

## **Dealing with creditor legal action – top tips**

If you receive a county court claim from one of your creditors your first reaction may be to bury your head and hope it goes away. However to avoid an unrealistic payment demand being issued against you, the problem should be tackled head on.

If you owe money to an unsecured creditor that you are unable pay and a repayment plan has not been agreed, the creditor may take court action to recover the debt. In effect this process involves applying for a county court judgement against you. A County Court Judgement is a court order requiring you to repay the debt you owe either in a lump sum or through monthly instalments.

The county court process starts when you receive a claim form from a creditor. You will know that you have received a claim form as the documents are clearly marked and are blue and white in colour. Many people choose to ignore these forms because they do not fully understand them. This is definitely the wrong thing to do as it is likely that a judgement will be entered against them which they are still unable to pay.

If you receive a county court claim form and you know that you owe the debt claimed, you should take the following steps to ensure that a sensible repayment agreement is reached:

### **Step 1: Calculate your income and expenditure**

Add up all your sources of income after tax including any benefits. Then list all of your essential living expenditures but don't include payments to your unsecured debts. The amount remaining after your expenditures have been deducted from your income is what you can afford to pay your creditors. This is known as disposable income.

### **Step 2: Complete the Admission Form**

The admission form gives you the opportunity to present your income and expenditure figures to your creditor. You should use the income and expenditure figures you listed in step one to complete the form.

If you have other unsecured creditors these should be listed on the form together with the amounts you pay them each month. You can then make an offer of monthly repayment based on a sensible affordable amount.

### **Step 3: Return the Admission Form**

It is very important that you complete and send back the papers that the court sends you within 14 days of the issue date. If you do not, a judgement may be issued against you without further notice and without the option to pay on a monthly instalment basis.

### **Step 4: Begin to pay the Judgement**

If the offer of payment you have made is reasonable based on your income and expenditure budget, it will normally be accepted. It will then be recorded as a County Court Judgement by the court. You must start to make the payments as agreed.

There are different options available to you if you do not agree with the claim made against you or if you agree that you owe some of the money but not all. For more information see the Beat My Debt advice guide: [http://www.beatmydebt.com/toolbox\\_debt.htm](http://www.beatmydebt.com/toolbox_debt.htm)

If a CCJ has already been issued against you and the amount you are being asked to pay is too much because you did not return the admission form as above, then you can apply for the judgement to be amended. You will need to complete an amendment form (N245). This can be obtained from the court service web site. You should complete and return the form. There is a standard application fee of £35 payable to the court.

### **What if I do not pay a CCJ which has been issued?**

If you have a county court judgement which you do not pay, the next step for the creditor you owe money to is to apply to the court to take out an attachment of earnings against you. If an attachment of earnings is granted, the court will contact your employer and demand that your monthly instalment is deducted from your wages before you receive them.

If you are a home owner, the person you owe money to may also apply to take a charge over your property (see <http://www.beatmydebt.com/news-articles/i-have-a-charging-order-can-I-be-forced-to-sell-my-home.htm>) for more information about this.

In addition to an attachment of earnings and charging order, if you simply ignore a county court judgement, the person you owe money to has the option to take other legal steps such as employing bailiffs to visit your property and take away your goods.

The most important thing to do if you receive a county court claim form is do not ignore it. If you ignore the form, a judgement will almost certainly be made against you without the court having the benefit of any information about your circumstances. It is far better to complete the form with the information about your situation. The court can decide fairly how to deal with your case.

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**Steve Jackson**

<http://www.beatmydebt.com>