

# Revenues Services

*Collecting unpaid Council Tax*

## Recovery and Enforcement Policy

## Collecting Council Tax

The Council's policy is to collect all the Council tax that we are owed and to collect the money as the instalments becomes due.

If the debtor can't keep up payments, we try to help by entering into reasonable arrangements for payment.

Our collection & enforcement policy meets current legislation, but also shows we care for customers.

Our collection & enforcement policy is applied equally and fairly to all customers to make sure we are objective.

We deal with all complaints within 10 working days and, depending on the nature of the complaint, further recovery action may be suspended while the complaint is investigated.

## The Council Tax Demand (Bill)

A bill (demand notice) is issued for council tax before the start of the year (1 April) and there is a right to pay by monthly instalments (up to a maximum of 12).

Instalments are due on the first day of each month (April to January). Customers who elect to pay by direct debit may choose to pay on 1<sup>st</sup>, 7<sup>th</sup> or 14<sup>th</sup> of the month

Details of any reductions (Council Tax Reduction, Discount or Exemption) form part of the bill (either on the reverse of the bill or on the leaflet available on our website)

## Reminders

The first thing the debtor will know about their account not being paid correctly is when they receive a reminder notice. The law states that the debtor must pay the reminder amount within 7 days of receiving the notice.

If the debtor doesn't pay the amount due on the reminder, they will lose their right to pay by instalments and no further reminders will then be sent. **The full remaining balance will then need paying in one payment.**

The law prevents the Council from sending more than two reminder notices in any one tax year.

The debtor will only receive a second reminder notice if they have complied with the terms of the first reminder, but their account has fallen into arrears again.

**Should the customer fall behind with their instalments for a third time within that financial year, the debtor will lose their right to pay by instalments and the full remaining balance will need paying in one payment.**

## After the reminder

The Council encourages people to pay by direct debit.

Following the issue of a reminder notice, the debtor may still make payments by direct debit, by firstly bringing their instalments up to date. Details are shown on the reverse of the reminder.

Where current year debt is paid under an arrangement and the arrangement is paid in full by 31 March, **the Council will consider waiving or refunding any court costs incurred** (but the debtor must apply for this in writing).

The debtor will always be asked to provide financial information relating to their household income so we can assess a mutually acceptable arrangement. This is a legal requirement. Alternatively, the debtor can either complete the Council Tax arrears payment online, or print, complete, then return the PDF version of the Council Tax arrears payment offer.

The Council is not legally obliged to enter into arrangements for payment and only does so as part of its customer care policy.

## The summons

If the debtor has not fully complied with the reminder notice, **or** where an arrangement has been entered into on the understanding that a Liability Order will be obtained, a Summons will be issued.

A Summons is a legal notice asking the debtor to appear at a Magistrates Court, **but only if the debtor disputes the Council Tax amount owed.**

If the debtor knows the tax is correct, but has not paid it, **then the debtor does not need to appear at the court hearing.**

Below is a list of valid reasons for disputing the amount owed in council tax:

1. No entry for the debtor's property exists in the 'Valuation List'.
2. The tax has not been properly set.
3. The tax has not been demanded in accordance with the law.
4. The amount demanded has been paid.
5. More than 6 years have elapsed since the day the tax first became due.
6. The tax is in respect of a 'penalty' which is subject to an appeal.
7. Bankruptcy or winding-up proceedings have been initiated through the County Court.

**An outstanding appeal against the debtor's council tax band value is not a valid defence against the granting of a Liability Order.**

The debtor should contact our customer services if they cannot pay the amount due. The debtor may be able to enter into a **suitable arrangement** to pay their Council Tax

## Enforcement

Once the Magistrates have granted the Liability Order, the debtor will be sent a notice telling them of this and the debt due under the order. This notice will also ask the debtor to provide certain financial information.

The debtor **must** complete and return this information within 14 days. **Failure to do so is an offence.**

Also, without this information, the Council is unable to stop any further action or assess a suitable arrangement.

If the full financial information is not provided, or an arrangement has not already been entered into, then the Council has the right to decide the options for enforcement, which are shown below:

1. **Attachment of Earnings Order** This allows the Council to deduct money direct from the debtor's earnings.
2. **Deductions from Income Support , Job Seeker's Allowance (JSA) or Employment Support Allowance(ESA)**This allows the Council to make fixed sum deductions from the debtor's benefit entitlement.
3. **Enforcement Agent action** Enforcement Agents are used only if an attachment is not an option or the debtor has not made a suitable payment arrangement. They have legal powers, but must observe a 'Code of Practice' laid down by the Council. Once the debt has passed to them, any arrangements have to be agreed direct with the agent. The Enforcement Agents act on behalf of the Council to recover the debt, either by making suitable arrangements, or removing goods and selling them at auction.

The 'Code of Practice' agreed with the Council requires that they:

- Must reply within 10 working days to letters sent to them.
- Must send at least two letters before making a visit.
- Must make at least 2 telephone calls if applicable before making a visit
- Should enter into arrangements, where possible.

When an Enforcement Agent makes a visit, he will gather and record information that will help in making decisions about further recovery options, should his action be unsuccessful. These would include issues such as :

- The state of mind and wellbeing of the debtor
- Any vulnerability issues
- Any disputes relating to the council tax
- Any financial details/valuable goods which can be levied upon
- The Agent's opinion on the debtor's ability to pay

## Remedies of last resort

The following recovery options will only be instigated if the remedies above have proven ineffective. The Council will make all reasonable efforts to contact the debtor before the appropriate remedy of last resort is chosen. Each debt is carefully considered by the Council before proceedings begin, taking into account all personal circumstances, reviewing the debtor's case history – including whether there are any unresolved disputes relating to claims for benefit, discounts or exemptions. This is why it is important that the debtor keeps us informed and always supply us with the information that we request. We will also establish the relationship between the size of the debt and the amount of costs that will be incurred

**4. Insolvency (minimum debt level £5,000/750)** The Council can enter a petition against the debtor to have the debtor declared bankrupt or have a company wound up. There are considerable costs involved in this process, which are payable by the debtor. **NB: The debtor's home may be at risk in such proceedings.**

**5. Charging orders (minimum debt level £1,000)** The Council may register a charge on a property for the debt to be discharged from the proceeds of sale of the property. The Council may also apply for an order that the property be sold without any reference to the debtor.

**6. Committal Proceedings** This will mean that the Council will issue a warrant for the debtor's arrest (backed with bail) to appear before the Magistrates Court in order that a means enquiry can be carried out. The Court will examine the debtor's 'means' and decide if the non-payment is due to 'wilful refusal' or 'culpable neglect.' The Magistrates' are empowered to pass sentence of 90 days imprisonment for each debt covered by a Liability Order.

## Cost breakdown

### Summons:

Issue of a summons and obtaining a Liability Order £80.

### Enforcement Agent charges (estimated):

On referral from the Council - £75.

Visit - £235 (+7.5% of the value of the debt if over £1500)

Sale of Goods = £110 (+7.5% of the value of the debt if over £1500)

### Committal:

Commencement of proceedings £315

Additional Arrest Warrants £75.

The above is not an exhaustive list and additional costs may be incurred by debtors at all stages of the enforcement process

## Debt Counselling Services

As the Council does not provide a debt counselling service, we promote the following;

[www.NationalDebtline.co.uk](http://www.NationalDebtline.co.uk) or 0808 808 4000

[www.cccs.co.uk](http://www.cccs.co.uk) or 0800 138 1111 (Consumer Credit Counselling Service)

Citizens Advice – [www.nottinghamcab.org.uk](http://www.nottinghamcab.org.uk) 0115 938 8050