

Fact Sheet DA/022: Council Tax Arrears

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Overview

If you have to pay Council Tax, it is really important to make it a priority for payment, because not paying it can have serious consequences.

If you do not pay a Council Tax payment that is due on time, you will first receive a reminder requiring payment within seven days. If you fail to pay, the local authority can demand you pay the full amount for the year and also apply to a Magistrates' Court for a liability order. If this happens, you have costs added to the debt.

Enforcement of a liability order includes direct deduction from wages or benefits, or bailiffs (see our '**Bailiffs - Enforcement Agents**' fact sheet) taking certain assets from you to sell.

Liability order

This is a court order issued by the Magistrates' Court, that states you owe council tax but have not

paid it. The local authority will also add on any court costs they have had to pay.

If another person is responsible for paying council tax at a property, the local authority can ask for a liability order against both people.

If the local authority obtains a liability order and you do not pay the amount required, they can ask you to give them certain information. This information can be used to decide how to recover unpaid council tax.

They can also take further action against you. This is called enforcement action and can include:

- The use of bailiffs (enforcement officers) to try and seize your possessions
- Direct deductions from your earnings
- Direct deductions from your benefits
- By obtaining a charging order (where the debt is secured on a property you own)
- By issuing a Statutory demand with a view to make you bankrupt
- Committal proceedings leading to imprisonment

Information request

The local authority can request you inform them in writing of the following:

- Your employers name and address
- Details of your earnings
- Information about certain deductions taken, or expected to be taken, from your wages
- Your employee, works/reference number
- Information about other income you receive
- The names of anyone else liable for the debt

You have 14 days to provide your local authority with this information. It is a criminal offence to provide false information, or to not reply at all.

Bailiffs (Enforcement Agents)

Once the local authority has obtained a liability order they can instruct bailiffs (normally a private bailiff firm) to act on their behalf. They will try to remove your possessions to sell at auction at a later date. The process used is 'taking control of goods'.

See our '**Council tax arrears taking control of goods**' fact sheet for more information.

Deduction from earnings

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The local authority could ask your employer to take regular deductions from your earnings for repayment of the arrears. This is called an 'attachment of earnings order'. The deductions will be made from your 'net income' (after tax and national insurance) via a sliding scale as per the table below. This type of enforcement cannot be used if you are self-employed.

Deductions from net monthly income (orders on or after 1 April 2007)

Net monthly earnings	Deduction rate %
£0 - £300	0
£301 - £500	3
£551 - £740	5
£741 - £900	7
£901 - £1,420	12
£1,421 - £2,020	17
£2,021 or more	17 for first £2,020 and 50 for remainder

You may be able to negotiate a fixed deduction, to save your employer having to do a separate calculation each pay day.

You should also check your contract of employment, in some jobs, being in debt may be a disciplinary offence. For example, if you are in a job handling money, a deduction from earnings could put your job at risk. If this is the case, you should explain this to the local authority and point out if you lose your job they will get even less money.

You may owe your local authority several years of council tax. If so, they can have a maximum of two attachment of earnings orders at one time, but usually payments are taken one at a time.

Deductions from benefits

Once a liability order has been made, the local authority can apply for a third party deduction from certain benefits if you receive them. The benefits they can take deductions from are; Income Support, Pension Credit, income-related or contribution-based Employment and Support Allowance, income-based or contribution-based Jobseeker's Allowance or Universal Credit.

Charging Orders

For debts of £1,000 or more, and if you own your own home, the local authority can apply to the County Court for a legal charge to be placed on the home of which you owe the council tax. This means the debt becomes secured on your home, and so may put your home at risk.

Bankruptcy

If you owe £5,000 or more the local authority can take steps to make you bankrupt. For example, you could owe council tax going back over several years. If the local authority tries to do this without considering other options first you could complain to the Local Government and Social Care Ombudsman (LGSCO): www.lgo.org.uk. You must complain to your local authority first though.

Imprisonment

The law in Wales, relating to imprisonment, was changed on 1 April 2019. You can no longer be sent to prison for council tax arrears in Wales.

In England, the local authority often use bailiffs and may then apply to the Magistrates' Court for committal proceedings. The court will deliberate as to whether you have wilfully refused to pay and if you are guilty of culpable neglect.

Before attending the court, you will have received a summons to attend the Magistrates' Court or you will have been issued with a warrant for your arrest.

The court is required to carry out a means enquiry before they decide to send you to prison and they will look at the reasons why you have not paid your council tax debt. The court will ask you questions about your circumstances, including your financial situation, it will be beneficial to ensure you have drawn up a budget sheet before you arrive. You should contact a local advice centre, law centre or solicitor for advice. Most magistrates' courts will have a duty solicitor scheme, on the day, that may be able to help you. You may qualify under the Legal Help scheme for a solicitor to help you at the hearing depending on your income. When you go to court take proof of your payments and copies of any letters where you have tried to negotiate an arrangement.

Local Government and Social Care Ombudsman (LGSCO)

If you think that the local authority has not followed correct procedures or behaved appropriately you should send a letter of complaint. If you are not happy with their response or not heard back after twelve weeks you can escalate your complaint to the LGSCO. Visit www.lgo.org.uk to access an online complaint form or telephone them on **0300 061 0614** for help with making your

complaint.

If the LGSCO finds that the council has done something wrong they could ask them to:

- Apologise
- Take action or make a decision
- Reconsider a decision, if they did not consider it properly in the first place; and
- Make a payment to cover any costs or losses you have occurred

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