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credit solutions

Specialist debt recovery division
of Judge & Priestley Solicitors



Orders for Sale

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Since 1889

Increasing Council Tax Collections

In 2016/17 local authorities collected a total of £26.6 billion in council tax, which was a 5.1% increase on the collection figures in the previous year. The average in-year collection rate was 97.2%. Behind the successful increase in collections however is the far more worrying story of what is not being collected. As at 31 March 2017, £2.8 billion of council tax was still outstanding for collection.

This was an increase of 3.7%.

In 2016/17 alone Local Authorities wrote off £172 million of uncollectable council tax.



Orders for Sale

In the current climate as budgets tighten and local authorities are increasingly having to make difficult and painful spending choices, the pressure to maximise council tax collections and draw in some of the £2.8 billion of debt which is outstanding has never been greater.

One of the most used tools in a local authority's collection tool box for non-payers is the approach of obtaining a charging order to secure the council tax owed.

A simple and cost-effective option, this approach particularly for non-responsive debtors provides security for the debt and allows what limited resources the local authority has to be used to maximise the collections of those who are willing to engage.

The charging order provides the theoretical promise of payment at a later date once the debtor is suitably motivated to settle his or her debts or to run a challenge as to liability. Alternatively the local authority awaits the day when the property is sold by choice or by the forced action of some other creditor.

The problem is, over the years debtors have become wise to the above approach. They realise that very often a local authority will secure years of council tax debt and for many the approach provides an often interest-free loan for their council tax liabilities. Further, as years of charging orders have built up, the value of the sums secured increases.

During times where there are no budgetary pressures this may not be a pressing issue, however in the current climate as local authorities face the unenviable choice of which important services to reduce, the natural question is, can they afford to continue building up mountains of secured debt which may take years to turn into cash?

We believe it's time for a change of approach!

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How can we help?

The reality is a charging order is rarely obtained with the intention of giving a debtor an indefinite period of time to pay the underlying debt. Charging orders for council tax should be no different.

At J&P Credit Solutions we have worked with local authorities to assist them in maximising their council tax recoveries. In the current climate it is vital for all local authorities to assess their portfolio of secured council tax cases and consider whether some would be appropriate for further enforcement action and particularly order for sale action.

A creditor can make an application for an order for sale to enforce a charging order they hold over a debtor's property. Given the seriousness of an order for sale for the debtor, simply this threat to move from a final charging order to an order for sale, will often result in initial or renewed engagement with the debtor. The payment of, or the instigation of a payment plan for, the outstanding monies owed can then be arranged.

We have developed a cost-effective and efficient service which will help to ensure you maximise the cash collection from your historical charging order book.

The service includes:

- **A 360-degree review of existing charging orders.**

We appreciate that order for sale action should only be taken as a matter of last resort and it is not appropriate in all cases. We will help you to identify those cases where action is appropriate. Further, we will use our expertise to identify those cases which are most likely to lead to a successful outcome.

- **Treating Customers Fairly and Vulnerability.**

We provide our service with a keen eye in ensuring that no matter what stage of action we are at we treat customers/debtors fairly and further ensure we identify those individuals who may be vulnerable and who might require assistance. We work with our clients to ensure where vulnerabilities are identified, we stop action and ensure the individuals are protected.

- **Cost-Neutral Pricing.**

We have a reputation for delivering innovative cost-neutral pricing solutions wherever possible for our local authority clients. Our shared-risk pricing structure on these cases means we are as committed as you are to ensuring a successful outcome is achieved. Our objective is to deliver a cost-neutral solution to our clients and where possible we seek to recover the costs you incur back from the assets released by the sale of the property.



- **Reputational Risk Management**

We are committed to managing the reputational risk to the local authority. We will work with you to provide impact statements for members on the proposed use of order's for sale. We also provide regular reports on the activities undertaken on your behalf, to show how the process can enhance rather than undermine, your reputation.

- **Complete Transparency**

We provide our clients with 24/7 online access to all of their matters so they can view at a quick and easy glance, precisely what action has been taken on any of their cases. We also work with clients to provide vital management information which can be used to document the increased recoveries and return on activity.

There are clear reasons why it is increasingly important for local authorities to add the ultimate escalation of an order for sale to their collections armoury:

- The growing value and volume of unpaid charging orders.
- Current property market – The charging orders held are only as valuable as the properties they are secured against. In a turbulent property market, there is increased risk that there will be insufficient equity to cover the debt owed.
- It sends a clear message to serial non-payers, e.g. certain landlords of HMO's, who treat the repeat charging order approach as a method of securing often interest-free loans from the council.
- Increasing need to increase cash recoveries.

Council Tax - Order For Sale – Case Study

The case was an example where substantial sums were recovered. The family had no intention of selling the Property in the short or long term.

The debtor had no intention to pay his council tax liability, notwithstanding the fact he was deriving a rental income from the property. The debtor had no real defence to the action and we were successful in recovering the full debt, costs and interest. This meant that not only was the debt recovered, releasing the long standing security, but the whole process was cost-neutral for the client.

1. J&P Credit Solutions was instructed by a Local Authority to seek recovery of council tax debt of approximately £17k.
2. The council had previously secured the debt against the debtor's property in 3 separate charging orders. The debtor had never engaged with the council. The debt had accrued over a number of years.
3. The property was rented out and the debtor owned a separate property where he resided.
4. We sent an initial letter of claim to the debtor, warning of our client's intention to enforce the charging orders by seeking an order for sale. Consistent with his previous non-engagement, he failed to respond.
5. We proceeded to investigate the property including obtaining a valuation which confirmed the property was worth approximately £750,000. The property was subject to one other charge apart from our client's charging orders. We established there was plenty of equity in the property. We also established the debtor was not vulnerable and there were no other reasons why action should not proceed.
6. Proceedings were issued seeking an order for sale.
7. The debtor's family opposed the application on the debtor's behalf, arguing that although the debtor owned property, he did not have the means to pay the debt due.
8. During the course of the Proceedings, notwithstanding the defence raised, we received interim payments totalling around £4,000.
9. The case proceeded to a final hearing and we were successful. As is usual, the court granted the order for sale subject to the debtor being provided a final 28 days to pay the sums owed.
10. The debtor paid within the 28 day period, the full debt owed, costs and interest. A sum totalling £26,000.



The local authority team, headed by Rachel Addai, collects a wide variety of debt types on behalf of many major authorities in London and the Midlands. They have an excellent reputation for the quality of advice given, services delivered and importantly for the successful recovery of amounts owed at the lowest possible cost to the authority.

About Us

Rachel's recommendations by her clients have led to her being listed in The Legal 500 as one of the leading specialist debt collection solicitors in the South East. Please feel free to contact Rachel directly on 020 8290 7356 to discuss the orders for sale service or any other local authority debt recovery issues. Alternatively email Rachel at

raddai@judge-priestley.co.uk

J&P Credit Solutions is the specialist debt recovery division of Judge & Priestley LLP solicitors. We have been providing solutions to our clients' debt recovery issues since 1889.

We always endeavour to enhance the strong reputation we have built over the years for the quality of our service, our innovative cost-neutral fee structures and the successful outcomes we deliver to our clients. The business is regulated by the

Solicitors Regulatory Authority and has additional independently audited accreditations for our practice management procedures - **Lexcel** and information security management - **ISO 27001**.

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We're here to help

If you would like to talk to **Rachel Addai** about orders for sale feel free to call her directly on **020 8290 7356** or email **raddai@judge-priestley.co.uk**, she'll be happy to help.

Or if you have a general enquiry you can call us on **020 8290 0333**.

Specialist Debt Recovery Solicitors

Lexcel
Legal Practice Quality Mark
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IN PEOPLE