



Dealing with DEBT

A COMPLETE
HANDBOOK

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Dealing with debt a complete handbook

Eight self-help guides on dealing with unsecured debt, court action, enforcement, and the recovery routes available after a failed IVA.

This is a complete handbook for dealing with unsecured debt in the United Kingdom. It brings together eight self-help guides covering the situations most people face: the basics of taking control of your debts, the budget format the whole UK system uses, what to do at every stage of court action, how to handle council tax arrears, how to deal with debt collectors and debt purchasers, what your rights are when bailiffs are involved, how to respond to letters from creditor solicitors, and the recovery routes available to people whose IVA has failed.

Templates are provided for every formal letter you might need to send. Scripts are provided for the conversations you might need to have. The aim is to give you the tools to take this on yourself, without paying anyone a fee or a commission to do it for you.

It is general information only. It is not legal advice, financial advice, or debt counselling. Free independent advice is available from Citizens Advice, National Debtline, MoneyHelper, and local independent debt advice agencies. You may also choose to instruct a regulated solicitor on a no-win-no-fee basis for matters that go beyond ombudsman complaints.

Important — please read before using this handbook

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This handbook is an **educational resource** that explains how debt processes work in the United Kingdom. It is not advice and is not a substitute for advice tailored to your circumstances.

The handbook does not assess your individual circumstances. It does not recommend any specific course of action for you. It does not weigh up which option is best in your case. Those judgments are yours to make, and you may want regulated advice before making them.

You are responsible for any decisions you make based on this information. If your situation is complex, urgent, or involves large sums, consider getting regulated advice before acting. Free advice is available from Citizens Advice, National Debtline, MoneyHelper, and local independent debt advice agencies. Regulated solicitors offer no-win-no-fee arrangements for many consumer credit matters.

The procedural detail in this handbook is for England and Wales unless the text says otherwise. Scotland follows broadly similar principles but with different terminology and a five-year prescription period in place of the six-year limitation rule. Northern Ireland has its own court rules. If you are in Scotland or Northern Ireland, check the position locally before relying on procedural steps.

How to use this handbook

This handbook is built so you can read it from start to finish, or jump to the section that matches your situation. Most people use a combination — they read the main self-help guide first to take stock, build their budget using the SFS guide, and then go to the specific guide that matches the most urgent thing they're dealing with.

If you don't know where to start

Begin with Guide 1 — the main self-help guide. It walks through stopping the bleeding, listing all your debts, separating priority from non-priority, and building a plan. Then read Guide 2 (Building Your SFS Budget). Those two together give you the foundation everything else rests on.

If you have a specific problem

Skip ahead to the guide that matches:

- **You've received a court claim form** — Guide 3, How to Deal with CCJ Debts.
- **You're behind on council tax** — Guide 4, How to Deal with Council Tax Debt.
- **Debt collectors or debt purchasers are chasing you** — Guide 5, How to Deal with Debt Collectors.
- **Bailiffs are involved or threatened** — Guide 6, How to Deal with Bailiffs.
- **A solicitor is writing to you on behalf of a creditor** — Guide 7, How to Deal with Solicitors.
- **Your IVA has failed, terminated, or ended without writing off your debts** — Guide 8, After a Failed IVA.

Cross-references between the guides

The guides are designed to work together. Guide 2 (the SFS budget) is referenced throughout — every other guide has a short SFS reference box pointing back to it, so you don't have to flip back and forth more than necessary. Guide 8 (After a Failed IVA) cross-refers to the enforcement guides for current-debt management while complaints are running.

Templates and scripts

Each guide has its own appendix of letter templates and phone scripts. You can use them directly — copy the text, fill in the placeholders, send the letter. Templates are written in plain English and reference the FCA Consumer Credit sourcebook (CONC), the Consumer Credit Act 1974, and the relevant procedural rules where appropriate.

England and Wales

The procedural detail in this section applies to **England and Wales**. Scotland uses different terminology and a five-year prescription period; Northern Ireland has its own court rules. Check the local position if you are not in England and Wales.

Contents

Guide	Title	What it covers
1	An Unsecured Debt Self-Help Handbook	The starting point. Stopping the bleeding, listing your debts, priority vs non-priority, building a plan, contacting creditors, sustainable arrangements.
2	How to Build Your SFS Budget	The Standard Financial Statement budget format used by every UK creditor, court, and advice service. Per-head ceilings, ranged categories, worked examples, blank worksheet.
3	How to Deal with CCJ Debts	County Court Judgments — claim forms, deadlines, N9/N9A/N9B/N244/N245, set-aside, the 30-day rule, enforcement methods including TPDOs and charging orders.
4	How to Deal with Council Tax Debt	Reminder, final notice, summons, liability order, recall from bailiffs, Council Tax Reduction, Section 13A hardship, severe mental impairment disregard, discounts and exemptions.
5	How to Deal with Debt Collectors	Lowell, Cabot, PRA, Intrum and other debt collectors and debt purchasers. CONC rules, Section 77/78 requests, dispute letters, statute-barred debt, settlement negotiation, complaints.
6	How to Deal with Bailiffs	Enforcement agents in England and Wales — Taking Control of Goods Regulations 2013, the £75/£235/£110 fee scale, peaceful entry, exempt goods, vulnerability, Controlled Goods Agreements.
7	How to Deal with Solicitors	The Pre-Action Protocol for Debt Claims, Letters Before Action, Reply Forms, statutory demands, charging orders, costs disputes, complaints to the firm, Legal Ombudsman, SRA, FCA, and FOS.
8	After a Failed IVA — what next?	Mis-selling questions, SIP 3.1, debt packagers, the five recovery routes (IP firm complaint, packager complaint, FSCS, irresponsible-lending, solicitor-led), template letters and SAR templates.

Each guide is preceded by a short safety insert covering the same key disclaimers, so a reader who jumps straight to a specific guide does not miss them.

This handbook provides general information about dealing with unsecured debt in the United Kingdom. It is not legal advice, financial advice, or debt counselling. Free independent advice is available from Citizens Advice, National Debtline, MoneyHelper, and local independent debt advice agencies. The procedural detail is for England and Wales; Scotland is broadly similar but uses different terminology and timeframes.

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The remainder of this handbook explains how UK debt processes work in general terms. The detail is for England and Wales unless the text says otherwise.

Two protections deserve to be flagged at the start of this handbook because they are routinely missed: the **Debt Respite Scheme** (Breathing Space), which gives a statutory pause on enforcement and interest; and the limits of **statute-barred status**, which is a powerful protection but does not cover every situation. Both are summarised below and revisited later in the handbook.

Breathing Space — a 60-day legal protection

The **Debt Respite Scheme** (Breathing Space) is a statutory protection in England and Wales. A standard Breathing Space lasts **60 days** and during that period most creditors must stop enforcement, stop adding interest, fees and charges, and stop most contact about qualifying debts. There is also a **Mental Health Crisis Moratorium** that lasts as long as the mental health crisis treatment plus 30 days.

Breathing Space is accessed through an FCA-authorized debt advice provider — free providers include Citizens Advice, National Debtline and local independent debt advice agencies. You cannot apply yourself; an authorised adviser does it for you. The full Breathing Space treatment, including who qualifies and what is covered, is in the main self-help handbook (Guide 1).

When statute-barred status does NOT apply

Statute-barred status is a powerful protection but it has important exceptions. Limitation does **not** protect you in the following cases:

Once a CCJ has been entered. If the creditor has already obtained a County Court Judgment, the six-year clock does not run in the same way and the judgment remains enforceable.

Mortgage shortfall debts. The limitation period is **twelve years** for the principal under a mortgage shortfall (Limitation Act 1980, s.20), with six years for interest.

Crown debts (HMRC, certain DWP overpayments). The Crown is not bound by the Limitation Act 1980 in the same way and HMRC's powers to recover unpaid tax run on different timescales. Some benefit overpayments can be recovered indefinitely through deductions from current benefits.

Council tax once a liability order has been obtained. Different rules apply after the magistrates' court has granted a liability order.

Scotland. The equivalent rule is **five-year prescription** under the Prescription and Limitation (Scotland) Act 1973, with different rules on what interrupts the period.

If any of these may apply, do not rely on the general statute-barred wording — check your specific facts and consider getting independent advice before responding to a creditor.

Dealing With Unsecured Debt

A do-it-yourself, step-by-step handbook for handling your own creditors.

This handbook is for people in the United Kingdom who want to deal with their own unsecured debts — credit cards, loans, overdrafts, catalogue accounts, store cards, buy-now-pay-later, council tax, utility arrears — without paying anyone to do it for them.

It walks you through the whole process from the first letter you open to the last debt cleared. It includes template letters you can copy, phone scripts you can read out, and a clear order to do things in.

It is general information only. It is not legal advice, financial advice, or debt counselling. Always seek independent advice if your situation is complex or if you are unsure.

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Part One

Getting the picture

Before you do anything with anyone, you need a clear picture of what you owe, who you owe it to, and what you can actually afford. Skipping this part is the most common mistake people make — they react to whichever creditor is shouting loudest instead of looking at the whole situation. Spend a few hours on Part One before you write a single letter.

STEP 1

Stop, breathe, and don't make it worse

Before anything else, take a single deep breath. Almost nothing about your situation needs to be solved today. Almost every option you have will still be open in two weeks. The things that *do* need to happen quickly — opening post, knowing what's coming — are the things on this page.

Do these five things in the next 24 hours:

- 1 Open every unopened letter.** Yes, even the brown ones. You can't deal with what you can't see.
- 2 Put them all in one place.** A box, a folder, a drawer — anywhere they're together.
- 3 Stop using credit.** No new cards, no new loans, no buy-now-pay-later, no overdraft top-up. Today.
- 4 Cancel all continuous payment authorities you don't recognise or can't afford.** Phone your bank if you need to. The bank must cancel them when you ask.
- 5 Tell one person you trust.** A partner, a sibling, a close friend. Saying it out loud takes ninety per cent of the weight off your shoulders.

DO

- ✓ Open every letter, no matter how old.
- ✓ Take a few days before agreeing to anything.
- ✓ Stop using credit completely from today.
- ✓ Tell someone you trust.
- ✓ Keep a paper trail — start a folder.

DON'T

- ✗ Don't borrow more to pay debts.
- ✗ Don't agree to anything on a cold call.
- ✗ Don't pay any company a fee to 'help'.
- ✗ Don't make panic payments to whoever shouts loudest.
- ✗ Don't hide it from family — it almost always gets worse.

STEP 2

Build your debt list

Get a notebook, a spreadsheet, or just one big sheet of paper. You're going to make a complete list of everything you owe. Don't worry about being neat — you'll redo it once you have your credit file (Step 3). Right now, write down everything you can remember.

For each debt, write down these eight things:

- **Creditor name** — the company you originally borrowed from.
- **Who's chasing you now** — sometimes a different company has bought the debt.
- **Account or reference number** — from any letter or statement.
- **Type of debt** — credit card, loan, overdraft, council tax, gas, etc.
- **Current balance** — what they say you owe today.
- **Monthly contractual payment** — what you're meant to pay each month.
- **Date of last payment** — when did you last pay anything? (This matters for Step 16.)
- **Status** — up to date, missed payments, defaulted, in collection, with solicitors, in court.

Use this layout

Across the top of a page, write the eight headings. Down the side, one row per debt. Don't try to do this in your head. Even people with two debts find new things they'd forgotten when they write it out. People with ten debts almost always discover one or two they thought they'd dealt with.

When the list is done — even if it's rough — add it up. The total is almost always less scary than the figure people carry round in their head. Sometimes it's bigger, but it is always more *real*, and real numbers are easier to deal with than imagined ones.

STEP 3

Get your credit file (free, the proper way)

Your debt list from memory will be incomplete. Almost everyone forgets a closed account, an old overdraft, a catalogue debt sold on years ago, or a default they didn't know about. Your **statutory credit report** shows you everything any UK lender has reported on you.

There are three credit reference agencies in the UK:

- **Experian**
- **Equifax**
- **TransUnion** (formerly Callcredit)

Different lenders report to different agencies. To see everything, get all three. Statutory reports are **free by law** — you do not need to sign up for a paid subscription to see your debts. The free service may be slower or harder to find on the agencies' websites, but it shows you the same information.

Watch out for the trap

Each agency offers a 'free trial' of a paid product alongside the genuinely free statutory report. The free trial is the one they push hardest. Look for the words '**statutory credit report**' or '**statutory report**'. If a card is being asked for, you're on the wrong page. Statutory reports require no payment details whatsoever.

What to look for on the report:

- Accounts you'd forgotten about.
- Defaults — the date a creditor formally said the account had failed.
- CCJs — county court judgments registered against you.
- Anything you don't recognise (could be identity theft, or a debt sold on under a different name).

Go back to your debt list from Step 2 and add anything you missed. If something on the credit file isn't on your list, find out what it is — phone the creditor and ask, or wait for them to write to you (they will).

STEP 4

Sort your debts: priority vs non-priority

This is the most important concept in the whole guide. Every debt falls into one of two categories — and the categorisation has nothing to do with the size of the debt or how loudly the creditor is shouting. It is based on what they can do to you if you don't pay.

Priority debts — pay these first, always

These are the debts where the consequences of not paying are severe: losing your home, losing your fuel supply, having goods taken, going to prison, or being prosecuted.

- Mortgage or secured loan arrears (you could lose your home)
- Rent arrears (you could be evicted)
- Council tax (bailiffs, attachment of earnings, in extreme cases prison)
- Gas and electricity (disconnection or forced prepayment meter)
- Court fines (bailiffs, attachment of earnings, prison in some cases)
- Child maintenance (enforcement action)
- Income tax, VAT, National Insurance owed to HMRC
- TV licence (criminal prosecution)
- Hire purchase on essential goods (the goods can be repossessed)

Non-priority debts — important, but second in the queue

- Credit cards and store cards
- Personal loans (unsecured)
- Overdrafts
- Catalogue and mail-order accounts
- Buy-now-pay-later
- Payday loans
- Money owed to family or friends
- Old debts sold on to debt-purchase companies

The golden rule

A non-priority creditor that shouts loudly is still non-priority. Don't let pressure from a credit card company push you into missing your council tax. The legal consequences of missing those two things are in completely different categories. The noisy creditor is almost never the one who can do the most damage.

Mark every debt on your list with a **P** for priority or **N** for non-priority. From this point on, your priority debts come first in every decision you make.

STEP 5

Build your real budget

You can't tell a creditor what you can afford until you know what you can afford. And you can't know that without writing it down. Doing this in your head doesn't work — the numbers are always wrong.

Three columns. That's it.

Take a sheet of paper. Three columns:

- **Column 1 — Income.** Wages, benefits, pension, maintenance, anything regular. Use the figure that actually arrives in your account, not the gross figure.
- **Column 2 — Essential outgoings.** Everything you must pay to keep a roof over your head, the lights on, food on the table, and yourself in work.
- **Column 3 — Debt repayments.** Whatever's left after Columns 1 and 2 is what's available for unsecured debts.

What goes in Column 2 (essentials):

- Rent or mortgage
- Council tax
- Gas, electricity, water
- Food and household shopping
- Travel costs (especially to and from work)
- Childcare
- Insurance you genuinely need (buildings, contents if renting, car if used for work)
- Phone and basic broadband
- Clothing (a realistic monthly average — clothes do wear out)
- Personal costs — toiletries, haircuts, basic personal items
- Prescription costs and other essential medical
- School costs — uniform, trips, lunches
- A small contingency for things that break

Be honest, not optimistic

A budget that says you have £200 a month spare when you really have £30 will collapse within two months. Creditors would rather have a sustainable £30 than a defaulted £200. If your budget feels too tight to be real, it almost certainly is — go back and add the things you missed: the haircut, the school trip, the boiler service, the birthday, the dentist.

Where you end up:

Add up Column 2 and subtract it from Column 1. The result — your **monthly surplus** — is what's available for unsecured creditors. It might be:

- **Healthy (£100+):** you can probably negotiate sustainable repayments with everyone.

- **Tight (£20–£100):** you'll need to spread it carefully across non-priority debts.
- **Token (£1–£20):** you'll be offering token payments — small fixed amounts that maintain communication while you sort out a longer-term plan.
- **Zero or negative:** a finding, not a failure. It means you have nothing for unsecured creditors right now, and that is the truth they need to hear.

Part Two

Handling your creditors

Now you know what you've got, who you owe, and what you can afford. From here on, every interaction with a creditor follows a few simple rules. Get the rules right and the process becomes mechanical. Get them wrong and you'll spend years going round in circles.

The four rules of dealing with creditors

- 1 Everything in writing.** Email or letter. Phone calls are for emergencies, and even then you follow them up in writing.
- 2 One pace — yours.** They want you to react. You decide when to respond.
- 3 One number — your real surplus.** You don't offer more than your budget says you can afford. Ever.
- 4 Keep everything.** Every letter, every email, every reference number. A folder, a notebook, a labelled inbox folder — whatever works.

Decide your strategy

Before you write to anyone, decide what your overall plan is. There are five honest strategies you can run yourself. Most people end up with a combination — different strategies for different debts.

Strategy A — Pay it all back, slowly

If your surplus is reasonable and you're prepared to take a few years, you can negotiate reduced monthly payments with each creditor and clear the debts in full. Most creditors will accept this if you give them a sensible budget. Interest may or may not be frozen — ask for it to be (Step 11).

Strategy B — Token payments while you wait it out

If your surplus is very small or zero, you offer each non-priority creditor £1, £5 or £10 a month — whatever you can genuinely afford. This isn't 'paying off' the debt; it's keeping the creditor in dialogue while you stabilise. Token payments are an established, well-understood arrangement. Creditors won't love them, but they'll accept them once they see your budget.

Strategy C — Full and final settlement

If you can find a lump sum (savings, family help, a redundancy payment, a pension lump sum), you can offer to pay a percentage of each debt in exchange for the rest being written off. Old debts sold to debt purchasers can sometimes be settled for as little as 10–25p in the pound. Newer debts with the original lender are usually more expensive to settle. This is covered properly in Step 12.

Strategy D — Wait for the debt to become statute-barred

For some old debts that are no longer being actively chased, the simplest strategy is to wait. After six years (in England, Wales and Northern Ireland) or five years (in Scotland) without payment or written acknowledgement, an unsecured debt becomes **statute-barred** and cannot be enforced through the courts. This is covered in Step 16. **Important:** never use this strategy on a debt that is being actively pursued in court — engage with the court process instead.

Strategy E — Walk away (insolvency)

If your debts are larger than you can ever realistically repay, the honest answer is a formal insolvency procedure: a Debt Relief Order (low income, low debt, few assets — and the application fee was abolished in April 2024) or bankruptcy. These are not part of this self-help handbook because they have legal consequences that depend on your individual circumstances. If your numbers point towards them, they are real and legitimate options — get independent advice before applying.

Mixing strategies is normal

You might pay your council tax in full, run a token-payment strategy on three credit cards, settle one old catalogue debt for 15p in the pound, and wait out a 2018 payday loan that's gone quiet. There's no rule that says you have to do the same thing with every debt. Pick the right strategy for each one.

STEP 7

The opening letter to every creditor

Once you've decided your strategy, you write the same opening letter to every non-priority creditor. The letter does five things:

- 1 Tells them you are in financial difficulty.
- 2 Asks them to pause action for 30 days while you sort things out.
- 3 Asks for interest and charges to be frozen.
- 4 Tells them how you want to be contacted (in writing only).
- 5 Asks them to confirm in writing what they'll do.

This letter is in Appendix A. Write or email it to every non-priority creditor on the same day. Keep a copy of each one and a record of the date you sent it.

What about priority creditors?

Priority creditors get a different, more urgent letter — also in Appendix A. With priority creditors, the conversation is about how you'll *keep paying*, not how you'll pay less. You may need to engage by phone as well as in writing because of how fast some priority enforcement can move (council tax, in particular).

Why the 30-day pause?

Most regulated UK creditors will agree to a short pause — typically 30 days — when a customer says they are in financial difficulty and is putting together a budget. It's a well-established practice and it gives you time to write to everyone, get all their responses back, and work out exactly what to offer each of them. You don't need their permission to take that time. Asking for it just makes it official.

STEP 8

How to handle the phone

Creditors prefer the phone because it's faster for them and harder for you. On the phone, agents are trained to push you for a payment and a date. In writing, they have to think about what they say and you have time to think about what you reply.

The simple rule

You don't have to take their calls. No law in the UK requires you to answer the phone to a creditor. Letting calls go to voicemail and dealing with everything in writing is a perfectly legitimate way to manage your debts.

If you do answer

Stay polite, stay calm, and keep control of the conversation. Use the phrases in Appendix B. The two most useful are:

- *'I'm not in a position to discuss this on the phone today. Please put everything in writing.'*
- *'I'm dealing with several creditors at once and I'm only making decisions in writing. Please write to me and I'll respond in writing.'*

You don't have to explain. You don't have to apologise. You don't have to give them new information. If they keep pushing, you say it again — calmly — and end the call.

Never agree to a payment over the phone

Phone agents are paid (sometimes commissioned) on getting payments and arrangements today. The arrangement they get out of you on the phone may not be sustainable, may not include interest freezing, and may include a continuous payment authority that takes money you can't spare. Always say: **'Put it in writing and I'll consider it.'**

Stopping the calls

If creditor calls are constant, you can — and should — write to them and ask them to communicate by post or email only. Most regulated creditors will comply. If they don't, persistent unwanted phone calls can be a breach of FCA rules and grounds for a complaint (see Appendix C).

STEP 9

Dealing with priority creditors

Priority debts get dealt with first, separately, and properly. The conversation is not about reducing payments — it's about avoiding the serious consequence (eviction, disconnection, prosecution).

Mortgage or rent arrears

Contact your lender or landlord straight away — by phone first, followed up in writing. Mortgage lenders are required by FCA rules to consider forbearance: extending the term, reducing payments temporarily, switching to interest-only for a period. Landlords vary, but most prefer a payment plan to the cost and hassle of eviction. Never just stop paying without telling them.

Council tax arrears

Council tax is one of the fastest-moving debts in the UK system. Miss two instalments and you usually lose the right to pay by instalments — the whole year's bill becomes due. Contact the council immediately. Ask to be put on a payment plan. Most councils will agree. Always check whether you're entitled to Council Tax Reduction (Council Tax Support) — many people who would qualify never claim it.

Gas and electricity

Suppliers can apply for a warrant to fit a prepayment meter, but this process takes time and can be paused if you engage. Phone your supplier, ask for their priority services register if you have a vulnerability, and ask about a payment plan or — if you have very low income — Fuel Direct (deductions from benefits direct to the supplier, which actually protects you).

HMRC (tax)

HMRC has a 'Time to Pay' arrangement system. Phone them, explain you can't pay, propose a monthly amount based on your budget. They are usually reasonable if you engage early and stick to what you agree. They are unreasonable if you ignore them.

Court fines

Apply to the court for time to pay or a reduction in instalments. The form for varying a court fine is straightforward — ask the magistrates' court fines office. Don't ignore them: court fines escalate to bailiff visits and, in extreme cases, prison.

Dealing with non-priority creditors

Non-priority creditors are the ones most people are most frightened of, but they have the fewest powers. They can phone, write, send default notices, sell the debt on, and ultimately take you to the county court for a CCJ. None of those things happens overnight, and almost all of them can be managed.

The standard sequence

- 1 You send the opening letter (Step 7, template in Appendix A).
- 2 They reply, usually within two to four weeks. They may agree the 30-day pause, ask for a budget, or just send a generic 'we're sorry to hear that, please call us' letter.
- 3 You send your budget and your offer (template in Appendix A) — based on what your Step 5 budget says you can afford.
- 4 They accept, counter-offer, or refuse. If they accept, you start paying the agreed amount. If they counter or refuse, see Step 11.
- 5 You set up the payment by standing order. **Not direct debit, not continuous payment authority.** A standing order is set up by you and can only be stopped by you.
- 6 You review the situation every six months (Step 14).

If a debt has been sold on

Many older non-priority debts are sold by the original creditor to a debt-purchase company, often for a small fraction of the balance. The new owner can be more flexible than the original lender — they bought the debt cheaply, so even a small recovery is profit for them. Settlement offers (Step 12) work especially well with debt purchasers.

Standing orders, not direct debits

Always pay by **standing order**, never direct debit, and never give a creditor your card details for a continuous payment authority. With a standing order:

- **You** set the amount.
- **You** set the date.
- **Only you** can change or cancel it.

With a direct debit, the creditor can change the amount they take. With a continuous payment authority, they can take whatever they want from your card. Standing orders give you control. The other two give them control.

Negotiating reduced payments

When you write to a creditor offering a reduced monthly payment, you are doing something they deal with thousands of times a week. There is nothing to be embarrassed about and nothing unusual about your request. The script is well-established.

What you ask for

- 1 **A reduced monthly payment** based on your budget. State the figure clearly.
- 2 **Interest and charges to be frozen** while the reduced payments are in place. Without this, your debt grows faster than you can pay it down.
- 3 **No further default fees** as long as you keep to the arrangement.
- 4 **A minimum review period** — say six months — before they ask for a higher payment.
- 5 **Confirmation in writing** of whatever they agree.

If they say no

Many creditors will counter-offer rather than refuse outright. If they do refuse the amount you've offered, your reply is simple: **'My budget shows I can afford £X. I'm not able to offer more without going into deficit elsewhere. I will pay £X by standing order from the [date]. Please continue to consider freezing interest.'**

Then start the standing order anyway. Pay what you can afford. A creditor cannot force you to pay more than you have. They can refuse to formally accept the arrangement, but they will still bank the money.

Frozen interest is a big win

If a creditor freezes interest while you're paying a reduced amount, every pound you pay reduces the balance. If they don't, your reduced payment may not even cover the interest, and you can pay for years without making progress. It's worth pushing — politely, in writing, repeatedly — to get interest frozen. If you have to, complain (Appendix C) on the basis that not freezing interest while you're in financial difficulty isn't fair treatment.

If they keep adding charges

Document every charge added after you wrote to them. Charges piled on a customer in known financial difficulty are exactly the sort of thing the Financial Ombudsman looks at. Send a written complaint and, if their final response doesn't resolve it, take it to the Ombudsman (Appendix C, free service).

Negotiating a full and final settlement

A 'full and final settlement' is where you offer a creditor a one-off lump sum in exchange for them writing off the rest of the debt. Done correctly, this can be the fastest, cleanest way to clear unsecured debt.

Where the lump sum comes from

- Savings (yours, or from family who are willing to help)
- A redundancy payment
- A pension lump sum
- A tax rebate
- An inheritance
- Selling a non-essential asset

The money has to be ring-fenced

If you offer a settlement and it gets refused, the money still has to be available — you can't have spent it. Keep it in a separate account, don't dip into it, and only release each settlement when the creditor's written acceptance arrives.

What percentages are realistic

It depends on the age of the debt, who owns it now, and your circumstances. As a general guide:

- **Recent debts with the original lender:** 50–70% is typical, sometimes more.
- **Older debts still with the original lender:** 30–50% is often achievable.
- **Debts sold to debt purchasers (older non-priority debts):** 10–25% is realistic, sometimes lower.
- **Very old debts that have been written off internally:** sometimes settled for very small percentages.

How to do it — the sequence

- 1 Write to the creditor (template in Appendix A) explaining you can offer a one-off settlement of £X (a percentage of the balance). Make clear it is being offered '**in full and final settlement of the account**' — those exact words matter.
- 2 State that the money is from a third party (family, etc.) and is only available for this purpose.
- 3 Ask them to confirm **in writing** that, on receipt of the payment, the account will be marked as 'satisfied' or 'settled' and no further action will be taken to collect the balance.
- 4 Wait for written confirmation. **Do not pay until you have it.**
- 5 When confirmation arrives, pay by bank transfer (keep the receipt) and ask them to confirm in writing that the account is closed.
- 6 Keep that confirmation forever. If a debt purchaser ever comes after you for the same debt years later, that letter is your defence.

Wording matters

The phrase '**in full and final settlement**' is a legal formula. Without it, you could pay the lump sum and find the creditor still chasing you for the balance. The creditor's written acceptance must use language confirming the rest is being written off or that the account will be marked as settled. If their reply is vague, write back and ask them to confirm specifically that no further sum will be sought.

Part Three

Staying in control

The hardest part of dealing with debt is starting. The second-hardest is keeping going once the first wave of letters has been answered. Part Three is about the long game — how to keep your records straight, when to review, what to do if a creditor escalates, and how to look after yourself while you do it.

Keeping records

Good records are the difference between confidence and chaos. They take five minutes a week and they save you hours of stress.

What to keep — for every debt

- Every letter you've sent and every letter received
- Every email — print or save them
- Date and amount of every payment you've made
- Any reference number, agreement number, or settlement letter
- Notes of any phone call: date, who you spoke to, what was said

How to keep it

Whatever works for you. A ring-binder with a divider for each creditor is the traditional method and still the easiest if you're not a computer person. A folder on your computer with sub-folders for each creditor works equally well. The format doesn't matter — consistency does.

The seven-year rule (your rule)

Keep all your debt records for at least seven years after the last action on each debt. The six-year statute-barred clock means anything older than that is unlikely to be enforceable, and a year's safety margin protects you against any debt that gets resold and turns up again.

Track payments — the simple way

On a single sheet (or spreadsheet), one row per debt, one column per month. Tick when the standing order has gone out. Add the running balance every six months when statements arrive. You'll be able to see, at a glance, exactly where you are with everyone.

Reviewing every six months

Things change. Income goes up or down. Bills change. Children get older. The right answer for you in March may not be the right answer in September.

Every six months, do this:

- 1 Redo your budget.** Don't update the old one — start from scratch. Numbers drift; assumptions get stale.
- 2 Compare the new surplus to your current arrangements.** If your surplus has gone up, you may want to increase payments to clear the debts faster. If it's gone down, you may need to renegotiate.
- 3 Get a fresh credit file.** Statutory reports are still free — check for anything new.
- 4 Review which debts are statute-barred or close to it** (Step 16).
- 5 Revisit your strategy.** Could you settle one of the debts now that you've saved a bit? Has your situation changed enough that bankruptcy or a DRO is now the cleanest option?

If you can pay more — should you?

Often, but not automatically. If you've built up a small lump sum, the most valuable use of it might be a settlement on one debt rather than higher monthly payments to all of them. Run the maths. A £500 lump sum that settles a £3,000 debt is worth more than spreading £500 across five debts as small extra payments.

Don't rush to clear them all

Once the immediate pressure is off and you're paying everyone something, there's no prize for finishing fast. Clearing debts at a sustainable pace, while keeping a small emergency fund, is more robust than throwing every spare penny at the debts and then having no buffer when the boiler breaks.

What to do if a creditor takes court action

Most non-priority creditors will accept reduced payments or token payments without ever going to court. A small minority — usually debt purchasers — will issue a county court claim if they think it'll force a settlement. **If court papers arrive, don't panic and don't ignore them.** You have rights, but you have to use them in time.

If a county court claim form arrives

You have a strict time limit — normally **14 days from the date the claim was deemed served** — to respond. Don't miss it. Three options:

- 1 Acknowledge the claim** (which gives you 28 days total to file a defence) if you want time to investigate or take advice.
- 2 Admit the claim and ask to pay by instalments** using the form supplied (an N9A admission form). The court will set the monthly payment based on your budget — give them the budget you built in Step 5.
- 3 Defend the claim** if you have a genuine defence — e.g. it's not your debt, the amount is wrong, the debt is statute-barred (Step 16), or there was no proper default notice. **This is the point where you should get independent advice.**

If a CCJ has already been entered against you

You can apply to the court using **Form N245** to vary the payments — to an amount you can actually afford — by submitting your budget. The court fee for N245 is small, and fee remission is available if you're on a low income.

If a CCJ has just been entered and you didn't see the claim

If you didn't receive the claim form (e.g. it went to an old address), you can apply for the judgment to be set aside. Strict time limits apply. Get advice quickly — court deadlines are not flexible.

Court action is the one place self-help has limits

Most of this handbook can be done entirely on your own. Court action is the exception. If you receive a claim form, even if you intend to admit and pay, it's worth getting a free, independent second opinion before you sign anything. The forms are simple but the consequences last six years.

Statute-barred debts — the six-year rule

Under the Limitation Act 1980, in England, Wales and Northern Ireland, most unsecured debts become **statute-barred** if all of the following are true:

- **Six years** have passed since the last payment, written acknowledgement of the debt, or court action.
- The creditor has not started court proceedings during those six years.
- You haven't acknowledged the debt in writing, signed an agreement, or made a payment within those six years.

(In Scotland, the rule is similar but uses a five-year prescription period.)

What 'statute-barred' means

It means the debt still exists, but the creditor cannot enforce it through the courts. They can still write to you and ask for payment — and many do — but they can't sue you, can't get a CCJ, and can't take enforcement action.

How to lose statute-bar protection

One payment, however small, restarts the six-year clock. So does writing to the creditor and acknowledging the debt is yours. **Never pay 'a small amount to keep them quiet' on a debt that may be statute-barred.** If you're not sure when you last paid, check your bank statements and your credit file before you do anything.

How to handle a statute-barred debt

If a creditor (or, more often, a debt purchaser) chases you for a debt you believe is statute-barred, the response is straightforward. Send the template letter in Appendix A (Letter 4). The letter:

- Does **not** acknowledge the debt as yours.
- States that the debt appears to be statute-barred.
- Asks them to confirm in writing they will stop contacting you about it.
- Quotes the FCA's CONC 7.15.4 — which says firms must not pursue debts that they know or ought to know are statute-barred.

Most legitimate creditors and debt purchasers will back off when they receive this letter. Some will write back arguing the debt isn't statute-barred — at which point you ask them to provide the date of the last payment they say you made, and the documentary evidence of it.

Looking after yourself

Debt is a financial problem with emotional consequences, and the emotional consequences are often the part that does the most damage. Money worries are one of the most common triggers for sleep loss, anxiety, depression, relationship breakdown — and at worst, thoughts of self-harm.

Three things that genuinely help

- 1 Tell your GP.** Money worries that affect your health are a legitimate medical concern. A short note from your GP can also support you with creditors — most regulated firms must take vulnerability into account.
- 2 Tell someone you trust.** A partner, friend, family member, anyone. The shame of debt feeds on silence. Saying it out loud, even once, takes much of its power away.
- 3 Set boundaries with creditors.** Communicate in writing only. Don't take their calls. Open the post once a week, on the same day, when you have time and headspace — not as it arrives.

If you are in crisis

Samaritans — 116 123 — free, 24 hours a day, every day of the year. They are not a debt service. They are people who will listen if you're struggling. Calling them is not an overreaction. Calling them when you don't 'need to yet' is exactly what they are there for.

A note on perspective

Almost everyone who has been in serious debt and come out the other side says the same thing: the worst part was the time before they faced it. The first letter is the hardest. The first phone call is the hardest. Once a plan is in place — even a rough one — it gets easier. The numbers don't change overnight, but the feeling of being trapped does. People do this every day. You can do this.

Appendix A

Template letters

Copy these and adapt them. Replace the bracketed [INSERT] sections with your own details. Send by email if you have an address, or by post (keep proof of postage). Always quote the account or reference number in the subject line.

Letter 1 — Opening letter to a non-priority creditor

[Your name]

[Your address]

[Date]

[Creditor name]

[Creditor address]

Account number: [INSERT]

Dear Sir or Madam

I am writing to let you know that I am currently in financial difficulty and am unable to maintain the contractual payments on the above account.

I am in the process of preparing a full budget and contacting all of my creditors. I am writing to ask whether you would be willing to:

1. Place the account on hold for 30 days while I complete this work.
2. Freeze interest and any further charges during that period.
3. Communicate with me in writing only (by email or post), as I am managing several creditors at once and cannot deal with everyone by phone.

I will write to you again within 30 days with a detailed budget and a proposal for how I intend to manage the account.

Please confirm in writing that you have agreed to the above.

Yours faithfully

[Your name]

Letter 2 – Following up with a budget and a payment offer

[Your name and address]

[Date]

[Creditor name and address]

Account number: [INSERT]

Dear Sir or Madam

Further to my letter dated [INSERT DATE], I have now completed my budget. I attach a copy.

My total monthly income is £[INSERT]. After essential expenditure, my available monthly surplus is £[INSERT].

I owe a total of £[INSERT] across [INSERT NUMBER] non-priority creditors. I am offering each creditor a fair pro-rata share of my available surplus.

Based on the proportion this account represents of my total non-priority debts, I am able to offer £[INSERT] per month, by standing order, starting on [INSERT DATE].

I would ask you to:

1. Accept this reduced payment for an initial period of six months.
2. Freeze all interest and charges while the arrangement is in place.
3. Confirm that the account will not be defaulted further while I am paying as agreed.
4. Continue to communicate with me in writing only.

I will provide an updated budget after six months. If my circumstances improve, I will increase the payments accordingly.

Please confirm your agreement in writing.

Yours faithfully

[Your name]

Letter 3 – Full and final settlement offer

[Your name and address]

[Date]

[Creditor name and address]

Account number: [INSERT]

Dear Sir or Madam

I am writing to make a full and final settlement offer in relation to the above account.

I am unable to repay the balance in full. However, a third party (a family member) has offered to provide a one-off lump sum of £[INSERT] in full and final settlement of the account. The funds are only available for this purpose and only if the account is settled in full as a result.

If you accept this offer, I will arrange payment of £[INSERT] by bank transfer within 14 days of receiving your written acceptance.

Please confirm in writing that:

1. On receipt of £[INSERT], the account will be marked as settled in full and final settlement.
2. No further sum will be sought from me in connection with this account, by you or any third party to whom it may be assigned.
3. The credit file entry for this account will be updated to show the account as 'settled'.

I look forward to your written response.

Yours faithfully

[Your name]

Letter 4 – Statute-barred debt response

[Your name and address]

[Date]

[Creditor or debt purchaser name and address]

Reference: [INSERT]

Dear Sir or Madam

I refer to your recent correspondence regarding the above reference. I do not acknowledge any debt to your company.

If, as your letter implies, this matter relates to an alleged debt originally owed to [INSERT ORIGINAL CREDITOR if known], the alleged debt appears to be statute-barred under section 5 of the Limitation Act 1980. To the best of my knowledge, no payment has been made and no written acknowledgement has been given for at least six years, and no court action has been commenced.

Under FCA rule CONC 7.15.4, a firm must not attempt to recover a statute-barred debt where the firm knows or ought to know that the debt is statute-barred.

I therefore require you to confirm in writing within 14 days that:

1. You will cease all contact with me regarding this matter.
2. You will not pass the alleged debt to any other party for collection.

If I receive any further demand for payment after that date, I will treat it as harassment and will report the matter to the Financial Conduct Authority and the Financial Ombudsman Service.

Yours faithfully

[Your name]

Letter 5 – Request for written-only contact

[Your name and address]

[Date]

[Creditor name and address]

Account number: [INSERT]

Dear Sir or Madam

I am writing to ask you to communicate with me in writing only – by post or email – in connection with the above account.

I am dealing with several matters at once and I am unable to respond appropriately to telephone calls. Written communication allows me to consider what is being said and respond properly.

I understand that under the FCA's Consumer Credit sourcebook, regulated firms are expected to take account of customers' preferences for how they are contacted, and that persistent telephone contact after such a request can amount to unfair treatment.

Please update your records accordingly and confirm in writing that you have done so.

Yours faithfully

[Your name]

Appendix B

Phone scripts

These are word-for-word scripts you can read out if you find phone calls difficult. There is nothing wrong with reading from a script. Many of the people calling you are doing exactly the same. Stay polite. Stay calm. Repeat as often as you need to.

Script 1 — When a creditor calls you out of the blue

Them: Hello, is that [your name]?

You: Speaking.

Them: I'm calling from [creditor] about your account.

You: Thank you for calling. I'm not in a position to discuss this on the phone today. Please put everything in writing — by post or email — and I'll respond in writing.

Them: It's just a quick call to discuss your options...

You: I understand, but I'm only making decisions in writing. Please put it in writing and I'll respond. Thank you. Goodbye.

[End the call. You don't have to wait for them to agree.]

Script 2 — When they push you for a payment now

Them: If you can just commit to £X today, I can hold off any further action...

You: I'm not making payment commitments on the phone. I'm reviewing my whole financial position and I'll be writing to all of my creditors with proposals.

Them: But if you don't pay something today the account will go to...

You: I understand. Please confirm in writing what action you intend to take, and I'll respond in writing.

Script 3 — When they ask you intrusive questions

Them: Can you tell me about your income, your other debts, what you spend on...

You: I'm not discussing my full financial position on the phone. I'll be sending you a written budget and a proposal. Please look out for it in writing.

Script 4 — When they call repeatedly after you've asked for written contact

Them: Hello, this is [creditor] calling about...

You: I've previously asked, in writing, for all contact to be by post or email. Please update your records and stop calling. If you continue to phone me I will treat it as a complaint and report it to the Financial Ombudsman.

[Then send a written complaint — see Appendix C.]

Script 5 – When you have to phone a priority creditor (e.g. council tax)

You: Hello, I'm calling about my council tax account, reference [number]. I'm in financial difficulty and I'd like to set up a payment arrangement.

Them: What can you afford to pay each month?

You: Based on my budget, I can afford £[X] per month. I'd like to pay this by standing order, starting on [date]. Could you confirm in writing that you've agreed to this arrangement?

Them: We'll need you to pay £[higher figure] a month.

You: I've worked through my income and essential outgoings and £[X] is what I can sustain. I'd rather pay £[X] reliably for the whole year than agree to a higher amount and miss payments. Could we agree £[X] for now and review in six months?

Appendix C

Your rights at a glance

Limitation (statute-barring)

Limitation Act 1980, section 5 — most unsecured debts in England, Wales and Northern Ireland become statute-barred after six years without payment, written acknowledgement, or court action. In Scotland: five years (Prescription and Limitation (Scotland) Act 1973). A statute-barred debt still exists, but it cannot be enforced through the courts.

Default notices

Consumer Credit Act 1974, section 87 — before a regulated lender can demand the full balance, terminate the agreement, or take other major enforcement action, they must send you a default notice giving at least 14 days to put things right. A defective default notice can be challenged.

Harassment by creditors

Administration of Justice Act 1970, section 40 — it is a criminal offence for a creditor or their agent to harass a debtor with demands calculated to alarm, distress or humiliate. Persistent unwanted phone calls, threats of action that the creditor cannot lawfully take, contact at unreasonable hours, and contact with third parties about your debt can all be grounds.

FCA rules — CONC

The FCA's Consumer Credit sourcebook (CONC) sets detailed standards for fair treatment, vulnerability, affordability, and arrears handling. The key rules to know:

- **CONC 7.3** — firms must treat customers in default or arrears with forbearance and due consideration.
- **CONC 7.9** — firms must consider freezing interest and charges where a customer is in financial difficulty.
- **CONC 7.15.4** — firms must not pursue a debt they know or ought to know is statute-barred.
- **CONC 7.9.4** — firms must not pressurise customers into making unaffordable payments.

Vulnerability

Lenders regulated by the FCA are expected to identify and respond appropriately to vulnerable customers — including those affected by ill health, mental health conditions, bereavement, caring responsibilities, addiction, or financial shock. Telling a creditor in writing that you are vulnerable changes how they should treat you and creates a paper trail.

Complaining

Every regulated UK creditor must have a complaints procedure. The standard route is:

- 1 Write a complaint to the creditor. Use the word '**complaint**' in the subject line. State clearly what they have done wrong and what you want them to do.
- 2 They have **eight weeks** to issue a final response.
- 3 If you're not satisfied with the final response — or if eight weeks pass without one — you can refer the complaint to the **Financial Ombudsman Service**. The service is free, independent, and binding on the firm if it finds in your favour.

County Court Judgments (CCJs)

If you receive a county court claim form, you have 14 days to acknowledge or 28 days to defend. Use form N9A to admit and ask for instalments. Use form N245 to vary an existing CCJ. A CCJ is recorded on your credit file for six years unless paid in full within 30 days of the judgment.

Bank rights — your wages and benefits

Banks have a 'right of set-off' — if you have a debt with the same bank that holds your current account (e.g. an overdraft, a loan, or a credit card from that bank), the bank can take money from your current account to clear it. **If your benefits or wages are paid into that account, write to the bank and ask them not to exercise set-off against money you need for essential bills.** If you have other unsecured debts and your wages or benefits are paid in, consider opening a current account with a different bank.

A final word

If you have read this far, you already have everything you need to deal with your own debts. You don't need to pay anyone. You don't need to sign up to any scheme. You don't need to make any decision today.

What you do need is the willingness to open the post, write the letters, send them, and wait. The first letter is the hardest. By the third one, you'll wonder why you ever thought it was difficult. By the time you've written to everyone, you'll have done the single biggest thing anyone in debt can do: you'll have **taken control**.

Creditors deal with this every single day. There is nothing about your situation they haven't seen a thousand times. They will respond. Most will be reasonable. The few that aren't can be complained about, and the system has free, independent processes (the Financial Ombudsman, the courts) to deal with them.

The numbers don't shrink overnight. The feeling of being trapped does, sometimes within days of writing the first letter. Start.

This handbook provides general information about dealing with unsecured debt in the United Kingdom. It is not legal advice, financial advice, debt advice, or debt counselling. Individual circumstances vary and the law changes. If you are unsure, or your situation is complex, seek independent advice before making decisions about your debts.

Important – please read before using this handbook

This handbook is an **educational resource** that explains how debt processes work in the United Kingdom. It is not advice and is not a substitute for advice tailored to your circumstances.

The handbook does not assess your individual circumstances. It does not recommend any specific course of action for you. It does not weigh up which option is best in your case. Those judgments are yours to make, and you may want regulated advice before making them.

You are responsible for any decisions you make based on this information. If your situation is complex, urgent, or involves large sums, consider getting regulated advice before acting. Free advice is available from Citizens Advice, National Debtline, MoneyHelper, and local independent debt advice agencies. Regulated solicitors offer no-win-no-fee arrangements for many consumer credit matters.

The procedural detail in this handbook is for England and Wales unless the text says otherwise. Scotland follows broadly similar principles but with different terminology and a five-year prescription period in place of the six-year limitation rule. Northern Ireland has its own court rules. If you are in Scotland or Northern Ireland, check the position locally before relying on procedural steps.

The remainder of this handbook explains how UK debt processes work in general terms. The detail is for England and Wales unless the text says otherwise.

How to build your SFS budget

A do-it-yourself, step-by-step handbook for building the budget every UK creditor recognises.

This handbook is for anyone in the United Kingdom who needs to put together a household budget that creditors, courts, councils, and enforcement officers will take seriously. The Standard Financial Statement (SFS) is the format the whole UK debt-help and creditor system uses, and it is the format you should use too.

It explains how the SFS is built, gives the per-person ceilings used in the sector (2025 figures, with the standard +5% uplift), and walks through how to apply them to your own household — whether you live alone, with a partner, or with children.

It is general information only. It is not legal advice, financial advice, or debt counselling. The figures in this guide are working ceilings used across the UK debt-help sector — they are not statutory limits. Always seek independent advice if your situation is complex.

Contents

- Step 1. What the SFS is, and why it matters
 - Step 2. Identify your household composition (this comes first)
 - Step 3. The four parts of an SFS budget
 - Step 4. Build your income side
 - Step 5. Fixed costs — what they are and what to include
 - Step 6. Flexible costs and the per-head SFS ceilings
 - Step 7. Apply the per-head ceilings to your household
 - Step 8. Worked examples — single, couple, family
 - Step 9. When you can spend above the ceiling (and how to evidence it)
 - Step 10. Calculate your surplus — and what it means
 - Step 11. Using your SFS budget with a creditor, council, or court
-
- Appendix A — The SFS 2025 (+5%) per-head ceilings (full table)**
 - Appendix B — A blank budget worksheet**
 - Appendix C — Common mistakes and how to avoid them**

What the SFS is, and why it matters

The Standard Financial Statement — SFS — is the budget format used across the whole UK debt-help and creditor system. Banks, credit card companies, debt purchasers, the major free-sector advice services, the Money & Pensions Service, insolvency practitioners, councils, and the courts all recognise it. If you produce a budget on an SFS basis, it is much harder for a creditor to dismiss it as unrealistic.

Why use the SFS rather than your own budget

- It uses categories every creditor already knows — they can read it at a glance.
- It includes per-head **spending ceilings** for the items most often disputed (food, personal costs, communications and leisure).
- It allows for things people forget — clothing, contingency, household services, basic health.
- It treats your household honestly — a single person and a family of five do not have the same budget, and the SFS reflects that.
- Court forms (such as N245 to vary a CCJ) effectively ask for SFS-style information.

The single most important point

The SFS produces **ceilings**, not caps. Spending at or below the ceiling is presumed reasonable. Spending above the ceiling is also acceptable — but it needs to be **justified** by your circumstances: vulnerability, health, age, location, household make-up. The ceilings are a starting point for a sensible conversation, not a wall.

STEP 2

Identify your household composition (this comes first)

Before you write a single number down, you need to identify exactly who lives in your household. SFS ceilings are calculated **per head**, so a couple with two children has a much higher household ceiling than a single adult. Skipping this step is the most common mistake people make.

Who counts as part of your household for SFS purposes?

- **You** — always counted as the 1st adult.
- **Your partner or spouse**, if they live with you — counted as an additional adult.
- **Other adults** who share your household and depend on the joint budget (e.g. an adult son or daughter who is not paying rent or board).
- **Children under 16** living with you.
- **Children aged 16–18** living with you and in full-time education or otherwise dependent.

Who does *not* count?

- Adults who pay you a fair share of household costs as a lodger or boarder — they are accounted for through the income they contribute, not as additional adults.
- Children who have moved out and live independently.
- An ex-partner who shares childcare but does not live in your home.

Get this right first

If you write down 'food: £580 a month' for a four-person household using the single-adult ceiling, your budget will look unrealistic and creditors will challenge it. If you use the right per-head sum, the same £580 may be well within range. **Composition first, numbers second.**

Write it down

On the top of your budget worksheet, write a single line: **'Household: [number] adults, [number] children under 16, [number] children 16–18.'** That single line is the basis of every ceiling calculation that follows.

STEP 3

The four parts of an SFS budget

An SFS budget is built in four blocks. You work through them in this order:

- 1 Income** — every source of money coming in, every month.
- 2 Fixed costs** — bills you can't really change without big consequences (rent, council tax, utilities, etc.). These don't have ceilings; they're whatever they actually are.
- 3 Flexible costs** — food, clothing, personal costs, leisure, transport, health, contingency. **This is where SFS ceilings apply.**
- 4 Surplus** — what's left over. This is what's available for unsecured creditors.

Fixed vs flexible — the practical difference

Fixed costs aren't subject to a guideline because they're already fixed by your circumstances. Your rent is your rent. Your council tax band is what it is. Your electricity bill is what the supplier charges. Creditors will accept these as long as they're evidenced (a recent bill or statement).

Flexible costs are the ones a creditor might query — because they involve choices you make day-to-day. The SFS ceilings exist to settle these arguments before they happen. If your flexible costs are at or below the ceiling, a creditor has very little ground to challenge them. If they're above the ceiling, you need to be ready to say why.

The phrase to remember

'Reasonable for my household.' Whenever you justify a number — to a creditor, to a council, to a court — the test is whether it's reasonable for *your* household, not an abstract average. Vulnerability, health, age, where you live, and what your work requires all feed into 'reasonable'.

STEP 4

Build your income side

Use the figures that **actually arrive in your account**, not gross figures, not what you should be earning, not what you'll earn next month if a job comes through. Real money, real account, real month.

What goes in the income column

- Wages or salary — net of tax, National Insurance, pension contributions
- Self-employment income — averaged across the last three to six months
- State pension and any private/occupational pensions
- Universal Credit and any legacy benefits
- Child Benefit
- Tax credits (where still received)
- Personal Independence Payment, Attendance Allowance, Disability Living Allowance
- Carer's Allowance
- Maintenance from an ex-partner (if reliably received)
- Lodger or boarder contributions
- Any other regular income

Disability benefits — a critical point

PIP, DLA and Attendance Allowance are paid to meet the additional costs of disability — extra heating, special diets, mobility costs, care needs. They are **not** disposable income for repaying debt. Show them on the income line for completeness, but make absolutely clear in your covering letter that they are ring-fenced for the disability costs they're paid for. Every UK creditor and court understands this principle. Don't let anyone fold disability benefits into your repayment surplus.

Irregular income

If your income varies (zero-hours work, self-employment, seasonal jobs), use a 3–6 month average and say so. Don't pick the best month, don't pick the worst. State the range and the average. Creditors deal with variable income every day; honesty is far more convincing than a tidy fiction.

STEP 5

Fixed costs — what they are and what to include

Fixed costs are the bills that are essentially what they are — you pay them or you face a serious consequence (eviction, disconnection, prosecution). They don't have SFS ceilings; they go in at their actual value.

Standard fixed costs

- **Rent or mortgage** (whichever applies)
- **Council tax** — the actual monthly figure (annual bill divided by months remaining; or your direct debit amount)
- **Ground rent or service charge** if you have one
- **Buildings and contents insurance** (where required by your tenancy or mortgage)
- **Gas, electricity, dual fuel** — the actual monthly amount, not a notional 'fair' figure
- **Water and sewerage**
- **TV licence**
- **Childcare and child maintenance** (if paid)
- **Court-ordered payments** (fines, attachment of earnings already in place)
- **Hire purchase or conditional sale** on essential goods (e.g. a vehicle needed for work)

Items often missed

- School costs — uniform, lunches, trips, equipment, exam fees
- Prescription costs (where you don't qualify for free prescriptions)
- Dentist and optician costs — even modest amounts add up
- Pet costs — food, vet, insurance, where you have pets
- Boiler service / appliance breakdown cover where relevant

Use the actual figure

If your dual fuel comes out at £148 a month, write £148. Don't round it to £150, don't smooth it to £125. The whole point of an evidenced fixed cost is that it's evidenced. Have a recent bill ready in case anyone asks.

STEP 6

Flexible costs and the per-head SFS ceilings

This is the heart of the SFS. Flexible costs are the categories where a creditor might challenge your numbers — because they involve choices about how you spend. The SFS ceilings exist as a sector-wide reference point. Use them.

The three trigger categories — per head, per month

These three categories carry per-head **ceilings** based on household composition. The figures below are the SFS 2025 (+5%) per-head ceilings used across the UK debt-help sector.

Category	1st Adult	Add. Adult	Child u16	Child 16–18
Food & Housekeeping	£491	£351	£147	£232
Personal Costs	£105	£72	£43	£97
Communications & Leisure	£251	£173	£78	£137

How to read the table

Each column shows the per-person ceiling. To get your **household ceiling** for a category, you add together the relevant figures for everyone in your household. Worked examples follow in Step 8.

The ranged categories

Some flexible costs aren't fixed per-head ceilings but ranges that depend on individual circumstances:

Category	Typical range (per month, household)
Transport (public + private combined)	£80 – £180+
Clothing	£40 – £90
Health (basic)	£10 – £30
Health (ongoing condition)	£30 – £150+ where justified
Contingency	£20 – £75
Household services	£20 – £80
Pet costs	Actual evidenced cost

The ranges are wider than the trigger categories because the right figure varies more with circumstances. Someone with a car who drives 40 miles a day to work will have a very different transport cost from someone who walks to the local shop. Both can be reasonable. Use the figure that matches your real situation, and have evidence to back it up where possible.

STEP 7

Apply the per-head ceilings to your household

This is the bit of arithmetic that turns the table into a budget. For each of the three trigger categories, you build your household ceiling by adding up the relevant per-head figures.

The formula

For each category:

- Start with the **1st adult** figure (always you).
- Add the **additional adult** figure for each other adult in the household.
- Add the **child u16** figure for each child under 16.
- Add the **child 16–18** figure for each child aged 16–18.
- The total is your household ceiling for that category.

That's it

There's no further multiplication, no 'family discount', no special adjustment. The SFS is a per-head system and the per-head figures already reflect the way costs work in real households. You just add them up.

If your spending is below the ceiling

Use what you actually spend. The ceiling is the maximum that's presumed reasonable — you don't have to spend up to it. If your real grocery bill is £450 and the ceiling for your household is £580, write £450. Trying to claim the ceiling figure when your bank statements show less will damage your credibility on every other line.

If your spending is above the ceiling

Don't change the figure to fit the ceiling — that's a different kind of dishonesty. Instead, write your real figure and prepare a one-line explanation: '**Above guideline due to [reason]**'. Step 9 covers the most common acceptable reasons. A creditor or court will far rather see an honest figure with a sensible explanation than a polished number that doesn't match your bank statements.

STEP 8

Worked examples — single, couple, family

Three worked examples, showing how the three trigger categories build up for different household compositions. Use them as templates for your own.

Example 1 — Single adult (no children)

Category	Calculation	Household ceiling
Food & Housekeeping	£491 × 1 adult	£491
Personal Costs	£105 × 1 adult	£105
Communications & Leisure	£251 × 1 adult	£251
Combined total (3 trigger categories)		£847

Example 2 — Couple, no children

Category	Calculation	Household ceiling
Food & Housekeeping	£491 + £351	£842
Personal Costs	£105 + £72	£177
Communications & Leisure	£251 + £173	£424
Combined total (3 trigger categories)		£1,443

Example 3 — Two adults, one child under 16, one child 16–18

Category	Calculation	Household ceiling
Food & Housekeeping	£491 + £351 + £147 + £232	£1,221
Personal Costs	£105 + £72 + £43 + £97	£317
Communications & Leisure	£251 + £173 + £78 + £137	£639
Combined total (3 trigger categories)		£2,177

Why the numbers feel high

If the household ceilings look generous compared to what you actually spend, that's the right way round. The SFS ceilings are designed to give a realistic upper bound for a household that includes everything — meals at work, packed lunches, school costs, haircuts, basic clothing, mobile phones, broadband, the occasional cinema trip. Most households spend below the ceilings; those that spend above usually have a clear reason.

When you can spend above the ceiling (and how to evidence it)

The SFS ceilings are working benchmarks. They are not legal limits. Spending above a ceiling is acceptable where you can show why your circumstances make it reasonable. The key is to flag it, explain it briefly, and have evidence ready.

Common reasons spending may legitimately exceed the ceiling

- **Disability or chronic health condition** — special diet, extra heating, mobility costs, additional cleaning or laundry, prescription costs, additional clothing wear.
- **Mental health condition** — costs of self-care, support, predictable spending patterns that aid stability.
- **Older age** — heating needs, mobility, less ability to shop around, smaller portion sizes don't always equal lower cost.
- **Caring responsibilities** — additional costs of caring for a relative, even where formal support is in place.
- **Location** — rural areas with limited transport, expensive local shops, no choice of supplier.
- **Work requirements** — uniform, tools, travel to multiple sites, professional registration.
- **Children's circumstances** — special educational needs, sports or activity costs, particular dietary needs.
- **Religious or cultural requirements** — particular foods, observances, clothing.

How to flag it on your budget

Next to any line that exceeds the ceiling, write a short note: '**Above guideline due to [reason]**'. One line is enough. You don't need a paragraph. Examples:

- *'Food £640 — above £491 guideline due to medically prescribed diet (diabetic).'*
- *'Health £85 — above £30 guideline due to ongoing prescription costs (hypertension, asthma).'*
- *'Transport £210 — above £180 guideline due to rural location and 30-mile commute.'*
- *'Personal costs £140 — above £105 guideline due to additional care needs (continence supplies).'*

Have evidence ready

You won't always be asked for evidence, but be ready to provide it: prescriptions, a letter from a GP, bills, mileage records. Evidence isn't required to *raise* a figure above ceiling — but it's required to *defend* it if challenged. Keep anything relevant in your debt folder.

Calculate your surplus — and what it means

With income, fixed costs, and flexible costs all in place, the maths is simple:

The surplus calculation

Total income — total fixed costs — total flexible costs = monthly surplus

Your surplus is what's available, each month, for unsecured creditors. It is not what you 'should' pay. It is not what creditors think you should pay. It is what your honestly-built budget says you have left.

What different surplus levels usually mean

- **Healthy surplus (£100+):** you can probably negotiate sustainable repayments with all unsecured creditors. Pro-rata distribution across debts is the standard approach.
- **Moderate surplus (£30–£100):** you can offer reduced payments, usually with frozen interest. Token payments may be appropriate for smaller debts.
- **Token surplus (£1–£30):** token payments to non-priority creditors while you stabilise. £1, £5, or £10 a month per creditor is well-understood across the sector.
- **Zero or negative surplus:** a finding, not a failure. It means you have nothing for unsecured creditors right now, and that's the truth they need to hear. It also flags that formal insolvency (DRO, bankruptcy) may be the cleanest answer — and that conversation needs independent advice.

If your surplus is very tight, recheck

Before concluding you have £18 spare, go back through your budget once. People most often **under-estimate**: they forget the haircut, the dentist, the school trip, the boiler service, the present at Christmas, the £40 contingency for things that break. A budget that's too tight is a budget that will collapse — and a collapsed budget damages your credibility with the creditors who accepted it.

Using your SFS budget with a creditor, council, or court

An SFS budget is a tool. It only does its job when it's actually in front of the person making the decision. Send it. Reference it. Attach it. Quote it.

With a non-priority creditor

Attach the budget to your offer letter. Reference the household composition line at the top, the surplus line at the bottom, and the figure you're offering. Most creditors will accept a budget that comes in SFS format without picking through every line.

With a priority creditor (council, utility, HMRC)

Same approach. Attach the budget to whatever payment-arrangement request you're making. If the priority creditor proposes an amount higher than your surplus, point at the budget: **'My SFS budget shows a household surplus of £X. I cannot sustain payments above that figure without falling behind on other priority bills.'**

With a county court (N245 or N9A)

Court forms ask for income and expenditure information. Use your SFS budget as the source — the categories on the form map onto SFS categories. Where the form has a free-text box, write: **'Budget prepared on Standard Financial Statement basis. Surplus £X/month available for instalment payments.'** The court understands the SFS.

With an enforcement officer (bailiff)

If you are dealing with bailiff enforcement and proposing a payment arrangement, an SFS budget is your best protection. Enforcement officers can override unrealistic offers; they find it much harder to override an evidenced SFS surplus calculation.

Appendix A

The SFS 2025 (+5%) per-head ceilings

Use this table to build your household ceilings for the three trigger categories. Add the relevant per-head figures together based on your household composition.

Category	1st Adult	Add. Adult	Child u16	Child 16–18
Food & Housekeeping	£491	£351	£147	£232
Personal Costs	£105	£72	£43	£97
Communications & Leisure	£251	£173	£78	£137

Other flexible costs (ranges)

Category	Typical range (per month, household)
Transport (public + private combined)	£80 – £180+
Clothing	£40 – £90
Health (basic)	£10 – £30
Health (ongoing condition)	£30 – £150+ where justified
Contingency	£20 – £75
Household services	£20 – £80
Pet costs	Actual evidenced cost

Note on the figures

These are the working ceilings used across the UK debt-help and creditor sector at the 2025 figures with the standard +5% uplift. They are working benchmarks, not statutory limits. Some creditors (and some IPs) reference earlier figures or different uplifts. Where a creditor disputes a figure, the test isn't which version of the ceiling they prefer — it's whether your spending is reasonable for your household.

Appendix B

A blank budget worksheet

Print this page, or copy the structure to a notebook or spreadsheet. Fill in the lines, do the maths at each subtotal, and you've built your SFS budget.

Household composition

Top of every budget

Household: ___ adult(s), ___ child(ren) under 16, ___ child(ren) aged 16–18.

Date prepared: _____

Prepared by: _____

Income (per month)

Income lines

Wages / salary (net): £ _____

Self-employment (3-month average): £ _____

State pension: £ _____

Private/occupational pension: £ _____

Universal Credit: £ _____

Child Benefit: £ _____

Tax credits: £ _____

PIP / DLA / AA (ring-fenced): £ _____

Carer's Allowance: £ _____

Maintenance received: £ _____

Lodger / boarder contributions: £ _____

Other: £ _____

■■■■■■■■■■

TOTAL INCOME: £ _____

Fixed costs (per month)

Fixed cost lines

Rent / mortgage: £ _____

Council tax: £ _____

Service charge / ground rent: £ _____

Buildings & contents insurance: £ _____

Gas / electricity / dual fuel: £ _____

Water: £ _____

TV licence: £ _____

Childcare: £ _____

Child maintenance paid: £ _____

Court-ordered payments: £ _____

HP on essential goods: £ _____

School costs (annual ÷ 12): £ _____

Other fixed: £ _____

■■■■■■■■■■

TOTAL FIXED COSTS: £ _____

Flexible costs (per month, against SFS ceilings)

Flexible cost lines

Mine Ceiling

Food & Housekeeping: £ _____ £ _____

Personal Costs: £ _____ £ _____

Communications & Leisure: £ _____ £ _____

Transport: £ _____ £80-£180+

Clothing: £ _____ £40-£90

Health (basic): £ _____ £10-£30

Health (ongoing): £ _____ £30-£150+

Contingency: £ _____ £20-£75

Household services: £ _____ £20-£80

Pet costs: £ _____ Actual

■■■■■■■■■■

TOTAL FLEXIBLE COSTS: £ _____

Notes on any line above ceiling:

Surplus calculation

The bottom line

Total income: £ _____

Less: total fixed costs: £ _____

Less: total flexible costs: £ _____

■■■■■■■■■■

MONTHLY SURPLUS: £ _____

(This is what's available for unsecured creditors.)

Appendix C

Common mistakes and how to avoid them

Mistake 1 — Skipping household composition

Applying single-adult ceilings to a couple, or to a family, makes your budget look unrealistic and your case look unprepared. **Composition first, every time.**

Mistake 2 — Treating disability benefits as disposable income

PIP, DLA and Attendance Allowance are paid for a reason — to meet additional costs of disability. They are not money for paying off credit cards. Show them on the income line for transparency, but ring-fence them in your covering letter.

Mistake 3 — Optimistic figures

A budget that says you have £180 spare when you really have £40 collapses within two months. Creditors would rather have a sustainable £40 than a defaulted £180. Build the budget honestly and let the surplus be whatever it is.

Mistake 4 — Pessimistic figures

Equally, padding your costs to manufacture a low surplus damages your credibility. If creditors notice the inflation — and experienced ones do — they're entitled to challenge every other figure too. Honesty is more useful than cleverness.

Mistake 5 — Forgetting school and child costs

Uniforms, lunches, trips, exam fees, PE kit, equipment for hobbies, birthday parties, mobile phones for older children — all real, all routine, all often missed. Annualise them and divide by twelve.

Mistake 6 — No contingency line

Boilers break. Cars need MOTs. Phones get dropped. Children grow out of shoes. A contingency line of £20–£75 a month is built into the SFS for exactly this reason. Without it, your budget collapses the first time anything goes wrong.

Mistake 7 — Not flagging legitimate above-ceiling spending

If your spending is genuinely above guideline because of a health condition, a caring role, your location, or anything else, **say so**. A flagged-and-explained variance is easy for a creditor to accept. An unexplained one looks like padding.

Mistake 8 — Building the budget once and leaving it

Things change. Rebuild your budget every six months. Don't update the old one — start from scratch. Numbers drift, assumptions get stale, life moves on.

This handbook provides general information about building a household budget on the Standard Financial Statement basis. It is not legal advice, financial advice, or debt counselling. The per-head ceilings shown are working benchmarks used across the UK debt-help sector. Always seek independent advice if your situation is complex or if you are unsure how to handle a particular creditor or court process.

Important – please read before using this handbook

This handbook is an **educational resource** that explains how debt processes work in the United Kingdom. It is not advice and is not a substitute for advice tailored to your circumstances.

The handbook does not assess your individual circumstances. It does not recommend any specific course of action for you. It does not weigh up which option is best in your case. Those judgments are yours to make, and you may want regulated advice before making them.

You are responsible for any decisions you make based on this information. If your situation is complex, urgent, or involves large sums, consider getting regulated advice before acting. Free advice is available from Citizens Advice, National Debtline, MoneyHelper, and local independent debt advice agencies. Regulated solicitors offer no-win-no-fee arrangements for many consumer credit matters.

The procedural detail in this handbook is for England and Wales unless the text says otherwise. Scotland follows broadly similar principles but with different terminology and a five-year prescription period in place of the six-year limitation rule. Northern Ireland has its own court rules. If you are in Scotland or Northern Ireland, check the position locally before relying on procedural steps.

The remainder of this handbook explains how UK debt processes work in general terms. The detail is for England and Wales unless the text says otherwise.

England and Wales

The procedural detail in this section applies to **England and Wales**. Scotland uses different terminology and a five-year prescription period; Northern Ireland has its own court rules. Check the local position if you are not in England and Wales.

If you are not in England and Wales, the procedural detail in this guide will not match your local rules. Scotland uses a different court system, different enforcement mechanisms (diligence, sheriff officers, summary warrants), and a five-year prescription period instead of the six-year limitation rule. Northern Ireland follows England and Wales on most consumer credit matters but has its own court rules and forms. Check the local position before relying on the step-by-step detail here.

Breathing Space — a 60-day legal protection

The **Debt Respite Scheme** (Breathing Space) is a statutory protection in England and Wales. A standard Breathing Space lasts **60 days** and during that period most creditors must stop enforcement, stop adding interest, fees and charges, and stop most contact about qualifying debts. There is also a **Mental Health Crisis Moratorium** that lasts as long as the mental health crisis treatment plus 30 days.

Breathing Space is accessed through an FCA-authorized debt advice provider — free providers include Citizens Advice, National Debtline and local independent debt advice agencies. You cannot apply yourself; an authorized adviser does it for you. The full Breathing Space treatment, including who qualifies and what is covered, is in the main self-help handbook (Guide 1).

How to deal with CCJ debts

A do-it-yourself, step-by-step handbook for handling county court judgments.

This handbook is for people in England and Wales who have received a county court claim form, are about to have a CCJ entered against them, or already have one and need to manage it.

It explains what each form means, what your time limits are, what to put on each form, and what happens at every stage. It includes template letters and ready-to-read phone scripts.

It is general information only. It is not legal advice. If your claim is complex or the amount is large, get independent advice before responding to the court.

Contents

Step 1. Understand what a CCJ actually is

Step 2. Read the claim form and find the deadlines

Step 3. Decide your response in the first 48 hours

Step 4. Option A — Admit the claim and ask to pay by instalments (Form N9A)

Step 5. Option B — Acknowledge service to buy time (28 days)

Step 6. Option C — Defend the claim

Step 7. If a CCJ has already been entered against you

Step 8. Setting aside a default judgment

Step 9. Paying off and the credit-file rules

Step 10. What enforcement looks like — and what to do at each stage

Appendix A — Template letters

Appendix B — Phone scripts

Appendix C — Your rights and the court forms

STEP 1

Understand what a CCJ actually is

A County Court Judgment (CCJ) is a court order saying you owe a particular amount to a particular creditor. It is not, by itself, an attempt to take your money or your belongings — it is the court's formal record that the debt is real and enforceable.

What changes when a CCJ is entered:

- It appears on your credit file for **six years** from the date of judgment.
- If you pay it in full within **30 days**, it is removed from the public register entirely.
- If you pay it after 30 days, it is marked 'satisfied' but stays on the public register for the full six years.
- The creditor can use the judgment as the basis for further enforcement: bailiffs, attachment of earnings, charging order on a property, or third-party debt order on a bank account.

What a CCJ is not

A CCJ is not a criminal matter. You do not get a criminal record. You cannot go to prison for owing a CCJ debt. It is a civil judgment — a piece of paperwork — and the consequences, while real, are limited and manageable.

The single most important thing

Whatever you do, **do not ignore a court claim form**. A claim that is ignored almost always becomes a default judgment for the full amount the creditor asks for. Engaging — even just to admit and ask for affordable instalments — almost always produces a better outcome.

STEP 2

Read the claim form and find the deadlines

When a creditor takes you to court, you'll receive a pack containing a **claim form (N1)**, **particulars of claim** setting out what they say you owe, and a **response pack** with forms for how to reply. Open it the day it arrives.

The clock starts ticking from the day you're 'deemed served'

If the claim is sent by first-class post, you are deemed to have been served two business days after it was posted. The date on the claim form is what counts. From that date:

- 1** You have **14 days** to file an admission (N9A), a defence (N9B), or an acknowledgement of service (N9).
- 2** If you acknowledge service within 14 days, you get an additional 14 days — so **28 days total** to file your defence.
- 3** Miss both deadlines and the creditor can apply for a **default judgment** — a CCJ entered without a hearing, for the amount they asked for.

These deadlines are not flexible

The court does not extend deadlines because you didn't open the post, didn't understand the forms, or were waiting for advice. If a deadline is approaching and you don't know what to do, file an **acknowledgement of service (N9)** — that buys you 14 more days and is the simplest first step you can take.

STEP 3

Decide your response in the first 48 hours

There are essentially three responses available to you:

- **Admit the claim** using **Form N9A**, and ask the court to set instalments based on your budget. This is the right answer if the debt is genuinely yours, the amount is correct, and you can't pay it in full.
- **Acknowledge service** using **Form N9**, which buys you 14 more days while you investigate, get advice, or build your budget. You can still admit or defend after that.
- **Defend the claim** using **Form N9B** if you believe the debt isn't yours, the amount is wrong, the debt is statute-barred, or there is a procedural problem (e.g. no proper default notice).

Things that make a defence worth considering

- You don't recognise the debt at all.
- The amount claimed is materially different from what you actually owe.
- You believe the debt is statute-barred (no payment, no acknowledgement, no court action for 6+ years in England/Wales — see Step 6).
- You never received a proper default notice (s.87 Consumer Credit Act 1974).
- The agreement was unenforceable (e.g. defective documentation under the Consumer Credit Act).
- You have a counter-claim against the creditor (e.g. mis-sold product, unfair charges).

If you might defend, get advice first

Defending a claim is the one place in this whole handbook where DIY has real limits. The rules of court procedure are technical, the time limits are unforgiving, and a badly-drafted defence can be struck out at a cost. If your situation has any of the points above, file an N9 acknowledgement to buy 14 extra days, then get independent advice before filing the actual defence.

Option A — Admit the claim and ask to pay by instalments (N9A)

If the debt is yours, the amount is right, and you simply can't pay it in one go, Form N9A is your friend. It says: 'I admit this debt. Please let me pay it by affordable instalments based on what I can actually afford.' The court will then set the instalment amount, taking your income and outgoings into account.

What goes in N9A

- 1 **Personal details** — exactly as on the claim form.
- 2 **How much you admit** — usually the full amount, but you can admit part of it and defend the rest.
- 3 **Your offer of instalments** — the figure your budget says you can afford, by month or by week.
- 4 **Your income** — every regular source.
- 5 **Your essential outgoings** — rent, council tax, fuel, food, transport, etc.
- 6 **Your other debts** — including the regular payments you're already making.
- 7 **Any vulnerability** — health, age, caring responsibilities. The court takes these into account.

Building an SFS budget

Across the UK debt-help and creditor system, the recognised budget format is the **Standard Financial Statement (SFS)**. It uses per-head **ceilings** based on household composition. The 2025 (+5%) per-head figures for the three trigger categories are:

Food & Housekeeping — 1st adult £491, additional adult £351, child u16 £147, child 16–18 £232.

Personal Costs — 1st adult £105, additional adult £72, child u16 £43, child 16–18 £97.

Communications & Leisure — 1st adult £251, additional adult £173, child u16 £78, child 16–18 £137.

Add the relevant per-head figures together for your household. These are **ceilings, not caps** — spending above guideline is acceptable where justified by vulnerability, health, age, location or work needs. For the full method, ranged categories (transport, clothing, health, contingency, household services), worked examples and a blank worksheet, see the companion guide *How to Build Your SFS Budget*.

After you submit N9A

The court sends a copy to the creditor. The creditor can either accept your offer or object. If they accept, the court enters judgment with payments at the rate you offered. If they object, a court officer (a 'district judge' on paper) decides — based on the budget you submitted versus what the creditor argues. **This is why a properly-built SFS budget matters.**

STEP 5

Option B — Acknowledge service to buy time (Form N9)

If you need more time — to take advice, find old paperwork, build your budget, or work out whether you have a defence — file **Form N9 (Acknowledgement of Service)** within the first 14 days. This single step gives you another 14 days, so 28 days total.

How to fill it in

- Personal details — as on the claim form.
- Tick whichever box matches your intention: 'I intend to defend all of this claim', 'I intend to defend part of this claim', or 'I intend to contest jurisdiction'.
- Sign and date.
- Send it to the court named on the claim form, by the deadline.

Costs nothing, buys two weeks

There's no fee for filing N9, and you don't have to commit to your final position when you file it. Use the 14 extra days well — pull together your evidence, get advice, build your budget — and then file the N9A admission or N9B defence at the right time.

Option C — Defend the claim (Form N9B)

If you have a genuine defence — the debt isn't yours, the amount is wrong, it's statute-barred, or there's a procedural problem — you file **Form N9B (Defence and Counterclaim)** within 14 days of acknowledgement (so up to 28 days from being served).

Common grounds for a defence

- **Statute-barred:** no payment, no written acknowledgement, no previous court action for at least six years (Limitation Act 1980, s.5).
- **Not my debt:** the claim is against you in name but the underlying account isn't yours (identity theft, mistaken identity).
- **Disputed amount:** you accept some of the debt but not all of it — particularly where charges, interest or fees have been added that you believe are excessive or unlawful.
- **No proper default notice:** the original creditor didn't issue a valid default notice under s.87 of the Consumer Credit Act 1974, or the notice was defective.
- **Unenforceable agreement:** the original credit agreement is missing the prescribed terms required by the Consumer Credit Act 1974 (s.61, s.65).
- **Set-off or counter-claim:** you have a claim against the creditor that should reduce or extinguish what they say you owe.

Defence is the one DIY limit

Filing a defence binds you to court procedure. Get independent advice before filing N9B. Use the N9 acknowledgement to buy time first. **A poorly-drafted defence can be struck out and may make you liable for the creditor's costs.**

If a CCJ has already been entered against you

If a judgment has already been entered — perhaps because you didn't see the claim form, or because you missed a deadline, or because you accepted the judgment but the instalments are unaffordable — you have two main options.

Option 1 — Apply to vary the instalments (Form N245)

Form N245 lets you ask the court to **change the rate of payment**. You attach an income-and-outgoings statement (your SFS budget), state what you can actually afford, and the court reviews. The court fee for N245 is small, and fee remission is available for people on low incomes.

Building an SFS budget

Across the UK debt-help and creditor system, the recognised budget format is the **Standard Financial Statement (SFS)**. It uses per-head **ceilings** based on household composition. The 2025 (+5%) per-head figures for the three trigger categories are:

Food & Housekeeping — 1st adult £491, additional adult £351, child u16 £147, child 16–18 £232.

Personal Costs — 1st adult £105, additional adult £72, child u16 £43, child 16–18 £97.

Communications & Leisure — 1st adult £251, additional adult £173, child u16 £78, child 16–18 £137.

Add the relevant per-head figures together for your household. These are **ceilings, not caps** — spending above guideline is acceptable where justified by vulnerability, health, age, location or work needs. For the full method, ranged categories (transport, clothing, health, contingency, household services), worked examples and a blank worksheet, see the companion guide *How to Build Your SFS Budget*.

Option 2 — Apply to set the judgment aside (Form N244)

If the CCJ was entered without you ever seeing the claim form (e.g. it was sent to an old address) or there was some other procedural failure, you can apply to have the judgment **set aside** using Form N244. Strict time limits apply — the application must be made **promptly** after you find out about the judgment.

Set-aside is time-critical

If you've discovered a CCJ on your credit file that you knew nothing about, act immediately. The court will ask why you didn't act sooner; 'I found out today and applied today' is a much stronger position than 'I found out three months ago'.

STEP 8

Setting aside a default judgment

A default judgment is one entered without a hearing — usually because the defendant didn't respond. The court has discretion to set such judgments aside under **Civil Procedure Rule 13.3**. There are two grounds:

- 1 Mandatory ground (CPR 13.2):** the judgment was wrongly entered (e.g. the creditor applied too early, or you'd already filed a defence).
- 2 Discretionary ground (CPR 13.3):** you have a real prospect of successfully defending the claim, OR there's some other good reason why the judgment should be set aside and the case heard.

What you'll need to show

- **The grounds** — why the judgment should not have been entered, or why you have a real defence.
- **That you acted promptly** — the moment you found out about the judgment.
- **A draft defence** — what you'd say if the case were heard. The court wants to see this is more than a stalling tactic.

The fee

There's a court fee for an N244 application to set aside (modest, but check the current rate). Fee remission is available if you're on a low income or qualifying benefits. Don't let the fee stop you — apply for remission with the application.

STEP 9

Paying off and the credit-file rules

How and when you pay a CCJ has a real effect on your credit file. The rules are simple but worth knowing:

Paying in full within 30 days of judgment

If you pay the judgment in full within 30 days of the date of judgment, you can apply to the court to have the entry **removed entirely** from the public Register of Judgments, Orders and Fines. The CCJ disappears as if it had never been entered. Send proof of payment to the court and ask for a Certificate of Cancellation (Form N443). There is a small court fee.

Paying in full after 30 days

The CCJ is marked as '**satisfied**' on the Register and your credit file. It still shows for the full six years from the date of judgment, but the 'satisfied' marker is important — it tells future lenders you paid what you owed. Once paid, request a Certificate of Satisfaction (Form N443) from the court.

Paying by instalments under a court order

If you're paying by instalments under a court order (whether from N9A or N245), keep every payment record. When the final instalment is paid, ask for a Certificate of Satisfaction. **The court doesn't update the Register automatically — you have to ask.**

The 30-day rule is a hidden gift

If you can find a way to pay in full within 30 days — by borrowing from family, using savings, or settling for a discounted lump sum that the creditor accepts — the CCJ comes off the public register entirely. Even a creditor who got the judgment is often willing to accept a settlement at this stage because they get cash up front instead of dribbles of instalments.

What enforcement looks like — and what to do at each stage

If you don't pay a CCJ — or you fall behind on the instalments — the creditor can apply for one of several enforcement methods. Each has its own process and its own response.

Warrant of control (county court bailiffs)

The creditor applies to the county court for a warrant. County court bailiffs (warrants of control issued in the county court) attempt to recover the debt by visiting your home and either taking payment or — in theory — controlling goods. For unsecured debts under £600 this is the standard route; debts over £600 can be transferred to the High Court for a more aggressive enforcement (writ of control, High Court Enforcement Officers).

Attachment of earnings

The court orders your employer to deduct an amount from your wages each pay day and pay it to the court. The court fixes the amount based on a budget you submit — so an SFS budget here protects you exactly as it does on N9A or N245.

Charging order

If you own a property, the creditor can apply for a charging order — a legal charge on the property to secure the debt. It doesn't force a sale immediately, but it means the debt is paid out of the proceeds when the property is eventually sold. A charging order can later be enforced by an order for sale, but courts are cautious and orders for sale are not granted lightly.

Third-party debt order (TPDO)

The creditor applies to freeze and then take money from your bank account. The application is made without notice to you initially — you find out when your account is frozen. You then have a chance to object at a hearing. Strong objection grounds include: the money is benefits or wages needed for essential living costs, or hardship would result.

Switch banks if a TPDO is a real risk

If you have other unsecured debts and a creditor with a CCJ might apply for a TPDO, consider opening a current account at a bank where you have **no other relationship**. Set-off rights are about banks taking money from your account to pay debts you owe to the same bank — they don't apply if the bank doesn't hold the debt. Move your salary or benefits to a 'clean' account to protect them.

Appendix A

Template letters

Letter 1 – Covering letter when filing N9A admission

[Your name]

[Your address]

[Date]

The Court Manager

[County Court Money Claims Centre / named court]

[Address]

Claim number: [INSERT]

Claimant: [INSERT]

Dear Sir or Madam

I enclose Form N9A admitting the above claim. I confirm that I am unable to pay the full amount in one sum, and have made an offer of instalments of £[X] per month based on my income and essential outgoings.

I attach my Standard Financial Statement budget showing income, fixed costs, flexible costs against SFS 2025 (+5%) per-head ceilings, and the resulting monthly surplus.

Should the claimant object to my offer, I respectfully ask the court to determine the rate of payment based on the budget submitted.

Yours faithfully

[Your name]

Letter 2 – Application to vary instalments (covering letter for N245)

[Your name and address]

[Date]

The Court Manager

[Named court]

Claim number: [INSERT]

Claimant: [INSERT]

Dear Sir or Madam

I enclose Form N245 applying to vary the rate of payment under the above judgment. The current order requires me to pay £[X] per month, which I am no longer able to sustain due to [change in circumstances].

I attach an updated Standard Financial Statement budget, which shows a monthly surplus of £[X]. I respectfully ask the court to vary the order to require payments at this rate.

I have applied for fee remission and enclose Form EX160 / payment of the application fee [delete as appropriate].

Yours faithfully

[Your name]

Letter 3 – Application to set aside (covering letter for N244)

[Your name and address]

[Date]

The Court Manager

[Named court]

Claim number: [INSERT]

Claimant: [INSERT]

Dear Sir or Madam

I enclose Form N244 applying to set aside the default judgment entered in the above proceedings on [DATE].

I respectfully apply on the following grounds:

1. The claim form was not received by me at the time it was issued.
[State briefly why – wrong address, hospitalisation, etc.]
2. I have a real prospect of successfully defending the claim. My draft defence is attached and addresses [briefly: statute-barring / disputed amount / no default notice / unenforceable agreement].
3. I have applied promptly: I learned of the judgment on [DATE] and am applying within [X] days of that date.

I attach: Form N244, my draft defence, my witness statement, and evidence in support [list].

Yours faithfully

[Your name]

Letter 4 – Requesting Certificate of Satisfaction or Cancellation

[Your name and address]

[Date]

The Court Manager

[Named court]

Claim number: [INSERT]

Dear Sir or Madam

I write to confirm that the judgment debt in the above proceedings has now been paid in full. Final payment was made on [DATE].

[If paid within 30 days:] As payment was made within 30 days of the date of judgment, I respectfully apply for a Certificate of Cancellation under Form N443, so that the entry can be removed from the Register of Judgments, Orders and Fines.

[If paid after 30 days:] I respectfully apply for a Certificate of Satisfaction (Form N443) so that the Register entry is updated to show the judgment as satisfied.

I enclose proof of payment and the relevant court fee [or Form EX160 fee remission application].

Yours faithfully

[Your name]

Appendix B

Phone scripts

Script 1 — Phoning the court office

You: Hello, I have a claim form here, claim number [X]. I'd like to confirm the deadline for filing my response.

Court: What's the date on the claim form?

You: [Read the date.] I want to make sure I file the right form by the right date. Could you confirm the deadline for an admission, an acknowledgement of service, and a defence?

Court: [They'll tell you.]

You: Thank you. And could you confirm the address I should send the form to, and whether I can email it as a scan as well as posting it?

[Make a note of everything they say.]

Script 2 — Phoning the claimant's solicitor before filing

You: Good morning, I'm calling about claim [X] in which your firm acts for [creditor]. My name is [name].

Solicitor: Yes, how can I help?

You: I'm preparing my response to the claim form. Before I file, I'd like to know whether your client would consider settling the claim if I can offer a sum in full and final settlement, or accept a reasonable instalment offer without contested proceedings.

Solicitor: What are you offering?

You: I'd rather discuss in writing — could you confirm an email address and I'll send a written proposal today, with my budget attached?

[Always follow up with the proposal in writing the same day.]

Script 3 — Receiving an enforcement officer call about a CCJ

Officer: I'm calling about an unpaid judgment, reference [X]. I need a payment today or I'll be visiting tomorrow.

You: Thank you for calling. I'm not in a position to discuss payment on the phone today. Please put your demand in writing — by post or email — including the warrant number and the schedule of fees, and I'll respond in writing within 7 days.

Officer: If I don't get a payment today I'll have to attend your address.

You: I understand. Please put your demand in writing. I'll respond properly when I receive it. Thank you. Goodbye.

[End the call. Then immediately consider applying to vary the order under N245 if the underlying CCJ payments are unaffordable.]

Appendix C

Your rights and the court forms

Court forms — at a glance

Form	What it does
N9	Acknowledgement of service. Buys 14 extra days for filing a defence. No fee.
N9A	Admission and offer of instalments. The standard route if the debt is yours.
N9B	Defence. For when you dispute the claim in whole or in part.
N244	Application notice — used for set-aside, stay of execution, and many other applications. Fee payable; remission available.
N245	Application to vary an instalment order on a CCJ already entered. Small fee; remission available.
N443	Request for Certificate of Cancellation (paid in 30 days) or Satisfaction (paid after 30 days). Small fee.
EX160	Application for fee remission. Use this whenever you can't afford a court fee.

Time limits — at a glance

- **14 days from service** — to file N9, N9A or N9B.
- **28 days from service** — to file N9B if you have already filed N9 within 14 days.
- **30 days from judgment** — to pay in full and have the CCJ removed from the register entirely.
- **Promptly** after discovering a default judgment — to apply to set it aside (CPR 13.3).
- **6 years** — how long a CCJ stays on the public register.

Fee remission

If your income is low or you're on qualifying benefits (Universal Credit, Income Support, income-based JSA/ESA, Pension Credit Guarantee Credit), you can apply for fee remission using **Form EX160**. Don't let a court fee stop you applying. Remission is granted where it's due — you just have to ask.

This handbook provides general information about handling County Court Judgments in England and Wales. It is not legal advice. If your claim is complex or the amount is large, get independent advice before responding to the court.

Important – please read before using this handbook

This handbook is an **educational resource** that explains how debt processes work in the United Kingdom. It is not advice and is not a substitute for advice tailored to your circumstances.

The handbook does not assess your individual circumstances. It does not recommend any specific course of action for you. It does not weigh up which option is best in your case. Those judgments are yours to make, and you may want regulated advice before making them.

You are responsible for any decisions you make based on this information. If your situation is complex, urgent, or involves large sums, consider getting regulated advice before acting. Free advice is available from Citizens Advice, National Debtline, MoneyHelper, and local independent debt advice agencies. Regulated solicitors offer no-win-no-fee arrangements for many consumer credit matters.

The procedural detail in this handbook is for England and Wales unless the text says otherwise. Scotland follows broadly similar principles but with different terminology and a five-year prescription period in place of the six-year limitation rule. Northern Ireland has its own court rules. If you are in Scotland or Northern Ireland, check the position locally before relying on procedural steps.

The remainder of this handbook explains how UK debt processes work in general terms. The detail is for England and Wales unless the text says otherwise.

England and Wales

The procedural detail in this section applies to **England and Wales**. Scotland uses different terminology and a five-year prescription period; Northern Ireland has its own court rules. Check the local position if you are not in England and Wales.

If you are not in England and Wales, the procedural detail in this guide will not match your local rules. Scotland uses a different court system, different enforcement mechanisms (diligence, sheriff officers, summary warrants), and a five-year prescription period instead of the six-year limitation rule. Northern Ireland follows England and Wales on most consumer credit matters but has its own court rules and forms. Check the local position before relying on the step-by-step detail here.

Breathing Space — a 60-day legal protection

The **Debt Respite Scheme** (Breathing Space) is a statutory protection in England and Wales. A standard Breathing Space lasts **60 days** and during that period most creditors must stop enforcement, stop adding interest, fees and charges, and stop most contact about qualifying debts. There is also a **Mental Health Crisis Moratorium** that lasts as long as the mental health crisis treatment plus 30 days.

Breathing Space is accessed through an FCA-authorized debt advice provider — free providers include Citizens Advice, National Debtline and local independent debt advice agencies. You cannot apply yourself; an authorized adviser does it for you. The full Breathing Space treatment, including who qualifies and what is covered, is in the main self-help handbook (Guide 1).

How to deal with council tax debt

A do-it-yourself, step-by-step handbook for handling council tax arrears.

This handbook is for people in England, Wales and Scotland who are behind on council tax (or its Scottish equivalent) and want to deal with it themselves.

Council tax is one of the fastest-moving debts in the UK system. Miss two instalments and the whole year's bill can become due. Bailiffs can be instructed within months. But the process is well-defined, and at every stage there are things you can do — many of them very effective if done early.

It is general information only. It is not legal advice, financial advice, or debt counselling. The procedural detail in this guide is for England and Wales; Scotland is broadly similar but uses different terminology and timeframes.

Contents

- Step 1. Why council tax is a priority debt
- Step 2. Check whether you should be paying anything at all
- Step 3. Understand the council's process
- Step 4. The reminder, the final notice, and the summons
- Step 5. The liability order — and what it means
- Step 6. Negotiating a payment arrangement
- Step 7. Council Tax Reduction (CTR) — the most-missed help in the UK
- Step 8. Discounts, exemptions and disregards
- Step 9. Disputing the amount or the liability
- Step 10. When the council passes the debt to bailiffs
- Step 11. Other enforcement methods

Appendix A — Template letters

Appendix B — Phone scripts

Appendix C — Discounts, exemptions and your rights

STEP 1

Why council tax is a priority debt

Council tax is in a different category from credit cards, loans, or catalogue debts. The reason is simple: the consequences of not paying are severe and they happen fast.

What can happen if you don't pay

- **Loss of the right to pay by instalments.** Miss two months of an annual bill and the council can demand the entire remaining year's amount in one go.
- **A magistrates' court summons.** The council applies to the magistrates for a 'liability order' — a court ruling that you owe the money.
- **Bailiffs (enforcement agents).** Once a liability order is in place, the council can instruct enforcement agents.
- **Attachment of earnings.** The council can order your employer to deduct money directly from your wages.
- **Deductions from benefits.** The DWP can deduct council tax arrears directly from Universal Credit or other benefits.
- **Charging order on your home (in some cases).** Where the debt is over a threshold and you own property.
- **Imprisonment (rare, but possible).** In England, a magistrates' court can — exceptionally — commit you to prison for up to 90 days for wilful refusal or culpable neglect to pay.

The single most important rule

Engage early. Almost everything that happens with council tax debt happens because the bill-payer ignored the early letters. Councils are far more flexible at the start of the process than they are once they've gone to court. The first letter is the cheapest to deal with.

STEP 2

Check whether you should be paying anything at all

Before you negotiate a payment plan, check that you're not entitled to a discount, exemption, or full Council Tax Reduction. A surprising proportion of people in council tax arrears are entitled to pay less — or even nothing — and have simply never claimed.

Quick check — could any of these apply to you?

- **You live alone** — 25% single person discount.
- **You're on a low income or benefits** — Council Tax Reduction (Step 7).
- **You're a full-time student** — full exemption.
- **You have a severe mental impairment** — discount or exemption (Step 8).
- **Someone in your household is severely mentally impaired or a carer** — possible discount.
- **You have an annexe** — discount available.
- **The property has been adapted for disability** — possible band reduction.
- **The property is empty for a specific reason** — possible exemption (e.g. major repairs, deceased occupant, person in care home).

Backdating

Discounts, exemptions and CTR can often be backdated — sometimes by years. If you find you should have been getting a reduction all along, ask the council to backdate. They may resist, but they have powers to do so where the failure to claim was reasonable. This alone has wiped out council tax arrears for many people.

STEP 3

Understand the council's process

Council tax recovery follows a fixed sequence. Knowing where you are in the sequence tells you what your options are.

- 1 Annual bill** issued (usually March), payable by 10 monthly instalments April–January (or 12 if you ask).
- 2 Reminder notice** — issued after you miss an instalment. Gives 7 days to pay the missed amount.
- 3 Second reminder** — if you fall behind again in the same financial year.
- 4 Final notice** — usually after a third missed payment. The whole remaining year's bill becomes due.
- 5 Magistrates' court summons** — issued by the council if the final notice is unpaid. Costs are added.
- 6 Liability order** — granted by the magistrates if the council proves you owe the money. More costs added.
- 7 Enforcement** — bailiffs, attachment of earnings, deductions from benefits, charging order, or (rarely) committal proceedings.

Where you are dictates what you can do

Before the summons, you can usually negotiate a payment plan directly with the council and avoid all court costs. After the summons, costs are added. After the liability order, more costs are added.

The earlier you act, the cheaper it is.

The reminder, the final notice, and the summons

If you've received a reminder notice

Pay the missed amount within 7 days if you can. If you can't, **contact the council the same day**. Ask to set up a payment arrangement that includes the arrears. Most councils have a hardship or revenue team that can agree extended payment plans without any court action.

If you've received a final notice

The whole remaining year's bill is now due. Don't panic. The council still has discretion to accept a payment arrangement — they don't *have* to summons you. Contact them, explain you can't pay the lump sum but want to agree a plan, and propose monthly payments based on your budget. Many councils accept.

Building an SFS budget

Across the UK debt-help and creditor system, the recognised budget format is the **Standard Financial Statement (SFS)**. It uses per-head **ceilings** based on household composition. The 2025 (+5%) per-head figures for the three trigger categories are:

Food & Housekeeping — 1st adult £491, additional adult £351, child u16 £147, child 16–18 £232.

Personal Costs — 1st adult £105, additional adult £72, child u16 £43, child 16–18 £97.

Communications & Leisure — 1st adult £251, additional adult £173, child u16 £78, child 16–18 £137.

Add the relevant per-head figures together for your household. These are **ceilings, not caps** — spending above guideline is acceptable where justified by vulnerability, health, age, location or work needs. For the full method, ranged categories (transport, clothing, health, contingency, household services), worked examples and a blank worksheet, see the companion guide *How to Build Your SFS Budget*.

If you've received a court summons

A summons is not a hearing where you can argue you can't afford to pay. The magistrates' court will only consider:

- Whether the bill was properly issued.
- Whether you are the person liable.
- Whether the amount has been paid.

It will **not** consider affordability at the liability order stage — that comes later. But you can still avoid the liability order being made by contacting the council before the hearing date and agreeing a payment plan. Most councils will withdraw the summons (or let it proceed but accept your arrangement) if you engage seriously.

The liability order — and what it means

A liability order is a magistrates' court ruling that you owe the council the amount claimed. Once granted, the council has a wide range of enforcement powers.

What changes after a liability order

- Court costs are added (typically £70–£120 depending on the council).
- The council can request information about your finances using a 'Request for Information' notice — failing to respond is a separate offence.
- The council can choose its enforcement method: bailiffs, attachment of earnings, deductions from benefits, or charging order.

What you can still do

- **Negotiate.** A liability order doesn't end the conversation. Councils still routinely accept payment arrangements after the order.
- **Choose your enforcement.** If the council is going to enforce, you can ask them to use attachment of earnings or benefits deductions *instead of* bailiffs. Councils can be reluctant — but persistent, polite, written requests do work, especially where you can show vulnerability.
- **Apply for hardship reduction.** Section 13A of the Local Government Finance Act 1992 lets a council reduce or remit a bill where the taxpayer is in hardship. Backdated claims have wiped out very large arrears. The threshold is high but not impossible.

Section 13A is underused

If you've had a major change of circumstances — illness, bereavement, redundancy, relationship breakdown, escape from domestic abuse — apply for a Section 13A hardship reduction in writing. State the change of circumstances, attach evidence, and ask the council to consider remitting all or part of the debt. Many councils won't grant it on first asking, but a well-evidenced application can succeed.

STEP 6

Negotiating a payment arrangement

At every stage of the process — reminder, final notice, summons, liability order, even after bailiffs are instructed — a council can accept a payment arrangement. The earlier you propose one, the more flexible they are.

How to make the offer

- 1 Write to the council's revenues team (not the general enquiries inbox).
- 2 Quote your council tax account number.
- 3 State that you are in financial difficulty.
- 4 Attach your SFS budget showing income, fixed costs, flexible costs, and surplus.
- 5 Make a specific offer: **'I can pay £X per month towards the current year's bill, plus £Y per month towards the arrears.'**
- 6 Ask them to confirm the arrangement in writing.
- 7 Ask them to remove or pause any enforcement action while the arrangement is in place.

Building an SFS budget

Across the UK debt-help and creditor system, the recognised budget format is the **Standard Financial Statement (SFS)**. It uses per-head **ceilings** based on household composition. The 2025 (+5%) per-head figures for the three trigger categories are:

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Add the relevant per-head figures together for your household. These are **ceilings, not caps** — spending above guideline is acceptable where justified by vulnerability, health, age, location or work needs. For the full method, ranged categories (transport, clothing, health, contingency, household services), worked examples and a blank worksheet, see the companion guide *How to Build Your SFS Budget*.

If the council says no

Councils sometimes counter-offer with a higher figure. Reply: **'My SFS budget shows a household surplus of £X. I cannot sustain payments above that figure without falling behind on other priority bills. I will pay £X by standing order from [date]. If the Council is not willing to formally accept this arrangement, I will pay this amount regardless and welcome a review in six months.'**

Then start the standing order anyway. The council may continue formal enforcement, but the fact that you're paying — and have offered evidence — is a powerful argument against any further escalation, particularly bailiff instruction.

Council Tax Reduction (CTR) — the most-missed help in the UK

Council Tax Reduction (sometimes called Council Tax Support) replaced Council Tax Benefit in 2013. Each council runs its own scheme, but the principle is the same: people on low incomes pay less, sometimes nothing.

Who qualifies

- People on Universal Credit, Income Support, income-based JSA, income-related ESA, Pension Credit.
- People on low earnings — most schemes have an upper income threshold.
- Pensioners — pensioner CTR schemes are nationally prescribed and more generous.
- Some schemes treat working-age and pension-age claimants differently — check your council's specific rules.

How to claim

Apply directly to your council. Most have an online application form. Provide proof of income, bank statements, and tenancy/ownership details. **Apply even if you think you might not qualify** — schemes vary hugely between councils, and some are far more generous than others.

Backdating CTR

Working-age CTR can usually be backdated for up to 6 months on application; pensioner CTR for up to 3 months automatically. If you've been struggling for longer, ask the council to consider further backdating under their discretionary powers — councils have discretion to do so where there's a good reason for late claiming (illness, mental health, vulnerability).

STEP 8

Discounts, exemptions and disregards

Council tax is calculated assuming two adults living in a property. Various rules reduce or remove the bill for many other situations.

Situation	Reduction
Single adult living alone	25%
Property occupied entirely by full-time students	100% exemption
Property occupied entirely by people aged under 18	100% exemption
Property occupied by someone with severe mental impairment (with certificate)	Disregarded — sole occupant: 100%; with one other adult: 25%
Carer living with the person they care for (not spouse/parent of child)	Disregarded for discount purposes
Annexe occupied by a relative	50% reduction
Property adapted for a disabled resident's needs	Reduced to band below current
Property unoccupied due to occupant being in hospital, care home, or prison	Possible exemption
Property unoccupied because occupant has died	Exempt up to 6 months after probate
Property unoccupied due to major repair work	Possible discount or exemption (council discretion)

Severe mental impairment (SMI) — the big one

If you, or someone in your household, has been diagnosed with a condition causing severe mental impairment (Alzheimer's, dementia, Parkinson's at certain stages, severe learning disability, severe autism, stroke with cognitive impairment, brain injury) **and** they receive a qualifying benefit (Attendance Allowance, PIP, DLA, Universal Credit with limited capability, Severe Disablement Allowance, etc.), they can be 'disregarded' for council tax. The result:

- If they live alone — **full exemption** (no council tax payable).
- If they live with one other adult — **25% discount**.
- If they live with two or more other non-disregarded adults — no discount, but they're not 'counted' for any single-person discount calculation.

The council will need a doctor's certificate. Apply directly. **Often backdatable to the date the condition began** — which can produce very large refunds.

STEP 9

Disputing the amount or the liability

Sometimes the bill is wrong. Sometimes you're not the right person to be paying. There are formal routes to challenge.

Disputing the band

If you believe your property is in the wrong council tax band, you can challenge it via the Valuation Office Agency (England and Wales) or Scottish Assessors (Scotland). Successful band reductions are backdated. Worth checking if comparable houses in your street are in a lower band.

Disputing liability

If the bill is in your name but you don't believe you're the liable person — for example, you're a tenant in a House of Multiple Occupation where the landlord should be paying, or you've moved out and the council still has you on the bill — write to the council's revenues team setting out the facts and asking them to amend.

Council Tax Valuation Tribunal

If you can't resolve a dispute with the council, you can appeal to the Valuation Tribunal (in Wales: the Valuation Tribunal Wales; in Scotland: the Local Taxation Chamber). The tribunals are free and reasonably user-friendly. There are time limits — appeal within two months of the council's decision.

When the council passes the debt to bailiffs

Once a liability order is in place, the council can instruct enforcement agents (bailiffs). This is covered in detail in the companion guide *How to Deal With Bailiffs*. The key council-tax-specific points are below.

The fees added at each bailiff stage

- **Compliance stage** — letter sent: **£75**.
- **Enforcement stage** — visit to the property: **£235** plus 7.5% of any debt over £1,500.
- **Sale or disposal stage** — removal of goods: **£110**.

These fees are fixed by regulation and are added to your debt. They do not depend on the size of the debt (except the 7.5% over £1,500 element). Avoiding the enforcement stage (by paying or arranging during the compliance stage) can save you £235.

Asking the council to take the debt back

You can write to the council asking them to **recall the debt from the enforcement agents** and instead use attachment of earnings, benefits deduction, or accept a payment arrangement directly. Councils have full discretion to do this. They are far more likely to agree where:

- You can show vulnerability (health, age, mental health, caring responsibilities, recent bereavement, escaping abuse).
- You can offer a payment arrangement supported by a budget.
- You can show the bailiffs are likely to make recovery harder, not easier.

Vulnerability is not weakness, it's evidence

If you have a health condition, mental health issue, or caring responsibility, tell the council in writing as part of your communication. Councils are required to take vulnerability into account. The Taking Control of Goods (Fees) Regulations 2014 also place obligations on enforcement agents to act with restraint with vulnerable debtors.

Other enforcement methods

Attachment of earnings

The council can order your employer to deduct money from your wages. Deduction rates are set by regulation and depend on your net earnings — typically 3–17% of net pay above a protected level. **This is often less painful than bailiffs**, because the deductions are predictable and the council can't usually pile fees on top.

Deductions from benefits

If you're on Universal Credit or other qualifying benefits, the council can ask the DWP to deduct council tax arrears at source. The amount is usually quite low (in the order of £4–£5 a week from UC standard allowance). Again, often preferable to bailiffs.

Bankruptcy

Where council tax arrears are over £5,000, the council has the option of petitioning for the debtor's bankruptcy. This is rare but does happen. If you receive a statutory demand from a council, get advice immediately — there are 21 days to apply to set it aside.

Charging orders

If you own property and the debt is large enough, the council can apply for a charging order securing the debt against your home. It doesn't force a sale, but it secures the debt for repayment when the property is eventually sold.

Committal to prison (rare, England only)

In England, after a liability order, after bailiffs have failed to recover, the council can apply to commit you to prison for up to 90 days for council tax arrears. **This is extremely rare** and the magistrates must find **'wilful refusal' or 'culpable neglect'** — deliberate non-payment when you could afford it. Inability to pay is a complete answer. If you receive a committal summons, get advice immediately — this is one stage where DIY is not recommended.

Appendix A

Template letters

Letter 1 – Initial offer to council before summons

[Your name and address]

[Date]

[Council Revenues Team]

[Council address]

Council Tax Account Number: [INSERT]

Dear Sir or Madam

I am writing in connection with the above council tax account, on which I have fallen behind. I want to bring the account up to date and avoid any further enforcement action.

I am in financial difficulty due to [briefly: change in circumstances].

I attach a Standard Financial Statement budget. The budget shows I have a household surplus of £[X] per month. I am therefore offering to pay:

1. £[Y] per month towards the current year's bill, plus
2. £[Z] per month towards the arrears,

for a total of £[Y+Z] per month, by standing order, starting on [DATE].

I would also ask the Council to consider:

- a. Whether I am entitled to Council Tax Reduction or any discount / exemption (please find attached evidence of my income and household composition).
- b. Pausing any further enforcement while the arrangement is in place.
- c. Confirming the arrangement in writing.

Yours faithfully

[Your name]

Letter 2 – Section 13A hardship application

[Your name and address]

[Date]

[Council Revenues Team]

[Council address]

Council Tax Account Number: [INSERT]

Dear Sir or Madam

Application under Section 13A Local Government Finance Act 1992

I am writing to apply for a discretionary reduction in my council tax liability under section 13A(1)(c) of the Local Government Finance Act 1992 on the grounds of hardship.

My circumstances are as follows:

[Set out clearly: change of circumstances, illness, bereavement, redundancy, escape from abuse, or other relevant facts.]

I attach:

1. My Standard Financial Statement budget showing my income and essential outgoings.
2. Evidence of my circumstances [list].
3. Bank statements for the last three months.

On the basis of this evidence I respectfully ask the Council to exercise its discretion to reduce my liability for the period [DATE] to [DATE], either in whole or in part as the Council sees fit.

I look forward to a written decision and the reasons for it.

Yours faithfully

[Your name]

Letter 3 – Asking the council to recall the debt from bailiffs

[Your name and address]

[Date]

[Council Revenues Team]

Council Tax Account Number: [INSERT]

Bailiff/EA Reference: [INSERT]

Dear Sir or Madam

I am writing to request that the Council recall the above debt from the enforcement agents currently instructed and instead permit me to pay through:

a direct payment arrangement with the Council, or

attachment of earnings, or

deductions from benefits.

My circumstances include the following vulnerabilities:

[List: health condition, mental health, age, disability, carer status, recent bereavement, etc., with brief evidence reference.]

I attach a Standard Financial Statement budget showing a household surplus of £[X] per month and I propose paying this amount to the Council by standing order.

Continued enforcement against me is likely to cause disproportionate harm and is unlikely to result in faster recovery for the Council.

I respectfully ask the Council to exercise its discretion under the Taking Control of Goods (Fees) Regulations 2014 and recall the debt.

Yours faithfully

[Your name]

Letter 4 – Backdated CTR / discount application

[Your name and address]

[Date]

[Council Revenues Team]

Council Tax Account Number: [INSERT]

Dear Sir or Madam

I am writing to apply for [Council Tax Reduction / Single Person Discount / Severe Mental Impairment Disregard / other] and to ask for the application to be backdated to [DATE].

Backdating is sought on the following grounds:

[Set out: when entitlement first arose, why claim was not made earlier (illness, vulnerability, lack of awareness, etc.).]

I attach evidence of:

1. Entitlement [income / household composition / medical certificate / etc.].
2. Continuous entitlement since [DATE].
3. The reason claim was not made earlier.

I respectfully ask the Council to apply the entitlement from [DATE] and to credit my account accordingly. If the resulting credit exceeds the current year's liability, I ask for the balance to be applied against any outstanding arrears or refunded.

Yours faithfully

[Your name]

Appendix B

Phone scripts

Script 1 – Phoning the council before a summons

You: Hello, I'd like to speak to the revenues team about my council tax account, reference [X].

Council: How can I help?

You: I've fallen behind and I want to set up a payment arrangement before this goes any further. I have a budget showing what I can afford. Could you give me an email address to send it to, and a named person to discuss it with?

Council: [Either takes the offer over the phone or gives you a contact.]

You: Thank you. I'll email the budget and my offer today. Please confirm receipt and your decision in writing. In the meantime, please pause any further reminder or summons action.

Script 2 – Phoning before a court hearing on a summons

You: Hello, my council tax summons is listed for [date]. I'd like to discuss whether the summons can be withdrawn or paused if I commit to a payment arrangement.

Council: We don't usually withdraw summonses.

You: I understand. Could you confirm in writing what arrangement, if accepted, would lead to the Council either withdrawing the summons or not pressing for a liability order? I have an SFS budget showing I can pay £[X] per month and want to put a formal proposal to you today.

[Always follow up in writing the same day.]

Script 3 – Asking the council to recall from bailiffs

You: Hello, I have an enforcement agent instructed against me for council tax. I want to ask the Council to take the debt back and let me pay direct.

Council: Once it's with the EAs, that's the route.

You: I understand the Council's general practice, but the Council retains discretion. I have vulnerability – [briefly state]. I'm willing to pay £[X] per month directly to the Council. Could you confirm to whom I should write, formally, requesting recall on grounds of vulnerability and an offered payment arrangement?

[Then send Letter 3 to the named person the same day.]

Appendix C

Discounts, exemptions and your rights

Key statutory provisions

- **Local Government Finance Act 1992** — main statute. Section 13A(1)(c) is the council's discretionary hardship reduction power.
- **Council Tax (Administration and Enforcement) Regulations 1992** — sets out the recovery procedure (reminder, final notice, summons, liability order, enforcement).
- **Taking Control of Goods Regulations 2013 / Fees Regulations 2014** — bailiff enforcement rules, fee scale, vulnerability protections.

Time limits to remember

- **7 days** to pay a missed instalment after a reminder notice.
- **14 days** from a final notice before the council can issue a summons.
- **2 months** to appeal a council decision to the Valuation Tribunal.
- **21 days** to apply to set aside a statutory demand (if council uses bankruptcy route).
- **6 years** limitation period for council tax debt recovery (Limitation Act 1980), **but** once a liability order is granted, no time limit applies for enforcement.

Vulnerability — your protection

Both the council and any enforcement agents must take vulnerability into account. Vulnerability includes (but is not limited to): serious illness, disability, mental health issues, age, recent bereavement, pregnancy, single parenthood with very young children, escape from abuse, language barrier, and substance dependency. **Tell the council in writing** — and ask them to record vulnerability on the account. Councils may have a vulnerable persons policy; ask for a copy.

This handbook provides general information about handling council tax arrears in the United Kingdom. The procedural detail is for England and Wales; Scotland is broadly similar but uses different terminology and timeframes. It is not legal advice. If your situation is complex, get independent advice.

Important – please read before using this handbook

This handbook is an **educational resource** that explains how debt processes work in the United Kingdom. It is not advice and is not a substitute for advice tailored to your circumstances.

The handbook does not assess your individual circumstances. It does not recommend any specific course of action for you. It does not weigh up which option is best in your case. Those judgments are yours to make, and you may want regulated advice before making them.

You are responsible for any decisions you make based on this information. If your situation is complex, urgent, or involves large sums, consider getting regulated advice before acting. Free advice is available from Citizens Advice, National Debtline, MoneyHelper, and local independent debt advice agencies. Regulated solicitors offer no-win-no-fee arrangements for many consumer credit matters.

The procedural detail in this handbook is for England and Wales unless the text says otherwise. Scotland follows broadly similar principles but with different terminology and a five-year prescription period in place of the six-year limitation rule. Northern Ireland has its own court rules. If you are in Scotland or Northern Ireland, check the position locally before relying on procedural steps.

The remainder of this handbook explains how UK debt processes work in general terms. The detail is for England and Wales unless the text says otherwise.

Statute-barred status (covered later in this guide) is a powerful protection, but it has important exceptions. Read this page before you rely on it in any individual case.

When statute-barred status does NOT apply

Statute-barred status is a powerful protection but it has important exceptions. Limitation does **not** protect you in the following cases:

Once a CCJ has been entered. If the creditor has already obtained a County Court Judgment, the six-year clock does not run in the same way and the judgment remains enforceable.

Mortgage shortfall debts. The limitation period is **twelve years** for the principal under a mortgage shortfall (Limitation Act 1980, s.20), with six years for interest.

Crown debts (HMRC, certain DWP overpayments). The Crown is not bound by the Limitation Act 1980 in the same way and HMRC's powers to recover unpaid tax run on different timescales. Some benefit overpayments can be recovered indefinitely through deductions from current benefits.

Council tax once a liability order has been obtained. Different rules apply after the magistrates' court has granted a liability order.

Scotland. The equivalent rule is **five-year prescription** under the Prescription and Limitation (Scotland) Act 1973, with different rules on what interrupts the period.

If any of these may apply, do not rely on the general statute-barred wording — check your specific facts and consider getting independent advice before responding to a creditor.

Breathing Space — a 60-day legal protection

The **Debt Respite Scheme** (Breathing Space) is a statutory protection in England and Wales. A standard Breathing Space lasts **60 days** and during that period most creditors must stop enforcement, stop adding interest, fees and charges, and stop most contact about qualifying debts. There is also a **Mental Health Crisis Moratorium** that lasts as long as the mental health crisis treatment plus 30 days.

Breathing Space is accessed through an FCA-authorized debt advice provider — free providers include Citizens Advice, National Debtline and local independent debt advice agencies. You cannot apply yourself; an authorised adviser does it for you. The full Breathing Space treatment, including who qualifies and what is covered, is in the main self-help handbook (Guide 1).

How to deal with debt collectors

A do-it-yourself, step-by-step handbook for handling debt collection agencies and debt purchasers.

This handbook is for people in the United Kingdom being chased by debt collection agencies (DCAs) or debt-purchase companies. It explains the difference between them, what they can and cannot do, what their rules are, and how to take control of the conversation.

It is general information only. It is not legal advice, financial advice, or debt counselling. The procedural detail in this guide assumes regulated UK consumer credit debts. For other types of debt — court fines, council tax, child maintenance — see the relevant guide in this series.

Contents

- Step 1. Who you're actually dealing with
- Step 2. Debt collector vs debt purchaser — the critical difference
- Step 3. What they can and cannot do
- Step 4. The rules they must follow (CONC and the law)
- Step 5. Take control: get everything in writing
- Step 6. Prove it — the Section 77/78 request
- Step 7. Disputing the debt — and what happens when you do
- Step 8. Negotiating with debt collectors
- Step 9. Negotiating with debt purchasers
- Step 10. Statute-barred debts and how to respond
- Step 11. Complaining about treatment
- Step 12. When they pass it on, sell it on, or send a different name

Appendix A — Template letters

Appendix B — Phone scripts

Appendix C — Your rights at a glance

STEP 1

Who you're actually dealing with

When a letter arrives with an unfamiliar name on it about a debt you'd half-forgotten, the first useful thing is to work out exactly who they are.

Three different things

- **The original creditor** — the bank, credit card company, or lender you originally borrowed from.
- **A debt collection agency (DCA)** — a third party employed by the original creditor (or a debt purchaser) to chase the debt on their behalf. They don't own the debt.
- **A debt purchaser** — a company that has bought the debt, usually for a fraction of its face value, and now owns it. They have the same legal rights as the original creditor would.

How to tell which is which

Read the letter carefully. The wording will usually tell you:

- **'Acting on behalf of [original creditor]'** — debt collection agency.
- **'Instructed by [original creditor]'** — debt collection agency.
- **'The debt has been assigned to us'** — debt purchaser.
- **'Notice of Assignment'** (a separate letter from the original creditor) — debt purchaser.
- **'We have purchased the debt from [original creditor]'** — debt purchaser.

If it's not clear, ask them

If a letter doesn't make it obvious whether the firm owns the debt or is just chasing it, your first letter back is simply: **'Please confirm whether you own this debt or are acting on behalf of another party. If you are acting for another party, please identify them.'** They have to answer.

Debt collector vs debt purchaser — the critical difference

The distinction matters because it changes what's possible. A debt collector working on behalf of someone else is constrained by what their client (the actual debt owner) is willing to accept. A debt purchaser owns the debt and can decide whatever they like.

Why this matters in practice

- **Debt purchasers usually paid little for the debt.** Older non-priority debts are often sold for 5–15p in the pound. Even an offer of 20–25p in the pound can be commercially attractive to them — they make a profit.
- **Debt collectors get a commission.** They want to recover what they can to earn their cut. They have less authority to write debt off.
- **Settlement negotiations are usually easier with debt purchasers.** They can authorise large discounts; collectors usually have to refer back to their client for approval.
- **The original lender can still hold the debt** — even when a DCA is chasing. In that case, complaining to the original lender (about treatment, charges, fairness) can sometimes be more effective than dealing with the DCA at all.

The 'sold for pennies' point

If a debt has been with the original lender for several years, has been defaulted, and is now with a debt purchaser, it has probably been bought for a small percentage of the balance. This isn't a guarantee of a cheap settlement — but it shifts the negotiation in your favour. The purchaser's costs are *already covered* at quite a low recovery level. Anything above that is profit.

STEP 3

What they can and cannot do

What debt collectors CAN do

- Write to you, telephone you (within reasonable hours), email you, or text you about the debt.
- Visit your home in some circumstances (rare, and never to seize goods — they're not bailiffs).
- Add interest and reasonable charges if the underlying agreement permits.
- Report the debt to credit reference agencies (the original creditor or current owner usually does this).
- Take legal action — issue a county court claim — to obtain a CCJ.

What debt collectors CANNOT do

- **Force entry into your home.** Only a bailiff acting under a court warrant can do that, and only in very specific circumstances.
- **Take your possessions.** They are not bailiffs.
- **Threaten you with arrest, prosecution, or prison.** Debt is not a criminal matter.
- **Tell your employer, family or neighbours about the debt** without your permission.
- **Pretend to be the police, a court, or a government agency.**
- **Demand a payment 'today' under threat of escalation** — that's pressure selling.
- **Continue to phone you** after you have asked, in writing, for written-only contact.
- **Pursue a debt they know to be statute-barred.**
- **Add charges that the original agreement does not permit.**

Doorstep visits — your rights

If a debt collector turns up at your door, you do not have to let them in. You do not have to talk to them on the doorstep. **Polite, brief, firm:** 'I'm not willing to discuss this here. Please put everything in writing.' Then close the door. They have no right of entry. They cannot take anything. If they continue or are aggressive, that is a complaint to the firm and to the FCA.

The rules they must follow (CONC and the law)

Debt collection in the UK is regulated. Firms must be authorised by the Financial Conduct Authority and must follow the FCA's **Consumer Credit sourcebook (CONC)**. Knowing the rules — even just knowing they exist — is one of your most powerful tools.

Key CONC rules

- **CONC 7.3** — firms must treat customers in default or arrears with forbearance and due consideration.
- **CONC 7.9** — firms must consider freezing interest and charges where a customer is in financial difficulty.
- **CONC 7.14** — when contacting customers, firms must be clear about what they want, must not pressurise, must not use deceptive or unfair contact methods.
- **CONC 7.15** — firms must not pursue a debt where there is reason to believe the debtor isn't liable, the amount is wrong, or the debt is statute-barred.
- **CONC 7.15.4** — specifically: firms must not pursue a debt they know or ought to know is statute-barred.
- **CONC 7.17** — firms must consider vulnerability and respond appropriately.

Other relevant law

- **Administration of Justice Act 1970, section 40** — criminal offence to harass debtors.
- **Consumer Credit Act 1974, sections 77/78/79** — your right to demand a copy of the credit agreement (Step 6).
- **Limitation Act 1980** — six-year limitation for most unsecured consumer debts in England and Wales.
- **Data Protection Act 2018 / UK GDPR** — your rights over the personal data they hold.

You can quote the rules

Saying '**this is contrary to CONC 7.14**' or '**I refer you to CONC 7.15.4 in respect of statute-barred debts**' in a letter is not pretentious — it's effective. It tells the firm you know the rules, you're prepared to escalate, and they need to handle this properly.

STEP 5

Take control: get everything in writing

The single most important habit when dealing with debt collectors is: **everything in writing**. Phone calls are for them, not for you. On the phone, agents are trained to extract information, secure commitments, and create urgency. In writing, they have to think before they reply, and you have time to think before you respond.

First letter: ask them to write only

Send Letter 1 in Appendix A. It says: 'Please contact me by post or email only. Do not phone. I will respond in writing to whatever you write to me.' Send it within the first week of any new collector contacting you.

Second letter: tell them about your circumstances

If you are in financial difficulty, tell them. CONC 7.3 requires forbearance. The request for written-only contact pairs naturally with a request to put any further interest and charges on hold while you sort things out (Letter 2 in Appendix A).

DO

- ✓ Always reply in writing — email or letter.
- ✓ Keep copies of everything sent and received.
- ✓ Quote account/reference numbers in every letter.
- ✓ Date everything.
- ✓ Tell them about any vulnerability, in writing.

DON'T

- ✗ Don't take their phone calls.
- ✗ Don't agree to anything on the phone.
- ✗ Don't give them bank details under pressure.
- ✗ Don't make a payment 'just to keep them quiet'.
- ✗ Don't acknowledge a debt in writing if there's any chance it's statute-barred.

STEP 6

Prove it — the Section 77/78 request

Under the Consumer Credit Act 1974, anyone collecting a regulated consumer credit debt must, on request, provide a copy of the original credit agreement and a statement of account. The relevant sections are:

- **Section 77** — fixed-sum credit (e.g. personal loans).
- **Section 78** — running-account credit (e.g. credit cards, store cards, catalogue accounts).
- **Section 79** — hire-purchase agreements.

How the request works

- 1 Send a written request quoting the relevant section, enclosing a £1.00 statutory fee.
- 2 The creditor (or its appointed collector) has **12 working days** from receipt to comply.
- 3 If they don't comply within that time, the agreement is **unenforceable** until they do — they cannot enforce it through the courts, take you to court, or use a default to escalate.
- 4 If the agreement they produce is incomplete (missing prescribed terms under s.61 of the CCA, no signature where one is required, etc.), it may be unenforceable altogether.

Unenforceable does not mean cancelled

An unenforceable agreement still exists as a debt. It can still be reported to credit reference agencies. The collector can still ask for payment. What changes is that they cannot use the courts to enforce it, which removes their main weapon. **Don't celebrate and stop paying** — keep proper records and respond to any further contact carefully.

When to use it

- When you don't recognise the debt or aren't sure it's yours.
- When the amount looks wrong or has charges you don't understand.
- When the debt has changed hands several times and you want to see the chain.
- When you suspect the agreement may be defective (very old debts, store cards, certain catalogue accounts).
- When a creditor has issued court proceedings — a s.77/78 request can buy time and may produce a defence.

STEP 7

Disputing the debt — and what happens when you do

If you don't believe the debt is yours, the amount is wrong, or there's a problem with how it's been treated, you can **dispute** it. While the dispute is being investigated, the firm should generally pause collection activity.

How to raise a dispute

- 1 Write to the firm. Use the word 'DISPUTE' in the subject line.
- 2 Set out clearly what you are disputing — the entire debt, the amount, specific charges, the chain of ownership.
- 3 Ask them to send their evidence (this naturally pairs with a s.77/78 request — see Step 6).
- 4 Ask them to **cease collection activity** until the dispute is resolved.

What CONC says

Under CONC 7.14, where a customer disputes a debt on what appear to be valid grounds, the firm must investigate and provide evidence. They should not continue collection while the dispute is being investigated. If they ignore the dispute and keep chasing, that is grounds for a complaint to the firm and (if not resolved) to the FCA and Financial Ombudsman.

Common grounds for dispute

- **'I don't recognise this debt.'** Possible identity theft or mistaken identity.
- **'The amount is wrong.'** Charges, fees, or interest have been added that you can't account for.
- **'I've already paid this.'** You believe the debt was settled previously, possibly when it was with a different collector.
- **'This debt is statute-barred.'** Six years (England/Wales) or five years (Scotland) without payment, written acknowledgement, or court action.
- **'I never received the goods/services.'** The debt is for something you never actually received.
- **'The agreement is defective.'** Missing prescribed terms, no signature, etc.

Negotiating with debt collectors

If the debt is genuinely yours, the amount is right, and you accept you owe it, negotiation is the next step. With debt collectors (acting on behalf of someone else), your proposal goes to them and they refer it to their client.

Reduced monthly payments

Send your offer in writing, with an SFS budget showing your surplus. State the figure you can afford by month, ask for interest and charges to be frozen, and ask for confirmation in writing.

Building an SFS budget

Across the UK debt-help and creditor system, the recognised budget format is the **Standard Financial Statement (SFS)**. It uses per-head **ceilings** based on household composition. The 2025 (+5%) per-head figures for the three trigger categories are:

Food & Housekeeping — 1st adult £491, additional adult £351, child u16 £147, child 16–18 £232.

Personal Costs — 1st adult £105, additional adult £72, child u16 £43, child 16–18 £97.

Communications & Leisure — 1st adult £251, additional adult £173, child u16 £78, child 16–18 £137.

Add the relevant per-head figures together for your household. These are **ceilings, not caps** — spending above guideline is acceptable where justified by vulnerability, health, age, location or work needs. For the full method, ranged categories (transport, clothing, health, contingency, household services), worked examples and a blank worksheet, see the companion guide *How to Build Your SFS Budget*.

Token payments

If your surplus is very small or zero across all your unsecured debts, offer £1, £5 or £10 per month — whatever you can genuinely afford. Token payments are well-understood in the sector. Most collectors will accept them once they see the budget.

Full and final settlement

If you can find a lump sum, offer to settle. With a debt collector (not purchaser), settlements typically run higher than with purchasers — often 50–70% of the balance, depending on age and how cooperative the creditor is. Always use the exact phrase **'in full and final settlement'** and require **written confirmation** before paying. See the main self-help handbook for the full sequence.

Always require written confirmation before paying

Never pay a settlement on the strength of a phone agreement. Get the deal in writing — specifying the amount, that it is in full and final settlement, that no further sum will be sought, and that the credit file will be updated. Without that letter in your hand, you have nothing protecting you against the same debt being sold on later.

STEP 9

Negotiating with debt purchasers

Debt purchasers are commercial buyers of distressed debt. They paid pennies in the pound for what they're now chasing. Their economics are different from original lenders, and your negotiation should reflect that.

What you can typically achieve

- **10–25p in the pound settlement** on older non-priority debts, especially where the debt has been with the purchaser for some time.
- **Below 10p in the pound** on very old debts that have been written off internally — sometimes as low as 5p.
- **Frozen interest indefinitely** on token payment arrangements.
- **Credit file marked 'satisfied'** on settlement.
- **Sometimes a full write-off** in cases of severe vulnerability.

How to make the offer

Use Letter 5 in Appendix A. The key elements:

- 1 State that the lump sum is from a third party (family, friend, donation).
- 2 State that the lump sum is **only available for this purpose**.
- 3 Make a specific offer — a percentage of the balance, in numbers.
- 4 Require: written acceptance; confirmation no further sum will be sought; confirmation the credit file will be marked 'satisfied'.
- 5 Set a reasonable deadline (28 days is standard).

Don't release the money until the letter arrives

The settlement only works if you have **written acceptance** in your hand before you pay. Some firms ask for the money first and 'will write afterwards'. Don't. The sequence is: their written acceptance, then your payment, then their written confirmation of settlement. Three steps, in that order, every time.

Statute-barred debts and how to respond

Many of the older debts pursued by debt collectors and purchasers are close to — or past — the limitation deadline. In England, Wales and Northern Ireland, an unsecured consumer debt becomes **statute-barred** if all of the following are true:

- Six years have passed since the last payment, written acknowledgement, or court action.
- The creditor has not started court proceedings during that period.
- You have not made a payment, signed an agreement, or written to acknowledge the debt within those six years.

(In Scotland, the rule is similar but uses a five-year prescription period.)

What it means

A statute-barred debt still exists, but cannot be enforced through the courts. The collector can still write to you (some do, hoping for a payment); they cannot sue you, they cannot get a CCJ, they cannot enforce.

One payment restarts the clock

Any payment, however small, starts a new six-year clock. So does a written acknowledgement that the debt is yours. Never make a payment 'to keep them quiet' on a debt that may be statute-barred. If you're not sure when you last paid, check your bank statements and your credit file before doing anything.

How to respond if a collector chases a statute-barred debt

Use Letter 6 in Appendix A. The key elements:

- Do **not** acknowledge the debt is yours.
- State that the debt appears to be statute-barred.
- Quote CONC 7.15.4 (firms must not pursue debts they know or ought to know are statute-barred).
- Require them to confirm in writing that they will cease contact.
- Reserve your right to complain to the FCA and Financial Ombudsman if they continue.

Most legitimate firms back off when they receive this letter. Some try to argue the debt isn't statute-barred — at which point you ask them to provide the date of the last payment they say you made, with documentary evidence.

Complaining about treatment

If a debt collector or purchaser breaks the rules, the complaint route is straightforward — and free.

Step 1 — Complain to the firm

Write to the firm's complaints address (every regulated firm must have one — check their website or any letter they've sent you). Use the word 'COMPLAINT' in the subject line. Set out clearly what they did wrong and what you want them to do (apology, correction, stop the contact, write off charges, refund). They have **eight weeks** to provide a final response.

Step 2 — Refer to the Financial Ombudsman

If you're unhappy with the firm's final response — or if eight weeks pass without one — you can refer the complaint to the **Financial Ombudsman Service**. The service is free, independent, and binding on the firm if it finds in your favour. The Ombudsman can require the firm to pay compensation, write off interest, correct credit file entries, and change practices.

What to complain about

- Persistent phone calls after a written request for written-only contact.
- Threatening, aggressive, or misleading communications.
- Pursuing a debt while a dispute is unresolved.
- Pursuing a statute-barred debt.
- Refusing to consider forbearance after a clear statement of financial difficulty.
- Failure to freeze interest where appropriate.
- Charges added without basis in the original agreement.
- Unfair treatment of vulnerability.
- Reporting wrong information to credit reference agencies.

FOS awards aren't trivial

The Financial Ombudsman regularly orders firms to pay compensation in the £100–£500 range for distress and inconvenience caused by poor handling, on top of correcting the underlying issue. They can also order interest written off, defaults removed from credit files, and arrears reduced. Firms typically settle complaints once the FOS is involved — there is a fee they pay per case regardless of outcome.

When they pass it on, sell it on, or send a different name

Debt collection is a market. A debt may be passed from collector A to collector B, sold from purchaser X to purchaser Y, or referred from any of them to a solicitor or to the courts. Each handover changes the letterhead but doesn't change the debt.

If a new firm contacts you about an old debt

- 1 Check your records — is this the debt you remember, or something different?
- 2 Look for a Notice of Assignment from the previous holder.
- 3 If in any doubt, ask the new firm to confirm: are they collecting on behalf of someone, or do they own the debt? When did they acquire it? What evidence do they have of the chain?
- 4 Repeat any previous correspondence — including written-only contact requests, vulnerability declarations, or settlement letters from past dealings.
- 5 Re-check whether the debt is now statute-barred.

If a debt you'd settled comes back

It happens. Records get lost; debts get re-sold; a clerical error puts a settled debt back into the chasing pool. Reply with: 'This debt was settled in full on [DATE] under the attached letter from [previous holder]. Please remove this from your records and confirm you will take no further action.' This is exactly why you keep settlement letters forever.

If a solicitor's firm starts writing

Solicitors instructed by a creditor or purchaser are dealt with separately in the companion guide *How to Deal With Solicitors*. The principles are the same — everything in writing, ask them to identify their client, request the agreement, check limitation, dispute or negotiate. The presence of a solicitor doesn't automatically change anything except the letterhead.

Appendix A

Template letters

Letter 1 – Request for written-only contact

[Your name and address]

[Date]

[Debt collector name and address]

Reference: [INSERT]

Dear Sir or Madam

I am writing in response to your recent contact about the above reference.

Please communicate with me in writing only – by post or email – in connection with this matter. I am dealing with several matters at once and I am unable to respond appropriately to telephone calls.

Under CONC 7.14, regulated firms are expected to take account of customers' preferences for how they are contacted. Persistent telephone contact after a written request for written-only contact is unfair treatment.

Please update your records accordingly and confirm in writing that you have done so.

Yours faithfully

[Your name]

Letter 2 – Notification of financial difficulty

[Your name and address]

[Date]

[Debt collector / debt purchaser]

Reference: [INSERT]

Dear Sir or Madam

I am writing to inform you that I am currently in financial difficulty.

Under CONC 7.3 and 7.9, firms are required to treat customers in default or arrears with forbearance and due consideration, and to consider freezing interest and charges.

I am in the process of preparing a full Standard Financial Statement budget and contacting all of my creditors. I will write to you again within 30 days with the budget and a proposal for how I intend to manage this account.

In the meantime, I ask you to:

1. Place the account on hold for 30 days.
2. Freeze any further interest and charges.
3. Cease any active collection activity (telephone, doorstep visits, or escalation) during this period.
4. Communicate in writing only.

Please confirm your agreement in writing.

Yours faithfully

[Your name]

Letter 3 – Section 77/78 request

[Your name and address]

[Date]

[Debt collector / debt purchaser]

Reference: [INSERT]

Dear Sir or Madam

I require a true copy of the executed credit agreement to which the above reference relates, together with a statement of account, in accordance with sections [77 / 78 – choose: 77 for fixed-sum credit such as a personal loan; 78 for running-account credit such as a credit card or catalogue] of the Consumer Credit Act 1974.

I enclose the statutory fee of £1.00 [postal order / cheque].

Please note that, until you provide the documents required, the agreement is unenforceable under section 78(6) [or 77(4)] of the Act.

I require the documents to be provided within the 12 working days specified by the Act.

Yours faithfully

[Your name]

Letter 4 – Dispute letter

[Your name and address]

[Date]

[Debt collector / debt purchaser]

Reference: [INSERT]

Subject: DISPUTE

Dear Sir or Madam

I am writing to formally dispute the above account on the following grounds:

[Set out clearly. Examples:

- I do not recognise this debt;
- the amount claimed is materially incorrect;
- the debt has previously been settled (see attached);
- the debt is statute-barred (see separate letter);
- I dispute specific charges totalling £[X].]

Under CONC 7.14, you are required to investigate this dispute and provide evidence supporting the debt before continuing collection activity.

I therefore require you to:

1. Cease all collection activity until the dispute is resolved.
2. Provide evidence of: the original agreement, the chain of ownership of the debt (if applicable), the calculation of the balance claimed, and any default notice issued.
3. Confirm in writing the steps you will take and a timetable.

Yours faithfully

[Your name]

Letter 5 – Settlement offer to a debt purchaser

[Your name and address]

[Date]

[Debt purchaser name and address]

Reference: [INSERT]

Dear Sir or Madam

I am writing to make a full and final settlement offer in relation to the above account.

I am unable to repay the balance in full. However, a third party (a family member) has offered to provide a one-off lump sum of £[INSERT – typically 10–25% of the balance for an old purchased debt] in full and final settlement of the account. The funds are only available for this purpose and only if the account is settled in full as a result.

If you accept this offer, I will arrange payment of £[INSERT] by bank transfer within 14 days of receiving your written acceptance.

Please confirm in writing that:

1. On receipt of £[INSERT], the account will be marked as settled in full and final settlement.
2. No further sum will be sought from me in connection with this account, by you or any third party to whom it may be assigned.
3. The credit file entry for this account will be updated to show the account as 'satisfied' or 'settled'.

I look forward to your written response within 28 days.

Yours faithfully

[Your name]

Letter 6 – Statute-barred debt response

[Your name and address]

[Date]

[Debt collector / debt purchaser]

Reference: [INSERT]

Dear Sir or Madam

I refer to your recent correspondence regarding the above reference.
I do not acknowledge any debt to your company.

If, as your letter implies, this matter relates to an alleged debt originally owed to [INSERT ORIGINAL CREDITOR if known], the alleged debt appears to be statute-barred under section 5 of the Limitation Act 1980. To the best of my knowledge, no payment has been made and no written acknowledgement has been given for at least six years, and no court action has been commenced.

Under FCA rule CONC 7.15.4, a firm must not attempt to recover a statute-barred debt where the firm knows or ought to know that the debt is statute-barred.

I therefore require you to confirm in writing within 14 days that:

1. You will cease all contact with me regarding this matter.
2. You will not pass the alleged debt to any other party for collection.

If I receive any further demand for payment after that date, I will treat the matter as a complaint and refer it to the Financial Ombudsman Service and the Financial Conduct Authority.

Yours faithfully

[Your name]

Appendix B

Phone scripts

Script 1 – Cold call from a debt collector

Them: Hello, am I speaking with [your name]?

You: Speaking.

Them: I'm calling from [DCA] about an account.

You: Thank you for calling. I deal with this matter in writing only. Please write to me by post or email and I will respond in writing. Thank you. Goodbye.

[End the call. You don't have to wait for them to agree.]

Script 2 – When they ask 'verification questions'

Them: Before I can discuss the account, can you confirm your full name, date of birth, and address?

You: I'm not in a position to provide personal details on a cold call. If you write to me at the address you have, I will respond in writing.

Them: I just need to confirm I'm speaking to the right person.

You: I understand, but I'm only dealing with this in writing. Please write to me. Goodbye.

Script 3 – When they push for an immediate payment

Them: If you can pay just £50 today on your card, I can stop this going to legal.

You: I'm not making payments on the phone. I'm reviewing my whole financial position and I'll be writing to all my creditors with proposals.

Them: But if you don't pay something today—

You: Please confirm in writing what action you intend to take, and I'll respond in writing. Thank you. Goodbye.

Script 4 – When a doorstep collector arrives

Them: [At your door] I'm from [DCA], here about your account.

You: I'm not willing to discuss this on the doorstep. Please write to me at this address. I will respond in writing. Goodbye.

[Then close the door. They have no right of entry. They cannot take anything.]

[Send a written complaint to the firm the next day, citing CONC 7.14 and the doorstep visit.]

Appendix C

Your rights at a glance

The five things they must do

- Treat you with forbearance and due consideration if you say you're in financial difficulty (CONC 7.3).
- Consider freezing interest and charges (CONC 7.9).
- Stop contacting you in ways you've asked them not to (CONC 7.14).
- Investigate disputes properly and pause collection while doing so (CONC 7.14).
- Stop pursuing statute-barred debts (CONC 7.15.4).

The five things they must not do

- Threaten you with arrest, prosecution, or prison (CONC 7.14).
- Pretend to be the police, a court, or a government agency (CONC 7.14).
- Discuss your debt with third parties without your consent (data protection).
- Force entry into your home (debt collectors are not bailiffs).
- Add charges that the original agreement does not permit.

Your tools

- **Section 77/78 request** (CCA 1974) — get a copy of the agreement; £1 fee; 12 working days; non-compliance = unenforceable.
- **Dispute letter** (CONC 7.14) — pause collection while investigated.
- **Statute-barred response** (Limitation Act 1980; CONC 7.15.4).
- **Complaint to the firm** — eight weeks for a final response.
- **Financial Ombudsman Service** — free, independent, binding.
- **Financial Conduct Authority** — for systemic firm misconduct.
- **Information Commissioner's Office (ICO)** — for data protection breaches.

This handbook provides general information about handling debt collectors and debt purchasers in the United Kingdom. It is not legal advice. If you receive court papers, or if your situation is complex, get independent advice.

Important – please read before using this handbook

This handbook is an **educational resource** that explains how debt processes work in the United Kingdom. It is not advice and is not a substitute for advice tailored to your circumstances.

The handbook does not assess your individual circumstances. It does not recommend any specific course of action for you. It does not weigh up which option is best in your case. Those judgments are yours to make, and you may want regulated advice before making them.

You are responsible for any decisions you make based on this information. If your situation is complex, urgent, or involves large sums, consider getting regulated advice before acting. Free advice is available from Citizens Advice, National Debtline, MoneyHelper, and local independent debt advice agencies. Regulated solicitors offer no-win-no-fee arrangements for many consumer credit matters.

The procedural detail in this handbook is for England and Wales unless the text says otherwise. Scotland follows broadly similar principles but with different terminology and a five-year prescription period in place of the six-year limitation rule. Northern Ireland has its own court rules. If you are in Scotland or Northern Ireland, check the position locally before relying on procedural steps.

The remainder of this handbook explains how UK debt processes work in general terms. The detail is for England and Wales unless the text says otherwise.

England and Wales

The procedural detail in this section applies to **England and Wales**. Scotland uses different terminology and a five-year prescription period; Northern Ireland has its own court rules. Check the local position if you are not in England and Wales.

If you are not in England and Wales, the procedural detail in this guide will not match your local rules. Scotland uses a different court system, different enforcement mechanisms (diligence, sheriff officers, summary warrants), and a five-year prescription period instead of the six-year limitation rule. Northern Ireland follows England and Wales on most consumer credit matters but has its own court rules and forms. Check the local position before relying on the step-by-step detail here.

Breathing Space — a 60-day legal protection

The **Debt Respite Scheme** (Breathing Space) is a statutory protection in England and Wales. A standard Breathing Space lasts **60 days** and during that period most creditors must stop enforcement, stop adding interest, fees and charges, and stop most contact about qualifying debts. There is also a **Mental Health Crisis Moratorium** that lasts as long as the mental health crisis treatment plus 30 days.

Breathing Space is accessed through an FCA-authorized debt advice provider — free providers include Citizens Advice, National Debtline and local independent debt advice agencies. You cannot apply yourself; an authorized adviser does it for you. The full Breathing Space treatment, including who qualifies and what is covered, is in the main self-help handbook (Guide 1).

How to deal with bailiffs

A do-it-yourself, step-by-step handbook for handling enforcement agents in England and Wales.

This handbook is for people in England and Wales who are facing — or could be facing — a bailiff visit. The legal term in England and Wales is now '**enforcement agent**', but most people still say bailiff, so this guide uses the two words interchangeably.

It explains the three types of bailiff, the strict rules they must follow, the fees they can and cannot charge, what they can and cannot take, and what to do at every stage — particularly at the front door.

It is general information only. It is not legal advice. If a bailiff is at your door right now, skip to Step 6. If your situation is complex, get independent advice.

Contents

- Step 1. The three different types of 'bailiff'
- Step 2. The Taking Control of Goods process
- Step 3. The fee scale — what each stage costs
- Step 4. The rules they must follow
- Step 5. Vulnerability — your strongest protection
- Step 6. What to do when a bailiff is at the door
- Step 7. Goods that are exempt — what they can never take
- Step 8. The Controlled Goods Agreement
- Step 9. Negotiating a payment arrangement
- Step 10. Asking the creditor to take the debt back
- Step 11. Complaints — five different routes
- Step 12. Detailed assessment of fees

Appendix A — Template letters

Appendix B — Phone and doorstep scripts

Appendix C — Your rights at a glance

STEP 1

The three different types of 'bailiff'

Most people use 'bailiff' as a single word, but in England and Wales there are three distinct types of enforcement agent, with different rules, different powers, and sometimes different responses.

Type	Authority	What for	Powers
Certificated Enforcement Agent	County court certification	Council tax, parking fines, magistrates' court fines, commercial rent, county court warrants	Powers under Taking Control of Goods Regulations 2013
County Court Bailiff	Employed by HMCTS	County court warrants of control under £600 (or transferred from CC)	Statutory powers as court officer
High Court Enforcement Officer (HCEO)	Authorised by the Lord Chancellor	High Court writs and county court judgments transferred up	Same TCGR 2013 process; more aggressive in practice

How to tell which type is at your door

Ask. Bailiffs must, on request, produce identification showing their name, the firm they work for (if certificated), the warrant or writ they're enforcing, and the debt details. If they can't or won't show you these, they have no right to be there.

Why the type matters

Council tax debts are enforced by certificated enforcement agents instructed by the council. Parking fines too. CCJ enforcement under £600 is usually county court bailiffs from the court itself; over £600, the creditor can transfer up to High Court Enforcement Officers — and HCEOs charge their own (higher) fees. Knowing the type tells you what rules apply, who to complain to, and who you can ask to call them off.

STEP 2

The Taking Control of Goods process

The process certificated enforcement agents must follow is set out in the **Taking Control of Goods Regulations 2013** and the related **Fees Regulations 2014**. It has three stages — and each stage has a fixed fee that gets added to your debt.

- 1 Compliance stage** — a 'Notice of Enforcement' is sent to you giving at least 7 clear days' notice. Fee: £75.
- 2 Enforcement stage** — the agent visits the property. Fee: £235 (plus 7.5% of debt over £1,500).
- 3 Sale or disposal stage** — the agent removes goods for sale. Fee: £110 (plus 7.5% of debt over £1,500).

What this means in practice

- If you receive a Notice of Enforcement and pay before any visit, you only ever pay the £75 compliance fee.
- If you wait until they visit, you also pay £235.
- If they remove goods (rare), you also pay £110.
- **The biggest single saving is paying or arranging during the compliance stage** — saves £235.

Notice of Enforcement — what to expect

The notice is a formal letter telling you: who has instructed them; the amount of the debt; the £75 fee added; and that you have at least 7 clear days to pay or make an arrangement before they visit. The 7 days don't include the day of issue and don't include the day of any planned visit. It's **your last and best opportunity to control what happens next**.

Don't wait for the visit

If you've received a Notice of Enforcement, every day matters. Open the letter, read the deadline, and act today. Use Letter 1 in Appendix A to engage with the firm. The compliance stage is the cheapest, most flexible, and lowest-stress point in the whole process.

STEP 3

The fee scale — what each stage costs

Bailiff fees are set by regulation. They are fixed amounts. They cannot be negotiated up or down by the agent, and they cannot be inflated, doubled, or repeated. **Knowing the fee scale is your protection against being overcharged.**

Stage	Fee	Notes
Compliance	£75	Single fee, charged once per warrant/writ when Notice of Enforcement is sent
Enforcement (1st visit)	£235	Charged on the first visit only. Subsequent visits do not generate further enforcement fees.
Sale/disposal	£110	Charged when goods are taken away for sale. Plus auctioneer/storage costs.
7.5% of debt over £1,500	Variable	Added to the enforcement fee and the sale fee, but only on the portion of the debt above £1,500.

Worked example — a £1,200 council tax debt

- Pay during compliance stage: debt £1,200 + £75 fee = **£1,275 total**.
- Pay after enforcement visit: debt £1,200 + £75 + £235 = **£1,510 total**.
- Goods sold: debt £1,200 + £75 + £235 + £110 = **£1,620 total**, plus storage/auction costs.

HCEO (High Court) fees

HCEOs use the same Fees Regulations and the same fee scale, but they typically also charge higher 'mileage' and 'attendance with sale' costs. If a county court judgment is transferred up to the High Court for enforcement, the total fees can be considerably higher than for county court bailiffs.

STEP 4

The rules they must follow

Enforcement agents are bound by the regulations and by the National Standards for Enforcement Agents (Ministry of Justice). The rules cover when they can visit, what they must produce, what they can take, and how they must behave.

When they can visit

- Between **6:00 am and 9:00 pm**, on any day of the week.
- **Never** on a Sunday, Christmas Day, or Good Friday (with rare exceptions for trade premises).
- Not at unreasonable times — e.g. very early on a working day they know you're at home with young children.

How they can enter

- Through any **unlocked door**. They cannot break in.
- Through any door you **open and invite them in**. (They will sometimes ask politely to come in to discuss it; saying yes is consent to peaceful entry.)
- **Never** through a window, by climbing a fence, by going through a back gate, or by forcing a lock.
- **Never** against the wishes of an occupier who is in the property.
- Not into commercial premises after operating hours.

What they cannot do

- Force entry to a domestic property on a first visit (rare exceptions for HMRC and criminal fines, but never for civil debts on a first visit).
- Push past you, restrain you, or block your way.
- Threaten or be aggressive.
- Take goods that don't belong to you (subject to evidence — see Step 7).
- Take exempt goods (Step 7).
- Continue to act if vulnerability is clearly disclosed and they ought to refer back to the creditor.
- Inflate or duplicate fees.
- Refuse to produce identification on request.

They cannot break in

On a first civil visit to a residential address, an enforcement agent cannot force entry. They can only enter through an unlocked door or with your consent. **Keeping doors locked and not letting them in is a complete answer at the doorstep stage.** What changes is what comes after — they may try again, they may try peaceful entry during a return visit, and they will continue to add nothing to fees beyond the single £235 enforcement charge.

STEP 5

Vulnerability — your strongest protection

The Taking Control of Goods Regulations 2013, the Fees Regulations 2014, and the National Standards for Enforcement Agents all require enforcement agents to take particular care with vulnerable people — and to refer back to the creditor where vulnerability is established.

Who counts as vulnerable

There is no exhaustive list, but accepted vulnerabilities include:

- Age — older people and very young households
- Disability — physical or mental
- Long-term illness or recent serious illness
- Mental health conditions, including depression, anxiety, PTSD
- Pregnancy
- Recent bereavement
- Sole carers for young children or a disabled person
- Single-parent households with children under 5
- People escaping domestic abuse
- Substance dependency
- Language difficulty
- Inability to understand the process due to learning disability

How vulnerability protects you

- The agent must consider whether enforcement is appropriate at all and may have to refer back to the creditor.
- The agent should not take fees for the enforcement stage if the vulnerability prevented effective communication or required them to provide reasonable opportunities to engage.
- Some creditors will **recall the debt** from the agent on the strength of disclosed vulnerability — see Step 10.

Tell them — and put it in writing

Vulnerability only works as a protection if the agent and the creditor know about it. Tell the agent in person if they're at the door (briefly — 'I have a [condition] and I'm asking you to refer this back to the creditor'). Then send a written notice to both the enforcement firm and the creditor (Letter 4 in Appendix A). Don't worry about being embarrassed — it's information they're required to take seriously.

STEP 6

What to do when a bailiff is at the door

If a bailiff is at your door right now, this is what to do.

Five rules for the doorstep

- 1 Don't open the door wider than necessary.** Speak through the gap, or through a window. They cannot push past, but they can walk through any unlocked door.
- 2 Don't invite them in.** Once you let them in, they have peaceful entry — and they may make a controlled goods agreement (Step 8) covering anything in the house.
- 3 Ask for ID.** Their name, the firm, the warrant or writ number, the debt details. They must show you these.
- 4 Establish what kind of bailiff they are.** Certificated EA? County court bailiff? HCEO? It changes your options.
- 5 Engage briefly, then end the conversation.** Either pay/arrange (in writing later, not on the doorstep), or politely tell them you'll respond in writing within 7 days. Then close the door.

DO

- ✓ Lock all doors and windows.
- ✓ Move any vehicle off the driveway and into a garage or onto the public road.
- ✓ Speak through a gap in the door, a window, or a video doorbell.
- ✓ Ask for and write down their full name and the firm.
- ✓ Disclose vulnerability if any applies — briefly.
- ✓ Ask them to leave and put it in writing.

DON'T

- ✗ Don't let them inside.
- ✗ Don't sign anything they hand you.
- ✗ Don't let them take photos through windows.
- ✗ Don't make a payment on the doorstep under pressure.
- ✗ Don't leave anything visible in a car they can see (keys, paperwork, valuables).
- ✗ Don't engage in a long conversation — keep it brief.

Goods that are exempt — what they can never take

Even if you allow an enforcement agent into your home, there is a list of goods they cannot take, regardless of the debt or the warrant. Some are explicitly exempt under the regulations; others are protected by case law or fairness rules.

Exempt goods (Taking Control of Goods Regulations 2013, sch. 4)

- **Items necessary for basic domestic needs** — beds and bedding for everyone in the household, a working cooker or microwave, a working refrigerator, a working washing machine, a table for eating and seating for everyone, a means of heating each room.
- **Items necessary for personal care** — assistive technology, prescribed medical equipment, items needed for the care of a child, an older person or a disabled person.
- **Items necessary for work, study, or trade** up to a value of **£1,350 in total** — tools, books, equipment, vehicles necessary for the trade.
- **Children's items** — toys, school supplies, etc.
- **Pets and assistance animals.**
- **Items belonging to someone else** — but you must be able to prove this with a receipt or witness statement.

Items often disputed

- **The car on the driveway** — if it's needed for work, study, medical appointments, or caring duties, it may be exempt. Move it onto the road or into a garage if you can; if it's on the road, ownership has to be proven from records.
- **The TV** — not exempt as a 'basic need', but agents rarely remove televisions because the resale value is low.
- **Items belonging to a partner, child, or other household member** — exempt if proven; receipts, photos with date, gift letters all help.
- **Tools of the trade** — up to £1,350. A self-employed builder's van and tools, a hairdresser's equipment, a gardener's mower, all typically exempt within the cap.

If they take something they shouldn't

If an enforcement agent takes goods that are exempt — including goods belonging to someone else — there is a 'Detailed Assessment' procedure (Step 12) and a complaint route. Do not hand things over voluntarily that you believe are exempt. Make a written list of what was taken, with date and time, and challenge it the same day.

STEP 8

The Controlled Goods Agreement

If an enforcement agent enters peacefully and identifies goods of value, they will usually try to make a **Controlled Goods Agreement (CGA)** with you. This is a written agreement that:

- Lists specific items in your home that the agent has 'taken control of' on paper.
- Allows you to keep using and possessing those items.
- Requires you to make payments under an agreed schedule.
- Authorises the agent to return and remove the goods if you default on payments.

Should you sign one?

Sometimes a CGA is the best practical option — it lets you keep your possessions and spreads the debt over time. But there are risks:

- If you default on payments, the agent can return without notice and remove the goods. They can also use 'reasonable force' to enter at the return visit because peaceful entry was already established.
- Agents sometimes list goods that aren't actually yours, or that are exempt. **Check every line** before signing.
- Agents sometimes list goods at unreasonably low values; you can challenge values.
- The CGA fee is £235 (the single enforcement-stage fee) — it's not a separate additional charge if a Notice of Enforcement was already issued.

Read every word, refuse exempt goods

If asked to sign a CGA, slow the conversation down. Read every line. Cross out and initial any item you believe is exempt or doesn't belong to you. Refuse to sign if the agent insists on listing exempt or third-party goods. Ask for a complete copy of everything you've signed. **If in doubt, ask them to leave it with you and you'll respond by post within 7 days** — they may accept this.

STEP 9

Negotiating a payment arrangement

Enforcement agents can — and routinely do — accept payment arrangements. Their goal is to recover the debt; an arrangement that pays steadily often serves their interest better than the alternative. Get the offer in writing.

How to make the offer

- 1 Send Letter 2 in Appendix A, attaching your SFS budget.
- 2 Make a specific offer: a monthly amount based on your budget surplus.
- 3 Ask for: confirmation in writing; a pause on visits while the arrangement is in place; no further fees added during the arrangement.
- 4 Set up the standing order from the date proposed — even if they don't formally confirm.

Building an SFS budget

Across the UK debt-help and creditor system, the recognised budget format is the **Standard Financial Statement (SFS)**. It uses per-head **ceilings** based on household composition. The 2025 (+5%) per-head figures for the three trigger categories are:

Food & Housekeeping — 1st adult £491, additional adult £351, child u16 £147, child 16–18 £232.

Personal Costs — 1st adult £105, additional adult £72, child u16 £43, child 16–18 £97.

Communications & Leisure — 1st adult £251, additional adult £173, child u16 £78, child 16–18 £137.

Add the relevant per-head figures together for your household. These are **ceilings, not caps** — spending above guideline is acceptable where justified by vulnerability, health, age, location or work needs. For the full method, ranged categories (transport, clothing, health, contingency, household services), worked examples and a blank worksheet, see the companion guide *How to Build Your SFS Budget*.

If they refuse your offer

Enforcement agents do not have unlimited authority — sometimes they have to refer your offer back to the creditor. Your fall-back is the same letter sent to the creditor asking them to recall the debt entirely (Step 10).

What payment levels usually work

- If the debt is small (£100–£500) — they may want full payment within 4–8 weeks.
- If the debt is mid-range (£500–£2,500) — monthly payments over 6–18 months are typical.
- If the debt is large (£2,500+) — longer arrangements possible, but the creditor may prefer attachment of earnings or recall.
- Whatever level you offer, the figure must come from your budget — not what they suggest.

Asking the creditor to take the debt back

The enforcement firm enforces. The creditor decides. If you can persuade the creditor to **recall the debt**, the enforcement firm has to step away — and you can then deal with the underlying debt directly.

When this works best

- Council tax debts where the council has discretion (always — Step 10 of the council tax guide).
- Court fines where the court can refer back to a Fines Officer.
- Parking debts (PCNs) — the issuing authority can recall.
- Commercial debts where the creditor would rather settle than risk reputational issues.

How to make the recall request

- 1 Write to the creditor (not the enforcement firm), copying the firm.
- 2 Disclose any vulnerability clearly — include evidence references where possible.
- 3 Set out a credible alternative: 'I will pay £X per month directly to [creditor], by standing order, starting [date].'
- 4 Attach your SFS budget showing the surplus that supports the offer.
- 5 Ask the creditor to: recall the debt from the enforcement firm; agree the payment arrangement; freeze any further interest, fees, or escalation.
- 6 Set a reasonable deadline (14 days is fair) and reserve the right to escalate to the relevant complaints body if there's no response.

Don't underestimate this route

Recalls happen more often than people realise — particularly with councils, where internal pressure to deal humanely with vulnerable residents is real. A well-evidenced letter to the named officer (not 'enforcement team') with vulnerability evidence and a credible payment plan succeeds in a meaningful proportion of cases. Worth doing even if the chances of success seem low.

Complaints — five different routes

If an enforcement agent has misbehaved, there are several complaint routes. Use them in this order:

1. The enforcement firm itself

Every regulated firm must have a complaints procedure. Send your complaint in writing with full details (dates, names, what was said, what was done, what you want). They have eight weeks to provide a final response.

2. The trade association

- **Civil Enforcement Association (CIVEA)** — most certificated agents.
- **High Court Enforcement Officers Association (HCEOA)** — for HCEOs.

Trade associations have voluntary codes of conduct that are stricter than the statutory minimum. They will investigate complaints against members.

3. The originating creditor

Councils, courts, and creditors can — and sometimes do — recall enforcement after a complaint about agent behaviour. Worth complaining to them as well as to the firm.

4. The court that issued the warrant

For court fines, county court warrants, and HCEO writs, the court that issued the warrant has jurisdiction. You can apply for the certificate of an offending agent to be revoked (Form EAC2). Successful complaints have led to certificates being suspended or cancelled.

5. The Local Government and Social Care Ombudsman (council tax cases)

If the council mishandled the debt or the enforcement (e.g. ignored vulnerability, ignored your payment offer, failed to consider section 13A hardship), the LGSCO is a free, binding complaints body. Use after the council's own complaints process is complete.

Compensation is real

Successful enforcement complaints can result in: refund of fees, write-off of charges, compensation for distress, certificates revoked, and changes to firm practice. The LGSCO regularly orders councils to pay compensation in the £100–£500 range for poor handling, and to refund fees added by enforcement agents instructed inappropriately.

Detailed assessment of fees

If you believe an enforcement agent has charged fees that aren't due, you can apply to the court for a **detailed assessment** of those fees under paragraph 58 of Schedule 12 to the Tribunals, Courts and Enforcement Act 2007 and the related rules.

When this is worth doing

- Multiple enforcement-stage fees (£235 each) charged for what was really one visit.
- Compliance fee charged after you'd already arranged or paid.
- 7.5% surcharge applied to a debt under £1,500.
- Sale-stage fee charged when no goods were actually removed.
- Mileage or storage charges that look excessive.

How to apply

- 1 Use Form N244 in the county court that issued the warrant (or the High Court for HCEO writs).
- 2 State which fees you're disputing and why.
- 3 Attach evidence: the Notice of Enforcement, the visit log, the CGA, any correspondence.
- 4 Apply for fee remission (Form EX160) if you can't afford the application fee.

What the court can do

- Order fees to be refunded in whole or in part.
- Order interest paid on refunded amounts.
- Make findings about the agent's conduct that support a complaint to the certifying court.

Time-limited

There is a time limit — the application should be made within 3 months of completion of enforcement, or within a reasonable time of any disputed fee being charged. If you're considering a detailed assessment, don't delay.

Appendix A

Template letters

Letter 1 – Engagement after Notice of Enforcement

[Your name and address]

[Date]

[Enforcement firm]

Reference / Warrant number: [INSERT]

Original creditor: [INSERT]

Dear Sir or Madam

I write following receipt of a Notice of Enforcement dated [DATE] in respect of the above reference.

I want to engage at the compliance stage and avoid an enforcement visit if possible.

I attach a Standard Financial Statement budget showing my income, essential outgoings, and a household surplus of £[X] per month.

I offer:

Payment in full of £[INSERT] within [14 / 28] days, or

Payment by instalments of £[X] per month, by standing order, starting on [DATE], for [X] months.

Please confirm in writing:

1. Whether the offer is accepted.
2. That, while the arrangement is in place, no enforcement-stage fee will be added and no visit will take place.
3. That all communication will be in writing.

I look forward to your written response within 7 days.

Yours faithfully

[Your name]

Letter 2 – Vulnerability disclosure to firm and creditor

[Your name and address]

[Date]

By post and email to:

1. [Enforcement firm] – [address]
2. [Creditor – council, court, etc.] – [address]

Reference: [INSERT]

Dear Sir or Madam

I write to disclose that I am a vulnerable person within the meaning of the National Standards for Enforcement Agents and the Taking Control of Goods Regulations 2013.

The vulnerability arises from:

[Set out clearly: medical condition, mental health, age, sole carer responsibilities, recent bereavement, escape from abuse, etc.]

I attach:

1. [Letter from GP / hospital / consultant / social worker / carers' organisation, etc.]
2. [Other supporting evidence.]

I respectfully ask:

1. The enforcement firm to suspend any visit and refer the matter back to the creditor.
2. The creditor to recall the debt from the enforcement firm and accept a direct payment arrangement.
3. Both parties to communicate with me only in writing in future.

If recall is not acceptable, I attach a Standard Financial Statement budget showing a surplus of £[X] and offer to pay this amount per month directly to the creditor (or, failing that, to the firm).

Yours faithfully

[Your name]

Letter 3 – Recall request to creditor

[Your name and address]

[Date]

[Creditor – named officer where possible]

[Address]

Reference: [INSERT]

Enforcement firm: [INSERT]

EA reference: [INSERT]

Dear [Officer]

I am writing to ask the [Council / Court / creditor] to recall the above debt from the enforcement agents currently instructed.

My circumstances are:

[Set out: vulnerability if any, change of circumstances, current financial position.]

I attach:

1. A Standard Financial Statement budget showing a household surplus of £[X] per month.
2. Evidence of my circumstances [list].

I propose:

1. The debt is recalled from the enforcement agents.
2. I pay £[X] per month by standing order directly to [creditor], starting on [DATE].
3. Any further fees and interest are paused.

Continued enforcement is unlikely to recover faster than the arrangement I propose, and risks disproportionate harm given the vulnerability disclosed.

I look forward to a written response within 14 days. If the recall is not granted, I reserve the right to refer the matter to the [Local Government and Social Care Ombudsman / FOS / relevant complaints body].

Yours faithfully

[Your name]

Letter 4 – Complaint about enforcement agent conduct

[Your name and address]

[Date]

Complaints Department, [Enforcement firm]

Reference: [INSERT] Subject: COMPLAINT

Dear Sir or Madam

I am making a formal complaint about the conduct of enforcement agent [NAME if known] in connection with the above reference.

My complaint relates to events on [DATE], at [TIME].

The matters complained of are:

1. [E.g. attempted forced entry through a back gate.]
2. [Continued contact after written-only request.]
3. [Failure to refer back after vulnerability disclosed.]
4. [Inflated or duplicated fees under Fees Regs 2014.]
5. [Other – specify.]

I attach: [evidence – photos, video, statements, etc.]

I require:

1. Acknowledgement within 5 working days.
2. A full investigation.
3. A final response within 8 weeks.
4. [Remedies sought – refund, apology, removal from case, etc.]

If I am unhappy with the response, I will escalate to [trade association / certifying court / LGSCO / FOS as appropriate].

Yours faithfully

[Your name]

Appendix B

Phone and doorstep scripts

Script 1 — Phone call from an enforcement firm

Them: I'm calling from [firm] about a warrant for [creditor]. I need to arrange payment today.

You: Thank you for calling. I deal with this in writing. Please write to me at the address you have, including the warrant number, the debt details, and any fees added. I will respond in writing within 7 days.

Them: If I don't have a payment by tomorrow I'll be visiting your address.

You: I understand. Please put your demand in writing. I will respond properly when I receive it. Thank you. Goodbye.

Script 2 — Doorstep, first time

Agent: [Knocks] I'm an enforcement agent for [firm] regarding a warrant for [creditor]. I need to come in to discuss it.

You: [Through a window or doorbell, or door open only a small gap] Please show me your identification and the warrant.

Agent: [Shows]

You: Thank you. Please leave the paperwork. I will respond in writing within 7 days. I am not willing to discuss this on the doorstep and I am not inviting you in.

Agent: If you don't engage now I'll have to add the enforcement fee.

You: I understand. Please leave the documentation. Thank you. Goodbye.

[Close the door. Make a written record of the visit immediately — date, time, what was said, what they did. Send Letter 1 the same day.]

Script 3 — Disclosing vulnerability at the doorstep

Agent: [At the door] I'm here under a warrant for [creditor].

You: I want to inform you, briefly, that I am a vulnerable person within the meaning of the National Standards for Enforcement Agents. The vulnerability is [briefly: condition / age / caring responsibility]. I am asking you to refer this matter back to the creditor and not to proceed with enforcement today.

Agent: Can I see evidence?

You: I will send written confirmation, with supporting evidence, to your firm and to the creditor today. Please leave the paperwork. Goodbye.

[Send Letter 2 the same day to both the firm and the creditor.]

Script 4 – When they ask to come in 'just to talk'

Agent: If you let me in, we can sit down and sort this out in 5 minutes.

You: Thank you, but no. Anything we agree, we can agree in writing. Please leave the paperwork. I will write to you today.

Agent: It's much quicker if I come in.

You: I understand, but I'm not inviting you in. Goodbye.

[Letting an agent in establishes peaceful entry – they may then make a Controlled Goods Agreement and gain the right to return with reasonable force. The 5 minutes is a trap.]

Appendix C

Your rights at a glance

Five things they cannot do — ever

- Force entry to a residential property on a first civil visit.
- Visit before 6am, after 9pm, or on a Sunday/Christmas Day/Good Friday.
- Take exempt goods (basic domestic, child-related, work tools to £1,350, third-party).
- Threaten or pretend to be police, court officers, or government officials.
- Inflate or duplicate the regulated fees.

Five things they must do, on request

- Show identification and authorisation.
- Show the warrant or writ they are enforcing.
- Provide a breakdown of the debt and fees.
- Take account of vulnerability.
- Communicate in writing if you ask them to.

Five tools you have

- **Letter to engage at compliance stage** — saves £235 enforcement fee.
- **Vulnerability disclosure** — can stop enforcement entirely.
- **Recall request to the creditor** — pulls the debt back from the firm.
- **Detailed assessment of fees** (court application) — refund of overcharged fees.
- **Complaints to firm, trade body, court, creditor, LGSCO/FOS** — five separate routes.

Key statutory framework

- **Tribunals, Courts and Enforcement Act 2007**, Schedule 12 — main statutory power.
- **Taking Control of Goods Regulations 2013** — process and exempt goods.
- **Taking Control of Goods (Fees) Regulations 2014** — the fee scale.
- **National Standards for Enforcement Agents** (Ministry of Justice) — conduct standards.

This handbook provides general information about handling enforcement agents in England and Wales. It is not legal advice. If a bailiff has already entered your home or removed goods, get advice immediately.

Important – please read before using this handbook

This handbook is an **educational resource** that explains how debt processes work in the United Kingdom. It is not advice and is not a substitute for advice tailored to your circumstances.

The handbook does not assess your individual circumstances. It does not recommend any specific course of action for you. It does not weigh up which option is best in your case. Those judgments are yours to make, and you may want regulated advice before making them.

You are responsible for any decisions you make based on this information. If your situation is complex, urgent, or involves large sums, consider getting regulated advice before acting. Free advice is available from Citizens Advice, National Debtline, MoneyHelper, and local independent debt advice agencies. Regulated solicitors offer no-win-no-fee arrangements for many consumer credit matters.

The procedural detail in this handbook is for England and Wales unless the text says otherwise. Scotland follows broadly similar principles but with different terminology and a five-year prescription period in place of the six-year limitation rule. Northern Ireland has its own court rules. If you are in Scotland or Northern Ireland, check the position locally before relying on procedural steps.

The remainder of this handbook explains how UK debt processes work in general terms. The detail is for England and Wales unless the text says otherwise.

England and Wales

The procedural detail in this section applies to **England and Wales**. Scotland uses different terminology and a five-year prescription period; Northern Ireland has its own court rules. Check the local position if you are not in England and Wales.

If you are not in England and Wales, the procedural detail in this guide will not match your local rules. Scotland uses a different court system, different enforcement mechanisms (diligence, sheriff officers, summary warrants), and a five-year prescription period instead of the six-year limitation rule. Northern Ireland follows England and Wales on most consumer credit matters but has its own court rules and forms. Check the local position before relying on the step-by-step detail here.

Breathing Space — a 60-day legal protection

The **Debt Respite Scheme** (Breathing Space) is a statutory protection in England and Wales. A standard Breathing Space lasts **60 days** and during that period most creditors must stop enforcement, stop adding interest, fees and charges, and stop most contact about qualifying debts. There is also a **Mental Health Crisis Moratorium** that lasts as long as the mental health crisis treatment plus 30 days.

Breathing Space is accessed through an FCA-authorized debt advice provider — free providers include Citizens Advice, National Debtline and local independent debt advice agencies. You cannot apply yourself; an authorized adviser does it for you. The full Breathing Space treatment, including who qualifies and what is covered, is in the main self-help handbook (Guide 1).

How to deal with solicitors

A do-it-yourself, step-by-step handbook for handling solicitors instructed by creditors.

This handbook is for people in the United Kingdom receiving letters from solicitors acting for a creditor or debt purchaser. It explains what to look for, what your rights are, what each kind of letter means, and how to respond at every stage.

Solicitors' letters can feel intimidating. Most of the time they don't have to. The rules of pre-action protocol, court procedure, and FCA regulation apply just as much to a solicitor as to anyone else, and a well-handled response often resolves the matter without ever reaching court.

It is general information only. It is not legal advice. If you receive a statutory demand, a court claim form, or a charging order application, consider getting independent advice — these have strict deadlines and can have serious consequences.

Contents

- Step 1. Identify who is writing — and for whom
- Step 2. The Pre-Action Protocol for Debt Claims
- Step 3. The Letter Before Action — and the Reply Form
- Step 4. When the solicitor is being a debt collector
- Step 5. Keep the same tools you'd use against a DCA
- Step 6. Statutory demands — 21 days to act
- Step 7. Court proceedings — the move from protocol to claim
- Step 8. Charging orders on your home
- Step 9. Negotiating with creditor solicitors
- Step 10. Costs — what they can and cannot add
- Step 11. Complaints to and about solicitors
- Step 12. When to step out of DIY mode and get help

Appendix A — Template letters

Appendix B — Phone scripts

Appendix C — Your rights at a glance

STEP 1

Identify who is writing — and for whom

Read the letterhead. A solicitor's letter usually comes on professional stationery and states clearly:

- The name of the solicitors' firm and their address.
- Whether the firm is regulated by the Solicitors Regulation Authority (SRA), the Law Society of Scotland, or the Law Society of Northern Ireland.
- The name of their **client** — i.e. who they are acting for.
- A reference number or matter number.
- What they want you to do.

Common scenarios

- **Solicitor acting for the original lender** — bank, credit card company, finance house.
- **Solicitor acting for a debt purchaser** — Lowell, Cabot, PRA Group, Intrum, etc.
- **Solicitor acting for a council, utility, or housing association** — usually for priority debts.
- **Solicitor acting on behalf of a person you've had dealings with** — landlord, ex-partner, business creditor.
- **An in-house legal team** — sometimes a credit card company or debt purchaser uses its own employed solicitors. The same rules apply.

If the letterhead doesn't make it clear, ask

Reply asking them to confirm: their client, the underlying account, the date the alleged debt arose, and whether their client owns the debt or is collecting on behalf of someone else. They have to answer. Until they do, don't acknowledge the debt — particularly if limitation might be running.

STEP 2

The Pre-Action Protocol for Debt Claims

In England and Wales, before a creditor can issue a court claim against an individual for an unpaid debt, they must comply with the **Pre-Action Protocol for Debt Claims**. This is set out in the Civil Procedure Rules (effective October 2017) and applies to almost all consumer debt claims by businesses against individuals.

What the creditor's solicitor must do

- 1 Send a **Letter of Claim** (often called a 'Letter Before Action') containing specific information about the debt and how it arose.
- 2 Enclose an **Information Sheet**, a **Reply Form**, and a **Standard Financial Statement** for the debtor to complete.
- 3 Provide enclosed details of where to seek free debt advice.
- 4 Allow at least **30 days** from the date of the Letter of Claim for the debtor to respond.
- 5 Wait at least **30 days** after receiving the Reply Form before issuing court proceedings, while engagement continues.

What you should do

- Read the Letter of Claim carefully. Check the debt, the dates, and the chain of ownership.
- Complete the Reply Form — but only after you've considered: is the debt yours, is the amount right, is it statute-barred, has there been a default notice, etc.
- Use the 30-day window. Don't ignore it.
- If you need more information from them — agreement, statement of account, notice of assignment — ask in writing.

Don't ignore a Letter of Claim

If you ignore a properly-served Letter of Claim, the creditor can issue proceedings 30 days later. The court takes a dim view of debtors who didn't engage with the protocol — and you may be liable for the costs that result. **Always reply**, even if your reply is to dispute, to ask for documents, or to ask for more time.

STEP 3

The Letter Before Action — and the Reply Form

The Reply Form that comes with a Letter of Claim is one of the more useful documents in the whole UK debt system. It gives the debtor a structured way to engage — and the responses you give shape what happens next.

The boxes on the Reply Form

- **Box A — I owe the debt.** Use only if you accept it in full. Most people who owe the debt admit it but want to negotiate, in which case use Box A and the offer-to-pay section.
- **Box B — I do not owe the debt.** Use if you dispute it altogether (statute-barred, mistaken identity, never had this account, etc.).
- **Box C — I owe some, not all, of the debt.** Use for partial dispute (specific charges, interest, etc.).
- **Box D — I want more information.** Tick this whenever the Letter of Claim hasn't given you enough to know what's owed and why.
- **Box E — I am taking debt advice.** Triggers an automatic 30-day extension for you to engage advice.
- **Income and outgoings.** The form asks for an SFS-style income/expenditure statement — exactly what an SFS budget produces.

Building an SFS budget

Across the UK debt-help and creditor system, the recognised budget format is the **Standard Financial Statement (SFS)**. It uses per-head **ceilings** based on household composition. The 2025 (+5%) per-head figures for the three trigger categories are:

Food & Housekeeping — 1st adult £491, additional adult £351, child u16 £147, child 16–18 £232.

Personal Costs — 1st adult £105, additional adult £72, child u16 £43, child 16–18 £97.

Communications & Leisure — 1st adult £251, additional adult £173, child u16 £78, child 16–18 £137.

Add the relevant per-head figures together for your household. These are **ceilings, not caps** — spending above guideline is acceptable where justified by vulnerability, health, age, location or work needs. For the full method, ranged categories (transport, clothing, health, contingency, household services), worked examples and a blank worksheet, see the companion guide *How to Build Your SFS Budget*.

How to use the Reply Form to your advantage

- 1 If you don't have enough information about the debt, tick Box D and Box E. This buys 30 more days.
- 2 Use the time to do a Section 77/78 request (Step 6 of the debt collectors guide).
- 3 Use the income and outgoings section to put your SFS budget on the form.

- 4 Make a specific offer if you accept the debt — it carries more weight when it's on the protocol form than in correspondence.

Box E is underused

Ticking 'I am taking debt advice' (Box E) gives you an automatic 30-day extension while you engage independent advice. The solicitor cannot issue proceedings during that period. It's a free, no-questions-asked breathing space — use it whenever you need more time.

STEP 4

When the solicitor is being a debt collector

Some solicitors' firms specialise in debt collection rather than litigation. They send demand letters, make threatening references to court action, and try to extract payment without ever actually issuing proceedings. The presence of 'Solicitors' on the letterhead doesn't change the fundamental rules.

How to spot a 'debt-collection-as-solicitors' firm

- The letter is not formally a Letter of Claim under the Pre-Action Protocol.
- It demands payment without setting out the information required by the protocol.
- It implies court action without committing to a timetable.
- There's no Reply Form, no Information Sheet, no SFS form.
- The same firm has been writing for months without escalation.
- The firm is also FCA-authorised for debt collection (often a sign).

Why this matters

If a solicitor is functioning as a debt collector, they are bound by:

- The same FCA **CONC** rules that bind a debt collection agency.
- The Solicitors Regulation Authority's **Code of Conduct** — which requires honesty, fairness, and not making misleading statements.
- The **Administration of Justice Act 1970, section 40** — harassment of debtors is a criminal offence.

Same tools, same approach

When a solicitor is acting as a debt collector, treat them exactly the same way you'd treat a DCA: written-only contact, vulnerability disclosure if applicable, dispute letter if grounds exist, statute-barred letter if applicable. They are bound by the same CONC rules. You can complain to the firm, the SRA, the FCA, and the FOS — five complaint routes against one firm.

STEP 5

Keep the same tools you'd use against a DCA

A solicitor's letter is intimidating because of the letterhead. The substance is the same as any other debt collection letter, and the same tools work.

Tool 1 — Section 77/78 request

Even when a solicitor is acting, you are entitled to demand a true copy of the executed credit agreement under Sections 77/78 of the Consumer Credit Act 1974. The £1 fee, the 12 working days, and the consequence of unenforceability all apply. Send the request directly to the solicitor — they will pass it to their client.

Tool 2 — Dispute letter

If you have grounds to dispute (Step 7 of the debt collectors guide), the dispute letter works the same way. The solicitor must investigate the dispute and pause collection while doing so. Failure to do so is grounds for complaint to the SRA as well as the FOS.

Tool 3 — Statute-barred response

Limitation runs in exactly the same way regardless of who's writing. If the underlying debt is older than 6 years (England and Wales) or 5 years (Scotland) without payment, acknowledgement, or court action, send the statute-barred letter. CONC 7.15.4 binds the solicitor's client; the SRA Code of Conduct binds the solicitor.

Tool 4 — Vulnerability disclosure

If you are vulnerable, tell them in writing. Solicitors are required to take vulnerability into account both under FCA rules (when acting on regulated debt) and under the SRA's principles of acting in the public interest.

Tool 5 — Settlement offer

Solicitors negotiating settlements have to refer back to their client. They may push back on a low offer; they don't have unilateral authority. Make your offer in writing, with your SFS budget, and require a written response.

Building an SFS budget

Across the UK debt-help and creditor system, the recognised budget format is the **Standard Financial Statement (SFS)**. It uses per-head **ceilings** based on household composition. The 2025 (+5%) per-head figures for the three trigger categories are:

Food & Housekeeping — 1st adult £491, additional adult £351, child u16 £147, child 16–18 £232.

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Add the relevant per-head figures together for your household. These are **ceilings, not caps** — spending above guideline is acceptable where justified by vulnerability, health, age, location or work needs. For the full method, ranged categories (transport, clothing, health, contingency, household services), worked examples and a blank worksheet, see the companion guide *How to Build Your SFS Budget*.

Statutory demands – 21 days to act

A **statutory demand** is a formal demand for payment under the Insolvency Act 1986. It is a precursor to bankruptcy proceedings. If you receive one, you have **21 days** from service to either pay it, settle it, or apply to set it aside.

When solicitors use statutory demands

- For undisputed unsecured debts of £5,000 or more.
- Where the creditor wants to pressure payment with the threat of bankruptcy.
- Where the creditor has decided bankruptcy proceedings would be commercially attractive.
- Sometimes used inappropriately as a debt-collection tactic for disputed debts — these can be set aside.

Setting aside a statutory demand

You can apply to set aside a statutory demand on grounds including:

- The debt is genuinely disputed on substantial grounds.
- You have a counter-claim, set-off, or cross-demand against the creditor that equals or exceeds the statutory demand.
- The amount of the demand is wrong.
- The demand was procedurally defective.
- The creditor holds security over your property worth at least the value of the debt (so bankruptcy would be inappropriate).

How to apply

- 1 File **Form IAA** (application to set aside) at the appropriate court within **18 days** of service (this gives 3 days' margin before the 21-day deadline).
- 2 Include a witness statement setting out your grounds, with evidence.
- 3 There may be a court fee; fee remission (Form EX160) is available.
- 4 Attend the hearing if listed — judges generally take care over set-aside applications.

Statutory demands are time-critical

Of all the documents in this whole series, a statutory demand has the shortest fuse. **Don't ignore it**, and don't sit on it. **Get advice immediately** if you might want to set it aside — the deadline is short and the consequences (bankruptcy petition) are serious. This is the place where DIY has its sharpest limit.

STEP 7

Court proceedings — the move from protocol to claim

If the Pre-Action Protocol stage doesn't produce a result the creditor wants, their solicitor will issue a court claim. Once that happens, you're in the territory covered by the companion guide *How to Deal With CCJ Debts*.

How you'll know it's happened

- You receive a Claim Form (N1) from a court — Northampton County Court Money Claims Centre is the most common originator.
- Particulars of claim are attached or follow shortly after.
- There is a response pack with N9, N9A, and N9B forms.
- The clock starts: 14 days to respond, or 28 if you file an N9 acknowledgement.

What to do

- 1 Open the post the day it arrives.
- 2 If you can't decide what to do in time, file **Form N9 (Acknowledgement of Service)** within 14 days. This buys 14 more days. (See the CCJ guide.)
- 3 Decide whether to admit, defend, or partly defend.
- 4 If admitting, attach your SFS budget on Form N9A.
- 5 If defending, get advice — defence drafting is technical.

Pre-action engagement is your evidence

If you used the Pre-Action Protocol stage well — replied to the Letter of Claim, completed the Reply Form, made a payment offer, raised any disputes — that engagement is on the record. The court will see it. A debtor who engaged at the protocol stage and is still being sued is in a much stronger position than one who ignored the protocol.

STEP 8

Charging orders on your home

Once a creditor has a CCJ, if you own property they can apply to secure the debt against your home with a **charging order**. Solicitors regularly handle this for creditors. It's a two-stage process.

Stage 1 – Interim Charging Order (ICO)

The creditor applies to the court for an interim charging order. This is typically granted **without a hearing and without notice to you**. The interim order is then registered against your property at HM Land Registry. You're sent a copy and given a date for the next hearing.

Stage 2 – Final Charging Order (FCO)

At the second hearing, the court decides whether to make the order final. The court has discretion. You can object on grounds including:

- You're already paying the judgment debt under an instalment order.
- The amount of the debt is small relative to the equity in the home.
- There would be undue hardship — the home is jointly owned with someone not party to the debt; there's a child living there; you're vulnerable.
- The creditor failed to follow proper procedure.

Key points to know

- A charging order does **not** force a sale immediately. It secures the debt for repayment when the property is sold.
- Subsequently, the creditor can apply for an **order for sale**. Courts are cautious; orders for sale are rare and require additional evidence (and a separate hearing).
- If you sell or remortgage the property, the charging order has to be paid off from the proceeds.
- Interest may continue to run — check the original order.

Object to the final order if you can

Even if you can't avoid the final charging order entirely, the hearing is your opportunity to **negotiate the terms** — for example, that no order for sale will be sought while you keep up an instalment plan, or that interest is frozen. Attend the hearing if you possibly can; orders made in your absence are harder to revisit.

STEP 9

Negotiating with creditor solicitors

Solicitors are professional negotiators acting for their client. The negotiation isn't personal. They have authority within limits set by their client — get a clear yes or no in writing, and don't take 'we'll see' for an answer.

Standard moves they make

- **Open with the full balance plus costs.** They have to. Their client expects it.
- **Reject the first offer.** Often whatever you offer.
- **Counter slightly lower than the headline.** A 'discount' that isn't really a discount.
- **Ask for an immediate decision.** Don't give one — say you'll respond in writing.
- **Hint at proceedings.** They may or may not actually issue.

Standard moves you can make in response

- **Make every offer in writing**, with an SFS budget attached. The budget is your evidence base.
- **Use 'subject to contract / without prejudice'** on settlement correspondence — your offer can't then be used against you if it doesn't go through.
- **Set deadlines** — '21 days for a written acceptance, after which my offer is withdrawn'.
- **Refer to their client by name** — reminds them they don't have unilateral authority.
- **Ask for written confirmation of any deal before paying.** Always. Never pay first.

'Without prejudice' explained

Marking correspondence 'without prejudice' (or 'without prejudice save as to costs') means that the contents cannot be used in court against you if the negotiation breaks down. It's a standard professional convention. Use it on any letter making a settlement offer, particularly where you're offering an amount lower than the full balance.

Costs — what they can and cannot add

One of the most common questions about solicitors' letters is: 'They've added £400 in costs — can they?' The answer depends on what stage you're at.

Pre-action: limited costs

- If the original credit agreement permitted recovery of reasonable enforcement costs, the creditor can add reasonable costs.
- 'Reasonable' is the key word. Courts have struck out inflated pre-action costs.
- Costs added without contractual basis can be challenged.
- Some debt-purchase agreements try to add 'collection charges' that were not in the original agreement — these are vulnerable to challenge.

Once a CCJ is entered

- Court fees the creditor paid become part of the judgment.
- Fixed solicitor costs (small) may be added on the standard track.
- On larger or contested cases, the court may make a costs order — usually following the principle that the loser pays the winner's reasonable costs.
- Statutory interest (8% under the Judgments Act 1838) may run on judgment debts of £5,000 or more.

Challenging costs you don't accept

- 1 Write to the solicitor: 'Please provide a breakdown of the £[X] in costs, including the contractual basis on which they were added.'
- 2 If the response is unclear, follow up: 'I do not accept these costs. Please justify them with reference to the agreement, or remove them.'
- 3 If court proceedings are issued and you partly defend on the basis that the costs are wrong, the court will rule on the issue.
- 4 Costs can also be the subject of a complaint to the SRA where the firm has acted unreasonably.

Complaints to and about solicitors

Solicitors have several layers of regulation. If a solicitor's firm has misbehaved, you have multiple complaint routes.

Step 1 — Complain to the firm

Every solicitor's firm in England and Wales must have a complaints procedure. Their engagement terms should include details. Write to the complaints partner or complaints department; describe what they did wrong; ask for a remedy. They have **eight weeks** to provide a final response.

Step 2 — Legal Ombudsman

If the firm's response is unsatisfactory, complain to the **Legal Ombudsman** — free, independent, binding. Time limits: within 6 months of the firm's final response, and generally within 1 year of the act complained of (or of you becoming aware of it).

Step 3 — Solicitors Regulation Authority (SRA)

For serious misconduct (dishonesty, abuse of process, threats, breach of professional code), complain to the **SRA**. The SRA can impose sanctions, including suspension and removal from the Roll. The SRA tends to focus on serious wrongdoing rather than service complaints.

Step 4 — FCA (where the firm is FCA-authorised)

Some solicitor firms doing volume debt collection also hold FCA authorisation under the consumer credit regime. Where they do, breaches of CONC are FCA matters and can be raised with the FCA directly. Worth identifying — the FCA Register tells you whether they're authorised.

Step 5 — FOS (where regulated debt is involved)

Where the underlying debt is regulated consumer credit, the Financial Ombudsman Service has jurisdiction over the conduct of any FCA-authorised firm pursuing it — including a solicitor firm. This is a back-door route into FOS jurisdiction that's often missed.

Don't be intimidated by professional standing

Solicitors are subject to more regulation than ordinary debt collectors, not less. Their professional standing is a reason to expect **better** conduct, not a reason to tolerate worse. Hold them to the standards their regulators apply.

When to step out of DIY mode and get help

This handbook is about doing it yourself. Most of the time, with the tools and templates provided, that works. But there are points where the right answer is to get independent advice — usually a solicitor of your own, or specialist insolvency advice. The signposts:

Definitely get independent advice if:

- **You've received a statutory demand** — 21 days, possible bankruptcy, technical procedure.
- **You've received a charging order application** on a property that is your home.
- **The amount in dispute is large** — say £20,000+.
- **Court papers have been served and you have arguable grounds for a defence.**
- **The case involves issues you don't understand** — guarantees, joint liability, partnership debts, deceased estates, fraud allegations.
- **The other side is alleging fraud or dishonesty.**
- **You've been served with an order to attend court for questioning.**

Probably get advice if:

- You're about to file a Defence (N9B) or a counter-claim.
- You're considering an application to set aside a judgment.
- Settlement is being negotiated and the figures are large.
- The chain of debt ownership is unclear or contested.
- There are FCA, SRA, or other regulatory issues you want to raise.

Where to get help

- **Citizens Advice** — free generalist debt advice, will refer for specialist help if needed.
- **National Debtline** — free specialist debt advice over the phone and online.
- **MoneyHelper** — free guidance and signposting service.
- **Local independent debt advice agencies** — many areas have free local services with experienced advisers.
- **Specialist no-win-no-fee debt solicitors** — useful for irresponsible-lending claims, mis-sold credit, and complex unfair-relationship cases.
- **Local Law Centres** — for low-income clients on more complex civil litigation matters.

Independent advice is different from creditor-funded advice

Some 'free' debt advice services are funded directly or indirectly by creditors. Their incentives are not aligned with yours. Citizens Advice, National Debtline, MoneyHelper, and Law Centres are independent of creditor funding for the advice they give. If you're in any doubt about an adviser's independence, ask them directly: 'Who funds this service?' You're entitled to a clear answer.

Appendix A

Template letters

Letter 1 – Reply to Letter of Claim (asking for documents)

[Your name and address]

[Date]

[Solicitors' firm]

Their reference: [INSERT]

Their client: [INSERT]

Dear Sirs

I write in response to your Letter of Claim dated [DATE] under the Pre-Action Protocol for Debt Claims.

Before I can complete the Reply Form, I require the following:

1. A true copy of the executed credit agreement under sections 77/78 of the Consumer Credit Act 1974 (£1.00 statutory fee enclosed).
2. A statement of account showing how the alleged balance has been calculated, including any charges, fees, and interest applied.
3. A copy of any default notice issued under section 87 of the Consumer Credit Act 1974.
4. A copy of any Notice of Assignment, if your client is not the original creditor.
5. Confirmation of the date of the last payment, written acknowledgement, or court action in connection with this debt.

I am ticking Box D (more information required) and Box E (taking advice) on the Reply Form. Please therefore allow me a further 30 days from receipt of the documents requested.

I do not, by this letter, acknowledge any debt to your client.

Yours faithfully

[Your name]

Letter 2 – Reply Form covering letter (admitting and offering)

[Your name and address]

[Date]

[Solicitors' firm]

Their reference: [INSERT]

Dear Sirs

I enclose the completed Reply Form responding to your Letter of Claim dated [DATE].

I admit the debt subject to the points below, and make the following offer in full settlement of the matter without the need for proceedings.

I attach a Standard Financial Statement budget showing my income, essential outgoings and a household surplus of £[X] per month.

On the basis of the budget I offer:

Lump sum of £[INSERT – typically 20–50%] in full and final settlement, payable within 28 days of written acceptance.

OR

Monthly instalments of £[X] by standing order, starting on [DATE], on the basis that interest and any further charges are frozen for the duration of the arrangement.

Please confirm acceptance in writing within 21 days.

This offer is made without prejudice save as to costs.

Yours faithfully

[Your name]

Letter 3 – Statute-barred letter to a solicitor

[Your name and address]

[Date]

[Solicitors' firm]

Their reference: [INSERT]

Their client: [INSERT]

Dear Sirs

I refer to your recent correspondence. I do not acknowledge any debt to your client.

If, as your letter implies, this matter relates to an alleged debt originally owed to [INSERT ORIGINAL CREDITOR], the alleged debt appears to be statute-barred under section 5 of the Limitation Act 1980 (or, in Scotland, the Prescription and Limitation (Scotland) Act 1973). To the best of my knowledge, there has been no payment, no written acknowledgement, and no court action for at least six years.

Under FCA rule CONC 7.15.4, a firm must not attempt to recover a statute-barred debt where the firm knows or ought to know the debt is statute-barred. The same standard applies to your client and to your firm.

I require you to confirm in writing within 14 days that:

1. You and your client will cease all contact with me regarding this matter.
2. The alleged debt will not be passed to any other party for collection.

If I receive any further demand for payment, I will treat the matter as a complaint and refer it to the Solicitors Regulation Authority, the Legal Ombudsman, the Financial Conduct Authority, and the Financial Ombudsman Service as appropriate.

Yours faithfully

[Your name]

Letter 4 – Disputing costs added by a solicitor

[Your name and address]

[Date]

[Solicitors' firm]

Their reference: [INSERT]

Dear Sirs

I refer to your letter dated [DATE] in which a balance of £[X] is claimed, including £[Y] described as costs.

Please provide:

1. A detailed breakdown of the £[Y] in costs, including hourly rates, time spent, and disbursements.
2. The contractual basis on which these costs have been added – please identify the specific clause in the original agreement that authorises their addition.
3. If the costs are claimed under any statutory or regulatory provision, the precise provision relied on.

Pending receipt of this information, I do not accept the figure of £[Y] in costs and reserve the right to challenge them – including, if proceedings are issued, on a detailed assessment.

I do not, by this letter, acknowledge any underlying debt.

Yours faithfully

[Your name]

Appendix B

Phone scripts

Script 1 – Solicitor calling for a payment

Solicitor: I'm calling from [firm]. We act for [creditor] and we need to discuss the outstanding balance.

You: Thank you for calling. I deal with this matter in writing only. Please write to me at the address you have for me, and I will respond in writing within the time limits set by the Pre-Action Protocol for Debt Claims.

Solicitor: We'd like to resolve this on the phone today.

You: I understand, but I'm not willing to discuss it on the phone. Please write. Thank you. Goodbye.

Script 2 – Solicitor pressuring after Letter of Claim

Solicitor: If we don't have a response by Friday we'll be issuing proceedings.

You: I have your Letter of Claim. I am ticking Boxes D and E on the Reply Form, which gives me 30 days from receipt of the documents I have requested. Until you provide those documents, the protocol clock is not running. I'll respond in writing today.

Script 3 – Negotiating a settlement

Solicitor: Our client will settle for 60% of the balance, payable today.

You: Thank you. I'd like to consider that. Please put the offer in writing, including the exact figure, the deadline for acceptance, and confirmation that on payment the account will be marked as 'satisfied' on my credit file and no further sum will be sought. I'll respond in writing within 7 days.

[Then send Letter 2 with your own counter-offer at a level your budget supports.]

Script 4 – When they mention bankruptcy or charging orders

Solicitor: If we don't get payment, our next step will be a statutory demand / charging order application.

You: Thank you for letting me know. Could you confirm in writing the next steps your client intends to take, with timescales? I'll consider my position carefully and respond in writing. If you do issue, please ensure I am properly served at this address.

[Don't be rushed. Consider whether to take independent advice – particularly if a statutory demand is mentioned.]

Appendix C

Your rights at a glance

The five things you can always require

- Compliance with the Pre-Action Protocol for Debt Claims (England and Wales).
- A copy of the agreement under s.77/78 CCA 1974 (regulated debts).
- A breakdown of the balance, including all charges and interest.
- Identification of the solicitor's client and the chain of ownership of the debt.
- Communication in writing if you ask for it.

The five things they cannot do

- Issue court proceedings without a properly-served Letter of Claim and 30 days' opportunity to respond (with limited exceptions).
- Threaten action they don't intend or are not authorised to take.
- Pursue a statute-barred debt knowing it is statute-barred.
- Add charges or interest beyond what the original agreement permits.
- Mislead, threaten, or harass.

Five complaint routes against a misbehaving solicitor

- **The firm** — first stop, eight-week final response.
- **Legal Ombudsman** — free, binding, for service complaints.
- **Solicitors Regulation Authority** — for misconduct, dishonesty, abuse of process.
- **Financial Conduct Authority** — where firm is FCA-authorized on consumer credit.
- **Financial Ombudsman Service** — where the underlying debt is regulated consumer credit.

Time limits to remember

- **30 days** to respond to a Letter of Claim under the Pre-Action Protocol.
- **30 more days** after the Reply Form is submitted before proceedings can issue.
- **14 days** to file an N9, N9A or N9B after a court claim form is served.
- **28 days** total if N9 is filed within 14 days.
- **21 days** to set aside a statutory demand.
- **6 months** to refer a complaint to the Legal Ombudsman after the firm's final response.

This handbook provides general information about handling letters from solicitors acting for creditors in the United Kingdom. It is not legal advice. If you receive a statutory demand, a court claim form, or a charging order application, consider getting independent advice — these have strict deadlines and serious consequences.

Important – please read before using this handbook

This handbook is an **educational resource** that explains how debt processes work in the United Kingdom. It is not advice and is not a substitute for advice tailored to your circumstances.

The handbook does not assess your individual circumstances. It does not recommend any specific course of action for you. It does not weigh up which option is best in your case. Those judgments are yours to make, and you may want regulated advice before making them.

You are responsible for any decisions you make based on this information. If your situation is complex, urgent, or involves large sums, consider getting regulated advice before acting. Free advice is available from Citizens Advice, National Debtline, MoneyHelper, and local independent debt advice agencies. Regulated solicitors offer no-win-no-fee arrangements for many consumer credit matters.

The procedural detail in this handbook is for England and Wales unless the text says otherwise. Scotland follows broadly similar principles but with different terminology and a five-year prescription period in place of the six-year limitation rule. Northern Ireland has its own court rules. If you are in Scotland or Northern Ireland, check the position locally before relying on procedural steps.

The remainder of this handbook explains how UK debt processes work in general terms. The detail is for England and Wales unless the text says otherwise.

After a failed IVA what next?

A do-it-yourself handbook for people whose IVA has failed, terminated, or ended without writing off the debt they were promised it would.

If your Individual Voluntary Arrangement has failed, terminated, or ended without writing off the debt you were told it would, this handbook is for you. It explains what failure actually means, how to identify whether the IVA was mis-sold, and the complaint and recovery routes you can run yourself.

It is written in the same step-by-step style as the other guides in this series. Templates are provided for every formal letter. Scripts are provided for the conversations. The aim is to give you the tools to take this on yourself, without paying anyone a fee or a commission to do it for you.

It is general information only. It is not legal advice, financial advice, or debt counselling. If your case is large or complex, free independent advice is available from Citizens Advice, National Debtline, MoneyHelper, and local independent debt advice agencies. You may also choose to instruct a regulated solicitor on a no-win-no-fee basis for matters that go beyond ombudsman complaints.

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- Step 1. What 'failed IVA' actually means — three different scenarios
- Step 2. Why the failure itself is often evidence of mis-selling
- Step 3. The four mis-selling questions
- Step 4. SIP 3.1 — what the IP was required to do
- Step 5. Suitability — were you the right client for an IVA?
- Step 6. The debt packager's role — and why it matters
- Step 7. The five recovery routes — and how to run them yourself
- Step 8. Gather your documents
- Step 9. Complain to the IP firm
- Step 10. Escalate to the IPA or the Insolvency Service Gateway
- Step 11. Complain to the debt packager — and onward to FOS
- Step 12. Check whether FSCS applies
- Step 13. Run irresponsible-lending complaints against the original creditors
- Step 14. Manage your current debts while complaints are running
- Step 15. Avoid the traps — including being sold a second IVA

Appendix A — Template letters

Appendix B — Phone scripts

Appendix C — Document checklist and self-assessment

Appendix D — Free-sector help and where to go for more

What 'failed IVA' actually means — three different scenarios

The phrase 'failed IVA' is often used loosely. In practice, three different things may have happened to your arrangement, and each has different consequences. Knowing which applies to you is the starting point.

Scenario	What it means	Practical effect
Terminated IVA	The Insolvency Practitioner (IP) issued a Notice of Termination because of missed payments, breach of a term, or loss of contact.	The arrangement is over. Original creditors revert to their pre-IVA position, often with interest reapplied from inception. You may now owe more than you started with.
Failed IVA	The supervisor reported failure to creditors and to the regulator. Often follows where the supervisor concludes the IVA cannot be rescued.	Same practical effect as termination. Different procedural route.
Concluded but not completed	The IVA ran its term but did not produce the dividend originally proposed.	Different status on credit file. The debt may be treated as discharged in some respects but the arrangement did not deliver what you were promised.

The most common scenario

Termination is by far the most common outcome of a failed IVA. The pattern is familiar: client pays in for 12 to 36 months, often £100–£200 a month, totalling several thousand pounds. Most of the early payments cover the IP's fees rather than reducing creditor balances. When the arrangement terminates, the client has paid thousands, the creditors have received little or nothing, and the original debts come back at full balance with interest reapplied. **This pattern is itself often evidence the IVA should never have been recommended.**

STEP 2

Why the failure itself is often evidence of mis-selling

Many people with failed IVAs assume the failure was their fault — they fell behind, lost a job, missed payments, life got in the way. Sometimes that is true. Often it is not.

The questions that flip the picture

- Was the original surplus calculation realistic for your household?
- Did the proposal account for things you actually spent money on?
- Was disability or vulnerability factored in properly?
- Were genuine alternatives (DRO, bankruptcy, token payments, free-sector debt management) explained to you in balance?
- Were the fees made clear before you signed?
- Were future risks (illness, redundancy, family changes) addressed?

Where the answer to several of these is no, the failure of the IVA is not a personal failing — it is a foreseeable consequence of an arrangement that was never built to succeed. That is the heart of an IVA mis-selling matter.

Failure is leverage, not the end

Many people believe a failed IVA closes off their options. The opposite is often true. The failure is documentary evidence: payments made, fees taken, debts unresolved. Combined with the original proposal and the creditor schedule, this is the basis on which complaints, refunds, and write-offs are pursued.

STEP 3

The four mis-selling questions

Four questions sit at the centre of any analysis of a failed IVA. Work through them in your own situation. The more 'no' answers, the stronger the mis-selling case.

Question 1 — Was an IVA the right product for you at all?

An IVA is one of several formal and informal options. For some people it is the appropriate route. For others it is the most expensive route. Was a Debt Relief Order (DRO) available? Was bankruptcy more appropriate? Were token payments or creditor forbearance options open to you? Were these alternatives genuinely explained?

Question 2 — Was the affordability assessment realistic?

An IVA proposal sets a monthly contribution based on a calculated surplus — your income minus your essential expenditure. If the calculation overstated income, understated expenditure, or assumed a lifestyle you couldn't actually sustain, the arrangement was built on a foundation that would predictably fail.

Question 3 — Was your household composition properly reflected?

Per-head budget figures depend on who lives in the household. Single-adult figures applied to a family of four produce a fictional surplus. Joint mortgagors omitted from proposals produce fictional household exposure. State of health, age, caring responsibilities, and forthcoming life events (planned surgery, retirement, a new baby) all change the picture.

Question 4 — Were the consequences fully and fairly explained?

Six years on the credit file from the date the IVA started — not from the date it ended. Restricted access to mortgages, tenancies, and even some employment for that period. Fees disclosed in plain figures, not buried in percentages. Risk of failure and what failure means. If any of this was glossed over or hidden, the consent you gave was not informed consent.

Use these as a self-assessment

If the answer to any of these four questions is unsatisfactory, you potentially have a matter to pursue. The strength of any individual case depends on the documents and the specific facts — which is what Step 8 (gathering documents) and Step 9 onwards (running the complaints) are about.

SIP 3.1 — what the IP was required to do

Insolvency Practitioners are bound by Statements of Insolvency Practice. SIP 3.1 governs Individual Voluntary Arrangements specifically. It sets out, in a regulatory document the IP cannot ignore, what they were required to do before recommending an IVA.

The core SIP 3.1 obligations

- **Inform the debtor of all available options** — formal (DRO, bankruptcy, IVA) and informal (debt management, token payments, creditor forbearance, hardship write-off, Breathing Space).
- **Provide balanced information** — the advantages and disadvantages of each, including cost, duration, credit-file impact, and risk of failure.
- **Allow the debtor to make an informed choice** — without pressure, without artificial urgency, with time to consider.
- **Take account of vulnerability** — mental health, disability, age, capacity, caring responsibility, recent bereavement, language barrier, escape from abuse.
- **Verify financial information** — not simply accept what was provided by a debt packager or marketing lead.
- **Document the advice given** — clear records of what was said, what alternatives were explained, what the debtor chose and why.

Where SIP 3.1 most often breaks down

- The recommendation arrived pre-baked from a debt packager and the IP simply rubber-stamped it.
- Alternatives were mentioned in passing without genuine balanced information.
- DRO eligibility was not properly assessed where it should have been.
- Bankruptcy was characterised as something to fear rather than as an alternative.
- Vulnerability was either not assessed or assessed and ignored.
- Sales scripts created urgency that prevented proper consideration.
- Cooling-off was minimal or absent.
- Joint household members were not properly addressed.

Where SIP 3.1 fails, the IP is the proper respondent

Failures in the SIP 3.1 process are matters for the IP — and through the IP, for the regulator. The Insolvency Practitioners Association (IPA) and the Insolvency Service Gateway both have jurisdiction. A finding of SIP 3.1 breach can lead to repayment of fees and sanctions against the practitioner. Steps 9 and 10 cover how to run that complaint yourself.

Suitability — were you the right client for an IVA?

An IVA is not the right product for everyone in financial difficulty. Some people are much better served by other routes. The question of suitability — at the point the IVA was sold — is one of the most powerful drivers of the mis-selling case.

Markers that an IVA was probably the wrong product

- **Total unsecured debt below the DRO threshold at the relevant time** — £30,000 before June 2024, £50,000 from June 2024 onwards.
- **Surplus below the DRO threshold** — historically £75 a month; reduced to £50 a month from June 2024.
- **Assets below DRO limits** — generally £2,000 cap on assets, with vehicle valuation rules.
- **No homeowner status, no equity at risk** — bankruptcy may have been the cleaner answer.
- **Income was wholly or substantially benefits** — placing benefits-only clients in IVAs has been a particular concern across the sector.
- **You had no realistic prospect of paying for five or six years** — vulnerability, age, health, caring responsibilities, employment instability all cut against IVA suitability.
- **Disability benefits were treated as part of disposable income** — PIP, DLA, Attendance Allowance are paid for the additional costs of disability and should never be treated as money for repaying debt.
- **Priority arrears were the real problem** — IVAs do not solve council tax, mortgage, rent or utility arrears. If those were what was driving the difficulty, an IVA was not addressing the actual issue.

The DRO change in June 2024

On 28 June 2024, the DRO debt ceiling rose from £30,000 to £50,000 and the surplus ceiling fell from £75 to £50. The £90 application fee was abolished in April 2024. This means a meaningful number of people whose IVAs failed in 2023, 2022 or earlier — and who could not have qualified for a DRO at the time — may now qualify on the same facts. Where the original IVA was unsuitable and you now qualify for the free alternative, the position is starkly clear.

Markers that an IVA may have been the wrong product even where DRO wasn't open

- Bankruptcy at the standard fee would have been quicker, cheaper, and produced cleaner outcomes for an asset-light client.
- Token payment arrangements with original creditors would have preserved options without the IVA's six-year credit-file impact.
- Breathing Space (the Debt Respite Scheme) was available as a 60-day moratorium that should have been used as a first step.
- Creditor forbearance and hardship write-off teams routinely reduce or write off debts for vulnerable customers — often without any formal solution at all.

STEP 6

The debt packager's role — and why it matters

Most IVAs are not sold by IPs directly. They are sold by **debt packagers** — marketing companies that find people in financial difficulty (often through online advertising or lead-generation), assess them quickly, and refer them to an IP for the IVA to be put together. The IP pays the packager for the lead.

Why this matters for mis-selling

- **The financial incentive points away from balanced advice.** The packager is paid only if you enter an IVA. They are not paid if you take a DRO, go bankrupt, or set up a free debt management plan.
- **Marketing was often misleading.** Headlines like 'write off up to 90% of your debt', 'government-backed scheme', or 'one easy payment' attracted people into a pipeline that ended in an IVA regardless of what suited them.
- **Many packagers were FCA-authorized** for debt counselling and debt adjustment. They were bound by the FCA's Consumer Credit sourcebook (CONC) and by the Consumer Duty. Misleading marketing and unsuitable referrals breach those rules.
- **The FCA banned new packager-to-IP commission referrals from October 2023.** The regulatory finding behind that ban — that the model produced widespread consumer harm — is itself evidence in any individual case.

Two firms, two complaints

If a debt packager was involved in your IVA — and it almost certainly was, unless you approached an IP directly — there are potentially **two** firms responsible for what went wrong: the IP firm and the packager. They are separately regulated, separately complainable, and complaints to one do not preclude complaints to the other. **Run both complaints in parallel.**

Many packagers have closed

A significant number of debt packagers active during the IVA boom years have since wound up. Where the firm was FCA-authorized at the time of the harm and is now formally in default, the **Financial Services Compensation Scheme (FSCS)** may cover claims that would otherwise have gone to the firm. Step 12 covers how to check and apply yourself.

The five recovery routes — and how to run them yourself

Up to five separate recovery routes may be live in any failed-IVA case. They are not mutually exclusive — most cases use a combination. Each is covered in detail in the later steps; this is the overview.

Route	What it is	Where it leads
1. Complaint to the IP firm	Formal complaint about the IP's handling of the IVA — including SIP 3.1 failure, fees, supervision, and treatment.	Firm's final response within 8 weeks. Onward to the Insolvency Practitioners Association (IPA) and the Insolvency Service Gateway.
2. Complaint to the debt packager	Formal complaint about the packager's marketing, suitability assessment, and referral conduct.	Firm's final response within 8 weeks. Onward to the Financial Ombudsman Service (FOS) where the firm is FCA-authorised.
3. FSCS claim where firm has failed	Application to the Financial Services Compensation Scheme where the responsible FCA-authorised firm has failed and is in default.	FSCS investigation and possible compensation up to scheme limits.
4. Irresponsible-lending complaints to original creditors	Separate complaints to the lenders who provided the credit in the first place, focused on whether the lending was affordable when it was made.	Firm's final response within 8 weeks. Onward to FOS. Refunds of interest and charges; reduction or write-off of balances.
5. Solicitor-led claim where appropriate	Where the case is large, complex, or involves matters that go beyond ombudsman-route complaints — for example, professional negligence or unfair-relationship claims under section 140A Consumer Credit Act 1974.	A regulated solicitor of your choice, on a no-win-no-fee basis where the firm offers it.

Routes 1–4 are DIY

All four ombudsman and complaint routes can be run by you, with the templates in Appendix A and the steps in this guide. None of them charge fees. None of them require a solicitor. Route 5 only applies in the larger, more complex cases — and even then only after the ombudsman routes are exhausted or clearly unsuitable. Don't pay anyone a percentage of recovery to do work you can do yourself.

STEP 8

Gather your documents

The more documents you have, the stronger every complaint will be. You don't need all of these to start — start with what you have, and use Subject Access Requests under the UK GDPR (Step 8.2) to fill the gaps.

8.1 — What to look for first

- **The original IVA proposal** (sometimes called the Chairman's Report).
- **The creditor schedule** attached to the proposal.
- **The Standard Financial Statement (SFS) budget** used at proposal.
- **The approval letter** confirming the IVA had been approved by creditors.
- **Annual reports** issued during the IVA.
- **The Notice of Termination, Failure, or conclusion notice.**
- **Records of all monthly payments** — bank statements ideally.
- **Correspondence with the debt packager** — emails, application forms, any marketing material you remember.
- **Original credit agreements** for the debts in the IVA.
- **Bank statements** for the 12 months *before* the IVA started.
- **Your credit files** from all three agencies (Experian, Equifax, TransUnion) — free statutory reports are available.

8.2 — Subject Access Requests for what you don't have

Under the UK General Data Protection Regulation (UK GDPR) and the Data Protection Act 2018, you have the right to request a copy of all personal data held about you. The request is free and the firm has one calendar month to respond.

Send a Subject Access Request (SAR) to:

- **The IP firm** — for the full case file, including the proposal documents, internal notes, advice records, sales scripts, and SIP 3.1 evidence.
- **The debt packager** — for marketing materials, application records, call recordings, lead source records, and referral records.
- **Each original creditor** — for the credit agreement, the statement of account, the credit-limit increase history (for credit cards), and the affordability assessment evidence.

Use Letter 1 in Appendix A. SARs are particularly powerful because firms cannot refuse them and the documents you receive often contain exactly the evidence you need.

If a firm has closed

Where the firm has been wound up, the records are usually held by the appointed liquidator or administrator. You can find out who from Companies House (free) or the Insolvency Service. SARs to the liquidator are still valid in most cases.

STEP 9

Complain to the IP firm

The first formal step is a written complaint to the IP firm. Every IP firm must have a complaints procedure — they are required to under their professional body rules. The firm has **eight weeks** to issue a final response.

9.1 — How to make the complaint

- 1 Write to the firm's complaints partner or complaints department.
- 2 Use the word 'COMPLAINT' clearly in the subject line and at the top of the letter.
- 3 Set out the facts in chronological order — when you contacted them, what you were told, what was recommended, what happened next, and how it ended.
- 4 Identify the SIP 3.1 failures (Step 4) and the suitability issues (Step 5) that apply to your case.
- 5 Reference the documents you hold and any SAR responses you've received.
- 6 State what you want — usually: refund of fees taken, formal acknowledgement of failures, removal of credit-file entries, and any other specific remedy.

9.2 — What to expect

- **Acknowledgement** — within 5 working days.
- **Investigation** — they may ask for further information.
- **Final response** — within 8 weeks. Either upholds, partially upholds, or rejects the complaint.
- **If upheld** — they should propose a remedy. You can accept or escalate.
- **If rejected or partially upheld** — escalate to the IPA / Insolvency Service Gateway (Step 10).

9.3 — Common firm responses, and what to do

- **'You signed the proposal so you accepted the terms.'** — Signing doesn't cure SIP 3.1 failure. Informed consent requires balanced information first.
- **'The IVA was approved by your creditors.'** — Creditor approval does not validate the suitability assessment that preceded it.
- **'The failure was due to your change of circumstances.'** — A robust IVA should have anticipated foreseeable change. If the surplus was set at the very edge of affordability with no contingency, the failure was foreseeable.
- **'Fees were disclosed in the proposal.'** — Disclosure isn't enough on its own; the question is whether the disclosure was clear, plain, and given in good time before signature.

Use Letter 2 in Appendix A as a starting point. Tailor it to your facts.

Escalate to the IPA or the Insolvency Service Gateway

If the IP firm rejects your complaint, partially upholds it, or doesn't respond within eight weeks, you escalate to the regulator. Two routes — both free.

10.1 — The Insolvency Practitioners Association (IPA)

Most consumer IVAs are supervised by IPs licensed by the IPA. If your IP is IPA-licensed, that's the route. The IPA investigates conduct complaints and can impose sanctions ranging from reprimand through fine to suspension or removal of licence.

- Find out which body licenses your IP — the firm should tell you, or check the Insolvency Service register.
- Submit the complaint to the IPA in writing, attaching: the firm's final response, your original complaint, the supporting documents.
- The IPA may ask for further information.
- Outcomes: investigation, finding, sanction, often a Consent Order published on the IPA's website.

10.2 — The Insolvency Service Gateway

The Insolvency Service operates a Complaints Gateway as a single point of entry for complaints about IPs, regardless of which professional body licenses them. They route the complaint to the right body and oversee the process.

- Useful where you don't know which body licenses your IP, or where you want oversight from the Insolvency Service itself.
- Online form available at the Insolvency Service website.
- They do the routing — you submit once and they pass it on.

10.3 — What outcomes look like

- Investigation by the regulator (typically 3–6 months).
- Finding — upheld, partially upheld, or not upheld.
- Where upheld: regulatory sanction against the IP, often combined with a requirement to refund fees.
- Findings are sometimes published, which strengthens your position in any parallel complaints (especially against the packager).

Use Letter 3 in Appendix A

It's drafted as a covering letter for the regulatory submission, summarising the case and pointing the investigator at the key documents. The strongest IPA submissions are well-organised — chronological narrative, document index, key SIP 3.1 references highlighted.

Complain to the debt packager — and onward to FOS

If a debt packager was involved (Step 6), they are separately liable. Run this complaint **in parallel** with the IP complaint — don't wait for one to finish before starting the other.

11.1 — Identify the packager

- The packager is usually the firm that first contacted you (or that you first contacted) before you ever spoke to the IP.
- Their name will appear on early correspondence: emails, application forms, marketing.
- Check the FCA Register (free, online) to confirm whether they were FCA-authorized at the time. Search by firm name.
- If the packager is also FCA-authorized for debt counselling or debt adjustment, the FCA / FOS route is open.

11.2 — Complain to the packager directly

- 1 Send Letter 4 in Appendix A.
- 2 Set out: the marketing claims that brought you in, the suitability questions that weren't asked, the alternatives that weren't offered, the fees and commissions involved, the outcome (failed IVA), the harm caused.
- 3 Reference CONC 8 (debt counselling and debt adjustment) and the Consumer Duty (Principle 12) where applicable.
- 4 Eight weeks for a final response.

11.3 — If rejected, escalate to the Financial Ombudsman Service

The FOS is free, independent, and binding on the firm. You have **six months** from the firm's final response to escalate.

- Submit online at the FOS website, or by post.
- Attach: the firm's final response, your original complaint, supporting documents.
- FOS investigator reviews; either issues a view or refers to an Ombudsman for a binding decision.
- Outcomes: refund of any sums paid, compensation for distress and inconvenience, instructions for the firm to take specific corrective action.

Time limits matter

FOS complaints generally need to be brought within **six years** of the act complained of, or within **three years** of when you reasonably became aware of cause to complain — whichever is later. Reading this guide may itself constitute becoming aware of cause to complain. Don't sit on it.

Check whether FSCS applies

Where the firm responsible for the harm has failed and is in default, the Financial Services Compensation Scheme (FSCS) may pay compensation that the firm itself can no longer pay.

12.1 — When FSCS applies

- The firm was **FCA-authorized at the time of the harm**.
- The firm is **now in default** — formally declared so by FSCS.
- The harm relates to a **regulated activity** — for debt packagers, this means debt counselling or debt adjustment.
- The claim falls within scheme limits.

12.2 — How to check

- 1 Find the packager (or IP firm) on the FCA Register — note their FRN (firm reference number).
- 2 Search the FSCS website for the firm — they list firms in default.
- 3 If the firm is in default, FSCS has a claim form for the relevant activity. Use it.
- 4 If the firm isn't yet declared in default but appears to have stopped trading, contact FSCS to ask whether they intend to declare it. Sometimes a complaint triggers the declaration.

12.3 — Running the FSCS claim yourself

- FSCS claims forms are designed to be filled in directly by consumers — no representative needed.
- You provide: identification, evidence of the relationship with the firm, evidence of the harm, evidence of loss.
- FSCS investigates, makes a determination, and pays compensation.
- Some claims management companies offer to do this for a percentage of recovery — it isn't worth it. The forms are straightforward and the compensation comes faster if you do it directly.

FSCS scheme limits

Scheme limits for investment-type claims are £85,000 per person per firm. Limits for other regulated activities vary; the FSCS website shows current figures. For most failed-IVA cases, scheme limits are well above the practical claim value.

Run irresponsible-lending complaints against the original creditors

Often the largest single recovery in a failed-IVA case comes from this route — separate complaints to each original creditor about whether the lending was affordable when it was made.

13.1 — Which creditors to focus on

Across UK consumer credit, certain types of lender produce upheld irresponsible-lending complaints far more often than others. Concentrate effort on:

- **Subprime credit cards** — Vanquis, NewDay (Aqua, Marbles, Fluid, Opus), Capital One sub-prime products. Particularly where credit limits were increased substantially over time without re-checking affordability.
- **High-cost loans** — 118 118 Money, Likely Loans, Lendable / Zable, Oakbrook, payday lenders (where still trading or covered by an FSCS scheme).
- **Buy-now-pay-later** — Klarna, PayPal Credit, Clearpay. Affordability assessment in this sector has historically been weak.
- **Catalogue / retail finance** — Studio, Fashion World, Frasers Group, Next Directory. Affordability findings consistent on the larger balances.

13.2 — How to make each complaint

- 1 Write to the lender (Letter 5 in Appendix A is a starting point).
- 2 Identify the lending decisions you say were unaffordable — original lending and each subsequent credit-limit increase.
- 3 Provide evidence: bank statements showing your real position at the time, records of difficulty (missed payments elsewhere, defaults, payday-loan use).
- 4 Reference CONC 5.2A (creditworthiness assessment) and CONC 6.7 (post-contract responsibilities).
- 5 Eight weeks for a final response. Six months from final response to escalate to FOS.

13.3 — Typical outcomes when upheld

- Refund of all interest and charges from the date the lending became unaffordable.
- Reduction or write-off of any remaining balance.
- Removal or correction of credit-file entries.
- Compensation for distress and inconvenience in some cases.

Compounding effect on the failed-IVA picture

If your IVA included a Vanquis credit card, two NewDay accounts, a 118 118 loan and a PayPal Credit balance, upheld complaints on each can produce thousands of pounds of redress. Where the debts have been sold to purchasers (Lowell, Cabot, PRA, Intrum), the redress is applied to the current balance held by the purchaser — often wiping it out entirely.

Manage your current debts while complaints are running

The complaints take time. Meanwhile, the original creditors (or the debt purchasers who bought their debts after the IVA failed) continue to chase. Manage the present while the past is being investigated.

14.1 — Practical steps to take in parallel

- 1 Move every chasing creditor to **written-only contact**. No phone calls. CONC 7.14 supports this.
- 2 **Notify all current creditors of financial difficulty** in writing. Request forbearance under CONC 7.3 and a freeze on interest and charges under CONC 7.9.
- 3 Check whether any current debts are **statute-barred** — six years (England & Wales) or five years (Scotland) without payment, written acknowledgement, or court action. Send the statute-barred letter where applicable. **Do not acknowledge**.
- 4 Where debts have been sold to purchasers, **do not panic-pay**. The debt is negotiable. Hold position until you've worked through the recovery routes.
- 5 Build a current Standard Financial Statement (SFS) budget so your current household position is documented.
- 6 Consider whether **DRO eligibility** may now apply on the new £50,000 / £50-surplus rules — particularly if it didn't at the time of the original IVA.

Building an SFS budget

Across the UK debt-help and creditor system, the recognised budget format is the **Standard Financial Statement (SFS)**. It uses per-head **ceilings** based on household composition. The 2025 (+5%) per-head figures for the three trigger categories are:

Food & Housekeeping — 1st adult £491, additional adult £351, child u16 £147, child 16–18 £232.

Personal Costs — 1st adult £105, additional adult £72, child u16 £43, child 16–18 £97.

Communications & Leisure — 1st adult £251, additional adult £173, child u16 £78, child 16–18 £137.

Add the relevant per-head figures together for your household. These are **ceilings, not caps** — spending above guideline is acceptable where justified by vulnerability, health, age, location or work needs. For the full method, ranged categories (transport, clothing, health, contingency, household services), worked examples and a blank worksheet, see the companion guide *How to Build Your SFS Budget*.

Avoid acknowledging statute-barred debt

A small payment 'just to keep them quiet' on a statute-barred debt restarts the six-year clock and revives an unenforceable debt. So does writing to acknowledge the debt as yours. Where statute-barred status is plausible, all correspondence should be carefully worded — see the companion guide *How to Deal With Debt Collectors* for the templates.

14.2 – Companion guides for current-debt management

- *How to Deal With Debt Collectors* – Lowell, Cabot, PRA, Intrum, Hoist, doorstep collection, dispute letters, statute-barred letters, Section 77/78 requests.
- *How to Deal With CCJ Debts* – if any IVA-era debt has gone to court since termination.
- *How to Deal With Council Tax Debt* – where council tax was wrongly included or was the underlying problem.
- *How to Deal With Bailiffs* – if bailiffs are now involved.
- *How to Deal With Solicitors* – for letters from creditor solicitors.
- *How to Build Your SFS Budget* – the budget format used at every stage.

Avoid the traps — including being sold a second IVA

After a failed IVA, a number of predictable traps appear. Knowing them in advance matters.

Trap 1 — Being sold a second IVA

The same packagers who placed the original IVA continue to advertise. People with failed IVAs are a particular target audience because they are visible in default again. Being sold a second IVA — built on the same foundations as the first — usually ends the same way. It can also weaken the mis-selling case against the original IVA, because the second arrangement looks like an admission that the IVA approach was the right one all along. **Do not enter a second IVA without working through this guide first.**

Trap 2 — Settling old debts at headline value

Original creditors against whom irresponsible-lending complaints may lie should not be paid off at full balance before those complaints have been considered. Once a debt is settled, the leverage in the complaint is reduced. Hold position until the picture is clear.

Trap 3 — Paying a claims management company a percentage of recovery

Some claims management companies offer to pursue IVA mis-selling on a commission basis — typically 25–35% of any redress recovered. Everything in this guide can be done by you, for free. The complaints are straightforward; the templates are provided. There is no good reason to pay a quarter of a recovery to someone for filling in forms you can fill in yourself.

Trap 4 — Letting limitation periods run out

Different complaint routes have different time limits. FOS complaints generally need to be brought within six years of the act complained of, or within three years of when you reasonably became aware of cause to complain. Once those windows close, recovery becomes much harder. **Time is the silent enemy.**

Trap 5 — Acknowledging statute-barred debts

As above. A small payment or a written acknowledgement on a statute-barred debt revives it. Where possible, do not communicate with creditors about old debts until you have a full picture of which are statute-barred and which are live.

Trap 6 — Believing it is too late

An IVA that failed three years ago, four years ago, in some cases longer, may still be within complaint time limits. The 'three years from awareness' point is particularly important — many people only realise the IVA may have been mis-sold when they read a guide like this one.

Appendix A

Template letters

Letter 1 – Subject Access Request (UK GDPR)

[Your name and address]

[Date]

Data Protection Officer

[IP firm / debt packager / original creditor]

[Address]

Re: Subject Access Request

Reference / Account number: [INSERT]

Dear Sir or Madam

Under Article 15 of the UK General Data Protection Regulation and the Data Protection Act 2018, I am making a Subject Access Request for all personal data you hold relating to me.

Please provide a complete copy, including but not limited to:

1. All correspondence sent to or received from me.
2. All internal notes, file notes, advice records, and case memoranda.
3. Application forms, identification records, and intake records.
4. Recordings or transcripts of any telephone calls.
5. Marketing materials, lead source records, and referral records relating to my account.
6. Records of fees, commissions, or other payments made or received in connection with my account.
7. [For original creditors only:] Original credit agreement, statement of account, credit-limit increase history, and affordability assessment evidence.

I confirm my identity by enclosing [proof of identity].

You have one calendar month to respond under the UK GDPR. The request is free of charge.

Yours faithfully

[Your name]

Letter 2 – Complaint to the IP firm

[Your name and address]

[Date]

Complaints Partner, [IP firm and address]

Re: COMPLAINT – IVA reference [INSERT]

Dear Sir or Madam

I am making a formal complaint about your firm's handling of my IVA, which [terminated / failed / concluded] on [DATE].

1. Facts. [Chronological summary: how you came to the firm; what was recommended; payments made; outcome.]

2. SIP 3.1 failures. [From Step 4: alternatives not properly explained; DRO not assessed; vulnerability ignored; pressure to decide; joint household not addressed.]

3. Suitability concerns. [From Step 5: debt below DRO ceiling; surplus below threshold; benefits-only client; no realistic prospect; disability benefits treated as disposable.]

4. Outcome and harm. [Total paid in; fees taken; current debt position; credit-file impact; distress.]

5. Remedy sought. [Refund of fees; written acknowledgement; credit-file correction; compensation.]

I require: acknowledgement within 5 working days; full investigation; final response within 8 weeks. If unsatisfactory I will refer to the IPA / Insolvency Service Gateway.

Yours faithfully

[Your name]

Letter 3 – Escalation to IPA / Insolvency Service Gateway

[Your name and address]

[Date]

[IPA Complaints Team / Insolvency Service Gateway]

[Address]

Re: Complaint about [IP name], [firm name]

IVA reference: [INSERT]

Dear Sir or Madam

I am submitting a regulatory complaint about [IP name] of [firm name] in connection with the conduct of an Individual Voluntary Arrangement.

I have already made a formal complaint to the firm and received their final response on [DATE], which is enclosed. I am dissatisfied with the response and ask the [IPA / Insolvency Service] to investigate.

Summary of the complaint:

[Three or four bullet-point sentences summarising the case – SIP 3.1 failures, suitability issues, outcome.]

I attach:

1. My original complaint to the firm dated [DATE].
2. The firm's final response dated [DATE].
3. My IVA proposal documents and creditor schedule.
4. Annual reports and the termination / failure notice.
5. Subject Access Request response from the firm.
6. Any other supporting documents.

I look forward to your acknowledgement and the steps you intend to take.

Yours faithfully

[Your name]

Letter 4 – Complaint to the debt packager

[Your name and address]

[Date]

Complaints Department, [Debt packager and address]

Re: COMPLAINT – Reference [INSERT]

Dear Sir or Madam

I am making a formal complaint about your firm's marketing, suitability assessment, and referral conduct in connection with my subsequent IVA.

1. Facts. [How you came to the firm; what was said; what marketing claims were made; financial information you provided; outcome.]

2. Marketing concerns. [Misleading claims – 'write off 90%', 'government-backed', 'one easy payment'; pressure to decide; alternatives not offered.]

3. Suitability concerns. [Step 5 markers as in the IP complaint.]

4. CONC and Consumer Duty concerns. Your firm was FCA-authorized at the time. The conduct described is inconsistent with CONC 8 and Principle 12 (the Consumer Duty).

5. Outcome and harm. The IVA you referred me to [terminated / failed] on [DATE]. [Payments made; current debt position; harm.]

6. Remedy sought. [Refund of any sums paid; refund of any commission received from the IP; compensation for distress; correction of credit-file entries.]

I require: acknowledgement within 5 working days; full investigation; final response within 8 weeks. If unsatisfactory I will refer the complaint to the Financial Ombudsman Service.

Yours faithfully

[Your name]

Letter 5 – Irresponsible-lending complaint to original creditor

[Your name and address]

[Date]

Complaints Department, [Lender and address]

Re: COMPLAINT – Irresponsible lending

Account number: [INSERT]

Dear Sir or Madam

I am making a formal complaint that the credit you provided was unaffordable when made, and that subsequent credit-limit increases were unaffordable when made.

1. Lending decisions complained of. [Original lending: date, amount.] [Each credit-limit increase: date, from / to.]
2. My financial position at the time. [Income; existing debts; defaults; payday-loan use; benefits; vulnerability.]
3. Why the lending was unaffordable. [Reference CONC 5.2A – creditworthiness assessment – and CONC 6.7 – post-contract responsibilities including limit increases.]
4. Evidence. [Bank statements; credit file; defaults; missed payments on other accounts at the time.]
5. Outcome and harm. [Debt entered an IVA which failed; debt now held by [PURCHASER]; interest added; credit-file impact.]
6. Remedy sought. Refund of all interest and charges from the date the lending became unaffordable, with 8% simple statutory interest. Reduction or write-off of any remaining balance. Correction of credit-file entries.

Acknowledgement within 5 working days; final response within 8 weeks. If unsatisfied I will refer to FOS within 6 months.

Yours faithfully

[Your name]

Appendix B

Phone scripts

Script 1 – Phoning the IP firm to ask for documents

You: Hello, my name is [name]. I had an IVA that [terminated / failed / concluded] on [date], reference [X]. I'm requesting a complete copy of my case file.

Them: We can send extracts. What did you want?

You: I'm making a Subject Access Request under the UK GDPR. I'll confirm in writing today, but I want the full case file: proposal documents, internal notes, advice records, sales scripts where applicable, and any call recordings. Please confirm the email address for the request.

[Send Letter 1 the same day to that address, with proof of ID.]

Script 2 – When a packager calls offering a second IVA

Them: Hello, we've seen you've been struggling with debt. We can help you write off a large percentage of what you owe through an IVA.

You: Thank you, but no. I'm aware that my previous IVA failed, and I'm currently working through a complaint about how it was sold. I'm not interested in entering another arrangement at this time. Please remove my number from your records.

Them: But this one would—

You: No. Goodbye.

[End the call. Note the firm name, time, and number, in case you need to add it to a complaint later.]

Script 3 – Phoning the FSCS to check firm status

You: Hello, I'm trying to find out whether [firm name], FRN [X], has been declared in default.

FSCS: [They check.]

You: Thank you. [If in default:] Could you confirm where I can download the relevant claim form? [If not in default:] If the firm has stopped trading but isn't yet declared in default, can you tell me how that process works and whether I can ask FSCS to consider declaring them?

Script 4 – When a debt collector chases an IVA-era debt that has irresponsible-lending exposure

Them: I'm calling about your account with [original lender], now held by [purchaser]. Balance £[X].

You: Thank you for calling. I'm in correspondence with [original lender] about an irresponsible-lending complaint that affects this account. Please put the account on hold and confirm in writing. I will respond in writing only — please remove my number for telephone contact.

Them: We'd still need a payment in the meantime.

You: I understand the request, but I won't be making payments while a CONC 7.14 dispute is live with the original lender. Please confirm the account is on hold in writing. Goodbye.

Appendix C

Document checklist and self-assessment

C.1 — Document checklist

Tick what you have. Use SARs (Letter 1) to fill the gaps.

- Original IVA proposal / Chairman's Report
- Creditor schedule attached to the proposal
- SFS budget used at proposal
- Letter confirming creditor approval of the IVA
- Annual reports issued during the IVA
- Notice of Termination / Failure / conclusion
- Records of all monthly payments made (bank statements ideal)
- Marketing materials from the debt packager
- Email correspondence with the packager and IP firm
- Application forms and intake records
- Original credit agreements for debts in the IVA
- Statements showing how each balance grew
- Credit-limit increase records (credit cards)
- Default notices
- Bank statements for the 12 months *before* the IVA started
- Bank statements for the period of the IVA
- Credit files from Experian, Equifax, TransUnion

C.2 — Self-assessment questionnaire

Run through these questions. The more 'yes' answers, the more likely the case is worth pursuing.

About the original IVA

- Was your total unsecured debt below £30,000 at the time the IVA started (or below £50,000 if it started after June 2024)?
- Was your monthly surplus £75 or less at the time (£50 or less if after June 2024)?
- Were you on benefits, in part or in whole, when the IVA started?
- Were you a single adult, or a single parent, with limited or no assets?
- Did you have a health condition, mental health issue, or caring responsibility at the time?
- Did the IVA fail or terminate, with debts going back to the original creditors at higher balances?

About the sales process

- Did you find the firm through online advertising, a website, or a phone call you didn't initiate?
- Was the IVA presented as 'the' answer rather than as one option among several?

- Were you told the IVA would write off a large percentage of your debt?
- Was DRO eligibility properly explained and assessed?
- Was bankruptcy explained as an alternative without it being characterised purely negatively?
- Were token payments, free-sector debt management, and creditor forbearance discussed?
- Did you feel pressured to decide quickly?
- Did the firm verify your information independently or rely on what it had been told?

About the original creditors

- Did your debts include credit cards from Vanquis, NewDay (Aqua, Marbles, Fluid, Opus), Capital One, or similar subprime issuers?
- Did your credit-card limits increase substantially over time without you asking?
- Did you have high-cost loans (118 118 Money, Likely Loans, Lendable, Oakbrook, Zable, or similar)?
- Did you have buy-now-pay-later or PayPal Credit balances?
- Were you struggling to meet minimum payments before each new credit-limit increase?

What to do with your answers

If you answered yes to several questions in any section, the recovery routes in this guide are likely to apply. Start with Step 8 (gathering documents), then work through Steps 9–13 in parallel. Time limits matter — don't put it off.

Appendix D

Free-sector help and where to go for more

Everything in this guide can be done by you, for free. There are also free, independent advice services you can use at any point if you want help working through your situation, or if you want a second opinion on what to do.

Free independent advice

- **Citizens Advice** — generalist advice including debt; nationwide; in person, online, and by phone. Approved DRO intermediary.
- **National Debtline** — specialist free debt advice; phone and online; runs you through your options.
- **MoneyHelper** — government-backed money guidance; signposting to other free services.
- **Local independent debt advice agencies** — many areas have free local services with experienced advisers; often particularly good with vulnerability cases.
- **Speak For You** — independent consumer advocacy specialising in forensic review of failed and terminated IVAs. Not a solicitors' firm; not regulated by the SRA; not authorised by the FCA. Free initial review; admin@speakforyou.co.uk.

Regulators and complaint bodies

- **Insolvency Practitioners Association (IPA)** — licenses most consumer-IVA practitioners; handles regulatory complaints.
- **Insolvency Service Gateway** — single entry point for complaints about IPs; routes them to the right body.
- **Financial Conduct Authority (FCA)** — regulates debt packagers and consumer-credit firms. Free FCA Register at [fca.org.uk](https://www.fca.org.uk).
- **Financial Ombudsman Service (FOS)** — free, independent, binding decisions on FCA-authorised firm complaints.
- **Financial Services Compensation Scheme (FSCS)** — pays compensation where FCA-authorised firms fail.
- **Information Commissioner's Office (ICO)** — for complaints about how firms handle your personal data, including SAR failures.

If your case is large or complex

For large or complex matters — particularly professional negligence claims or unfair-relationship claims under section 140A Consumer Credit Act 1974 — a regulated solicitor may be appropriate. Many work on a no-win-no-fee basis for these cases. The Law Society's Find a Solicitor tool is free and lets you search for solicitors specialising in consumer credit and unfair relationships. Local Law Centres also help low-income clients with complex civil matters.

This handbook provides general information about handling debt after a failed, terminated, or concluded Individual Voluntary Arrangement. It is not legal advice, financial advice, or debt

counselling. Free independent advice is available from Citizens Advice, National Debtline, MoneyHelper, and local independent debt advice agencies. You may also choose to instruct a regulated solicitor on a no-win-no-fee basis for matters that go beyond ombudsman complaints.