growing risks

Offering payment terms remains a near-universal practice among UK businesses, with only 3% of companies refusing to grant any credit to their buyers. The most common payment terms are between 1 and 30 days (**37%** of respondents), while nearly half of companies have extended their terms over the past year. Micro and small companies tend to offer shorter terms (average 46 days), compared to large companies (56 days), reflecting their more limited capacity to absorb payment delays. Sectoral differences are also notable: business services and finance often grant longer terms, while pharmaceuticals and media favour shorter deadlines.

Payment delays: a persistent and widespread challenge

The survey reveals that payment delays are now a systemic issue for UK businesses. Micro and small enterprises are particularly exposed, with nearly **50%** reporting that they experienced more frequent delays compared to 39% and 42% among mid-sized and large companies respectively, as their shorter payment terms and limited cash reserves make them more vulnerable to financial shocks. The average delay now stands at **32 days**, a figure consistent across company sizes but with a disproportionate impact on the smallest firms.



Sectoral contrasts and underlying causes

The survey highlights significant disparities between sectors. **Construction and automotive/transport** are the most affected by rising payment delays (95% and 93%, respectively), while publishing, communications & media (60%), agrifood (78%), and non-profit, government & education (78%), report fewer issues. This is often thanks to longer payment terms or stronger buyer discipline.

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

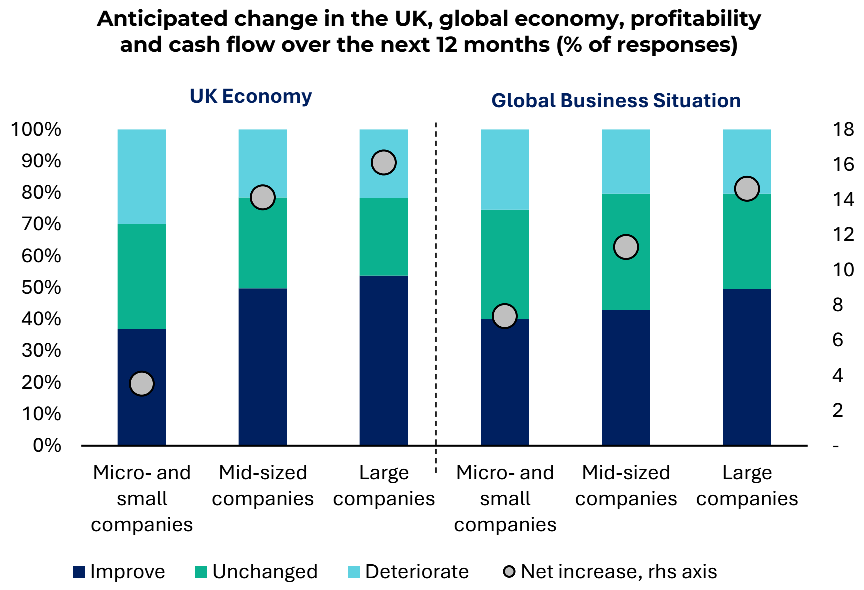
(21 days). Despite having the lowest average delay, around 50% of companies in publishing, communications & media stated that late payments had a significant impact on their cash flow.

The main reason for payment delays has shifted more from operational hiccups to buyers' financial difficulties, with some companies even pointing to deliberate postponements unrelated to liquidity issues.

- Construction, hospitality and the paper/wood sectors highlighted rising interest rates as the largest risk contributing to late payments
- Business services chemicals, energy & plastics, finance and ICT stated the biggest risk was cybersecurity threats
- Other sectors reported supply chain disruptions (automotive/ transport, manufacturing and retail) and labour shortages in key sectors (agrifood and pharmaceuticals) as risks

2026 outlook: cautious optimism

Despite the current challenges, there are signs of hope. Over **a third of companies expect payment delays to decrease in 2026**, buoyed by improving economic sentiment and expectations of stronger profitability and cash flow. Yet this optimism is uneven, with micro and small businesses remaining more sceptical - 66% feel the UK economy will deteriorate further or remain unchanged in 2026, and several sectors continue to face structural risks, including interest rate volatility, cyber threats, and supply chain disruptions.



Coface, which covers £600bn worth of global trade, helps companies insure against the risk that debtors fail to pay for goods and services. As such, it collects and processes vast amounts of data on the risks faced by companies across the UK, giving it a uniquely close view of the front line of payments and liquidity risk – when financial pressures build up in the system, it tends to see them at an early stage.

Read the full study **here**

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