2026 United Kingdom Payment Survey: UK firms stuck in survival mode as payment delays hold back growth ambitions

Japan, September 22nd 2026 – Coface, a leading expert in trade credit insurance, debt collection and information services, has published the second edition of its survey[1] on UK companies' payment behaviour, revealing that businesses are increasingly focused on preserving cash flow and are struggling to make ends meet. As companies extend payment terms to carefully manage cash flow pressures, many are caught in a stagnant cycle of supply chain disruption, leaving profitability finely balanced and investment confidence weakened.

Key figures:

- Financial struggles are the leading cause of late payments, with **nine in ten** UK companies experiencing payment delays in the past year, which average **34 days late**, two days longer than last year demonstrating the deteriorating financial position of companies.
- Agreed payment terms have **lengthened to an average 57 days**, nearly a week longer than last year and now among the longest in Europe, as firms build in longer timescales for payments
- The majority of **AI users report increased outsourcing**, suggesting the technology is adding new supplier costs rather than replacing them.
- **Nearly half (45%)** of businesses expect the UK economy to deteriorate in the next 12 months, and **57%** now expect late payments to rise, up from just 37% last year.

Payment delays worsen as business sentiment deteriorates

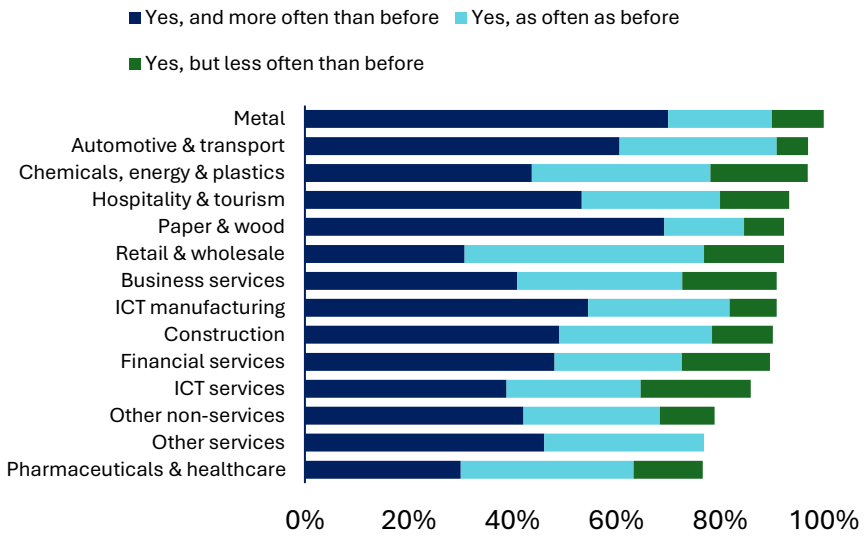
Late payments remain widespread, with **89%** of UK companies reporting delays during the past year.

Payments are now an average of **34 days** overdue, two days longer than a year ago, with customers citing financial difficulties (37%) as the leading cause, followed by organisational issues (26%).

No sector reported a net improvement in payment behaviour, and sharp deteriorations were observed in paper & wood, metals, and automotive & transport sectors due to increased Chinese competition, higher US tariffs and supply-chain disruption linked to the conflict involving Iran.

[1] Survey conducted in July 2026 among 608 participating companies

Chart 6:
Proportion of companies that experienced payment delays in past 12 months and change in the frequency compares to last year by sector (% of responses)



Looking ahead, more than half of respondents (**57%**) expect late payments to increase over the next 12 months as macro conditions become tougher.

Payment terms continue to lengthen, increasing pressure on smaller businesses

Offering payment terms remains common practice in the UK, with only 1.6% of respondents not providing terms. However, average payment terms are now six days longer than previous years, standing at **57 days**, making them among the longest reported in Europe.

One-third of large companies offer payment terms of more than 90 days, compared with just 12% of micro and small businesses. The longest payment terms are seen in manufacturing and industrial sectors such as **energy, plastics, chemicals and automotive**, while domestically focused service sectors such as hospitality, tourism and pharmaceuticals, and healthcare generally maintain shorter terms due to tighter cash flow management.

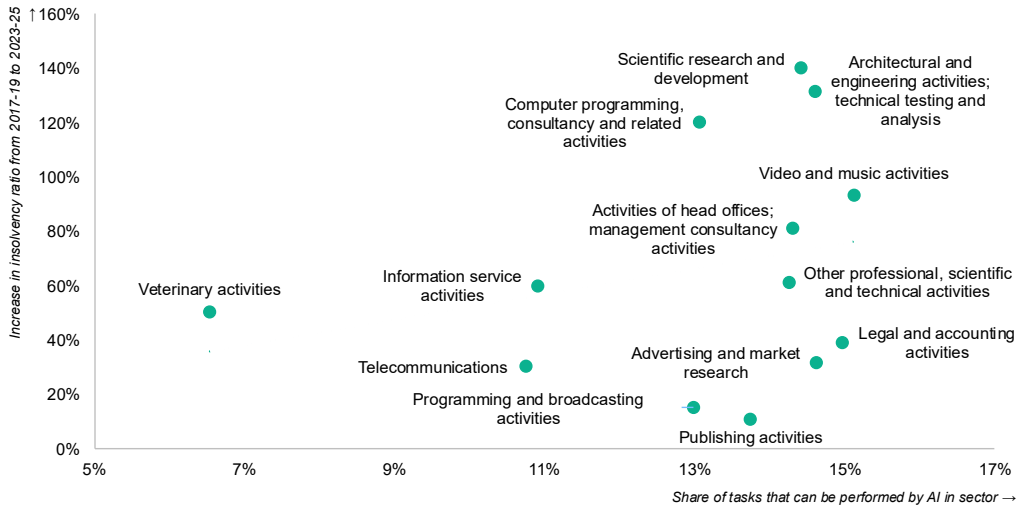
"Longer payment terms are tightening the squeeze on SMEs. While large organisations can absorb delayed payments, many smaller businesses are already operating on a knife edge, carefully managing cash flow just to stay afloat. With economic conditions set to worsen, every extra day waiting to be paid limits their ability to grow and withstand further shocks," ***Benoit Urbin, Country Manager for the United Kingdom and Ireland***

AI's hidden supply chain burden

Rather than reducing supplier spend, AI is introducing another cost layer for businesses. **80%** of companies using AI said the technology changed how they use external providers, with most reporting increased, rather than reduced, reliance on third-party expertise. Among large companies, customer support was the only function where more businesses reported bringing activities in-house over increasing outsourcing.

The survey findings also indicate a link between higher levels of AI exposure and rising insolvency ratios across several sectors, suggesting that suppliers unable to adapt to technological change may face increasing pressure despite overall growth in AI-related demand.

Chart 12:
Change in insolvency ratio relative to tasks able to be replaced by AI (change in %, Share in %)

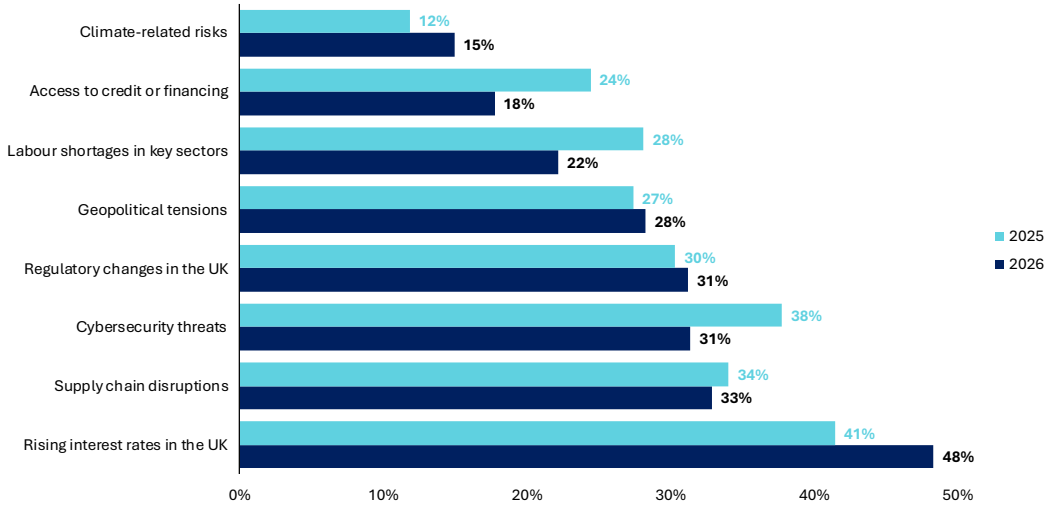


Businesses expect profitability, but confidence rests on fragile foundations

While a greater share of respondents expect the UK economy to deteriorate during the next 12 months (**45%**) than improve (25%), businesses remain relatively optimistic about their own prospects, with **51%** of firms expecting profits to increase. However, much of this optimism reflects businesses managing down costs and squeezing cash flow through extended payment terms, leaving margins finely balanced.

With many firms maintaining tight cash positions, higher interest rates remain the most significant concern for businesses, as persistently elevated borrowing costs could erode profitability gains.

Chart 16:
Risks currently having the greatest impact (% of responses)



Read the full study here

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COFACE: FOR TRADE

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