

Factsheet on County Court Administration Orders

An administration order is a formal, legal debt solution which means it's approved by the court and your creditors have to stick to it.

To get an Administration Order you must have:

- debts that are no more than £5000 in total
- an unpaid county court judgment (CCJ). This includes a traffic penalty registered for enforcement in the Traffic Enforcement Centre at Northampton County Court.
- two or more debts.

If you don't have a county court judgment and you want an administration order you will need to wait for one of your creditors to take court action against you. As soon as judgment is entered you can apply for an administration order.

- Debts are combined into one through a strict payment plan each month to the court.
- The money that is contributed through the payment plan is then split up amongst the creditors.
- This is done by a pro-rata basis.
- Creditors during the order cannot take extra action to try and retrieve any funds.

What are advantages of an Administration Order?

- Creditors stopped from pursuing any money from you.
- All forms of contact with debt collectors will be halted once the order has begun. This includes phone calls and letters pursuing debts.
- The court will handle all of your affairs.
- The order prevents any further interest being added on top of your debts.
- There is no initial payment cost for having an administration order.
- The cost is incorporated into your payment plan. That cost will amount to 10% of your entire debt total.
- Composition order applications as well as an administration order application will limit your payment plan to three years.

Criteria for Application:

- A minimum of two debts.
- A minimum of one county court judgment submitted against you.
- Your debts must be beneath the limit of £5000.

The Application Process:

- A N92 form is needed from the local county court office.
- Within the form you must lay out a list of all your debts.
- Separate priority debts and non-priority debts showing the plan to cover priority debts first.
- The address of your creditors and account number should be included so the court knows where to pass on your payments to.
- A budget sheet will need to be included showing income and expenditure.
- Ensure to submit where applicable what you think you can realistically contribute in payments to stop the court simply coming to a figure themselves.
- No signature should be made at this stage, as the documents will need to be declared at court in front of a court official and will in turn be signed in front of the official.
- Ensure you take evidence of your debts and county court judgments for the court to look through.

Following the application process:

- When the court has received and agreed your proposal the creditors will be informed of your application.
- There is then a 16-day window in which your creditors can submit any disagreements with your proposal.
- In some cases creditors can ask to be removed from the order. This is usually the case with priority debtors.
- In the case there are no disagreements, the order will be granted.
- The order will not be rejected without a separate hearing in which you and your creditors representatives will be present where you can both state your arguments.
- Once all has been agreed, the payment arrangement will begin and you will no longer have to communicate with the creditors.

The time frame of the order:

- Depending on your payment plan, the order will continue until your total debts have been settled.
- You will be able to apply to have the terms of the order altered in the case of your financial circumstances changing.
- The credit reference file will hold the information for six years starting from the beginning of the order.

What if the debts total in excess of £5000?

- If those debts include any mortgage arrears or priority debts then you should show on your application that there are separate agreements in place taking care of these.
- Take evidence to the court of those agreements.
- In the case of a second application, clearly portray the priority debts as a separate matter and do not include them in the debt total.

What if the debts are in joint names?

- Even if you have jointly borrowed money, both parties have accountability for the total debt amount.
- It should be shown in the application if the money was jointly borrowed and that person is to be named and their address included.
- The creditors can still attempt to retrieve the money from the other person.
- They can apply for a separate order themselves if applicable.

Income shortage:

- Make sure you will be able to make the payments offered in the application.
- The court will look at your income and can reject the application if they do not think you will be able to make the payments.
- If you have managed to make payments in the past to any court judgments, take evidence to back up your argument.
- In the case of rejection and you do not see why, you can write to the court manager asking for their reasoning behind the rejection.

Is council tax included?

- Council Tax will be displayed on your budget sheet, as it is a continuing expenditure.
- If it is outstanding payments from previous years then it can be included in the order.
- The only way the current council tax payments will be included in the order is if the council have decided you have lost your benefit of paying by installments and the entire amount is now to be paid.
- In the case of payments were being withdrawn from your wages, this should now be cancelled as it all will be included in the order.

Are magistrates court fines included?

- Yes, they should be laid out in the application.
- The payments towards the fines should be ongoing right up until it is agreed by the judge that it will be included in the order.
- Any payments that are being made towards the fines should be portrayed in your expenditure costs.

Can I change my payment plan?

- Applications through a N244 form which has no extra charge.
- This can be done if you disagree with the courts decision on monthly installments and that they are too much.
- In addition you can apply for a change if your income is decreased and you have less money to contribute.
- You must state in the application why you are applying for a change and show evidence of a circumstance change or affordability.
- The District Judge who will take a hearing with you has the authority to change the agreement.

Will missed payments lead to termination of the order?

- Yes, the court can terminate the order as soon as payments begin to be missed.
- Once terminated, the creditors can once again take action into retrieving the total amount of debt you owe.

How do I know when the administration order is complete?

- You will be supplied with a Certificate of Satisfaction from the county court.
- There is a charge of £15 for the certificate.
- The credit reference agency will be notified and they will alter your information showing the debts have been satisfied.

Information on a composition order:

- In the case of limited funds being paid to your creditors, a composition order is a way of ensuring your administration order will not continue for years.
- A judge can grant you this order, which will enable you to only pay off some of your debts.
- The time period for a composition order is usually three years.
- The court should take into account automatically whether it is in your best interest to have the order but you can also tell them you would like one in the application form.
- During your administration order you can also apply through a N244 form.
- This application will not be rejected without a hearing with the District Judge.