# Where revenue leakage hides

A short field guide for finance leaders

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Most finance leaders sense it but few can put a number on it: revenue that was genuinely earned but never fully collected. It is not fraud, and it is rarely one big hole. It is the ordinary friction of running revenue across billing, payment and accounting systems that do not fully reconcile with each other, where no single person owns the difference between what a customer owed and what actually reached the bank. Each leak is small. Across a large, high-volume, contract-based book, it adds up. Industry estimates commonly put it at 1% to 3% of revenue.

## WHERE IT HIDES

1. **Failed payments and direct debits that were never retried.** In the UK around 2.9% of direct debit payments fail (GoCardless), and roughly 30% of customer churn is involuntary: a payment that failed, not a customer who chose to leave. Most of it is recoverable if it is caught promptly.

2. **Contract uplifts that never reached the invoice.** RPI, CPI or fixed annual escalators written into the contract but never applied at renewal. On a 10 million pound contract book, a 4% uplift missed for three years is 2.4 million under-billed.

3. **The same customer charged, or invoiced, twice.** Duplicate charges and duplicate invoices. The real cost is not just the money; a customer who spots a double bill starts querying every invoice.

4. **Invoices that aged past their terms and were never chased,** and part-paid invoices where the remainder was quietly let go.

5. **Cash received but never matched to an invoice.** Overpayments and unapplied cash sitting on account, holding cash on both sides until it surfaces later as a dispute or a write-off.

6. **Credit notes raised and left unapplied** against the customer's open invoices.

7. **Silent churn.** A recurring customer goes quiet and the next invoice in the series is overdue to appear. Often the single largest recoverable leak, because it is recurring revenue, not a one-off.

8. **Discounts that were meant to be temporary** and quietly became permanent.

## WHY IT STAYS INVISIBLE

Each item is small, sits in a different system, and looks like someone else's job. The signals live in the seams between billing, payments and the ledger, precisely the places that even a well-run finance transformation does not fully close, because those systems were never designed to reconcile to each other in the first place.

## FIVE QUESTIONS TO ASK YOUR FINANCE TEAM

- What is our direct-debit and card failure rate, and what proportion do we successfully re-present?
- Can we prove that every contractual price uplift actually reached the invoice this year?
- How much cash is sitting unapplied or on account right now, and for how long?
- Which recurring customers have gone quiet, no invoice raised when one was due?

- What is our duplicate-charge and duplicate-invoice rate, and who checks it?

*If any of those is answered with “I'm not sure,” that is usually exactly where the leakage is.*

## A NOTE ON MEASURING IT

The only number a CFO can defend is one tied to a source record. Leakage worth acting on is deterministic: this failed payment, this missed uplift, this unmatched receipt, each traceable to the exact transaction, not an estimate or a model's guess. Read the money that actually moved, not what someone typed.

> *“My team recently started using LeakIQ and found over £49k of leakage across our systems within the first month.”*
>
> **Stephen Jones** · Head of Finance


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### ABOUT LEAKIQ

LeakIQ connects to the finance systems you already run (Xero, QuickBooks, Salesforce and others) and reads the money that actually moved to surface revenue that was earned but never fully collected. Every finding is tied to a specific source transaction, so it can be checked and defended, not just estimated. It is read-only by default: it detects and drafts the recovery, it does not move money on your behalf.

Sources: UK direct-debit failure rate and involuntary-churn figures, GoCardless (across 55,000 businesses and 52 million transactions). The 1% to 3% range is a commonly cited industry estimate, not a single published figure.