

How to avoid getting ripped off by a client

Eight steps you need to take on every single project to protect yourself as a freelancer

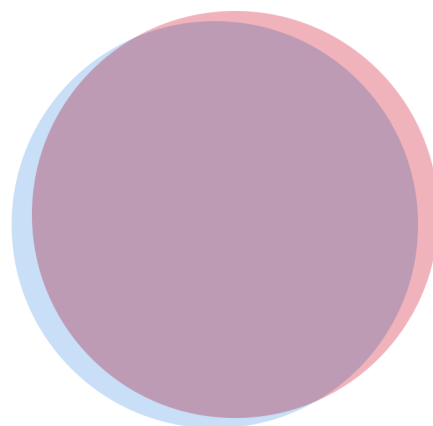
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freelancing

tips

A new freelancer recently described a potentially sketchy situation – a remote client who insisted a contract wasn't necessary – and asked how they can make sure they don't get taken advantage of. While it's impossible to know for sure who will and won't pay you, there are a number of things you can do to tip the scale in your favour.

Building these steps into your process and making them non-negotiable is often enough to scare off anyone who has ill intentions, prevent problems before they occur, and even build trust with the very best of clients.



- Clients who don't want to pay a deposit
- Clients who don't want to pay for finished work

The Venn diagram of freelance misery.

1. Write a contract.

Every time I see someone looking for advice about a client relationship gone wrong, the first question they're asked is whether or not they used a contract, and the answer is usually no. A contract can't stop someone from taking advantage of you, but it might make them think twice, and it will give you better legal footing in case they do.

A client might tell you that you don't need a contract. You can trust them. No need to complicate things. We're all friends here, right? But contracts say more than you'll do X for Y with a pair of signatures on the page. They establish nuanced agreements about things like project scope, intellectual property rights, and what happens if the project goes horribly wrong.

It sounds complicated because it can be. The good news is it doesn't have to be complicated for *you*, and hiring a lawyer isn't always necessary. Free services like [Bonsai](#) or templates like [Contract Killer](#) are available specifically to help freelancers establish legally sound agreements without a law degree.

Insisting on a contract shows that you are serious about your work and the project – you're legally committing yourself, too. Your client may want to negotiate a few of the details. That's normal, but refusal to sign a contract is a good indication that your client may not have your best interest in mind.

2. Don't start work before receiving a deposit.

Deposits are standard in the business world, and even the predatory clients usually know this. Sometimes though, as with contracts, a client will try to convince you to work without one. They might tell you they don't want to pay for something if they don't know they'll like it. Continuing that project is your first step down a long, miserable road.

Maybe the client will be a nightmare, or maybe you haven't sold yourself well enough. It could be a different reason altogether. But if the client doesn't trust you complete the project as agreed, there's a fundamental problem in your relationship that you need to either identify and correct or walk away from.

For short and/or flat rate projects, the deposit is often directly related to the total fee – anywhere from 25–100%, though 50% is common. For larger projects, you can

require the first milestone/week/month to be paid in advance. There's no wrong answer here, so figure out what works for you. Charge as much as you need to feel invulnerable.

3. Receive smaller payments more often.

Instead of getting paid a deposit and waiting until the project is finished for the rest of your fee, split your fee into more payments. A common arrangement is 50% *before you start any work* and 50% after you've finished the work but *before you send it to the client*. For projects that span several weeks or months, "milestone" payments are common; splitting the project into smaller stages.

Using the example of a simple web design project, consider an arrangement like 25% upfront, 25% on approval of wireframes, 25% on approval of a hi-fi design direction, and 25% at the end. This can be more appealing to those nervous clients, as long as you strike a balance between ease of mind and the inconvenience of both parties having to process more invoices. It also means you don't go as long without income if a project is delayed and you don't get stiffed as much if the client disappears.

4. Never use PayPal.

PayPal has benefits; it's convenient, has name recognition, and many people already have accounts. However, PayPal is not very friendly to sellers and even less friendly to those who deal in services. If the client disputes a transaction (claims you didn't do work, or there's an issue with the work you did) and you don't have a bulletproof rebuttal, you will lose all your money. Even the deposit you were so insistent on collecting.

For domestic clients, bank transfers are usually nearly instant and without transaction fees. When that's not an option, [Stripe](#) allows you to easily accept cards online with more seller protection than PayPal. Many online services, including Bonsai, offer invoicing that integrates with Stripe with little setup or hassle. There are lots of other payment options to choose from, especially for US-based freelancers, but make sure you do due diligence about dispute policies.

5. Limit the scope of the project.

In your contract, make it clear what you will and will not do for the project fee. Instead of “the Designer will design a marketing website,” try “the Designer will design a three-page marketing website with features X, Y, and Z. The client is responsible for all of the copy. After the high-fidelity comps are presented, the client may request up to two rounds of revisions.” This prevents the client from later insisting on a four-page website, or requesting change after change while holding your payment hostage.

Whatever terms you decide (ideally based on discussion with the client beforehand) write them with as much detail of your process and the deliverables as possible – and stick to them. If a client asks you during the project to do work that isn’t included in your original agreement, charge an additional fee and create a separate contract or amendment. If the client asks for more revisions than the contract includes, suggest an hourly rate. Give a client an inch and they’ll take a mile.

(Note: Sometimes it’s good for the relationship to do the client a favour or throw in a freebie. Use your judgement. But make sure you understand the rules before you break them.)

6. Communicate well...

Don’t just take a deposit and leave the client in the dark. On longer projects, send the client a weekly progress report. On shorter projects, update them at least every few days. This is in addition to any other emails, calls, meetings, or chat conversations you might have as part of the regular course of a project.

Use these messages to tell or show the client what you have done, tell them what you will do next, and tell them when they will hear from you again. Also, don’t be afraid to involve the client by asking for more information, getting feedback along the way, etc. This often makes them feel more involved in the project (because they are!) and attached to you and the work.

7. ...and leave a paper trail.

Send those updates by email. If you have a phone call or meeting with the client

during which the client approves work or important details are discussed, follow up with another email. “Hi client. I’m glad you’re happy with the progress so far. I will change the red backgrounds to blue like you requested. As agreed, we’ll consider the second milestone complete and I will send the third invoice today. Please let me know if there’s anything I missed.”

These confirmation messages make things easy for you to reference later, and they make it hard for the client to dispute progress, approval, and payments – especially if you build in a reason for them to acknowledge your email with a reply.

8. Don’t send the final product before receiving final payment. Ever.

Send a low-res file. Show the work in a person using your own computer. Use a blatant watermark. Whatever you do, don’t give the client a file they can take and use until they’ve paid you every last cent they owe you. Never give anyone the opportunity to run away with your money while they profit from your hard work.