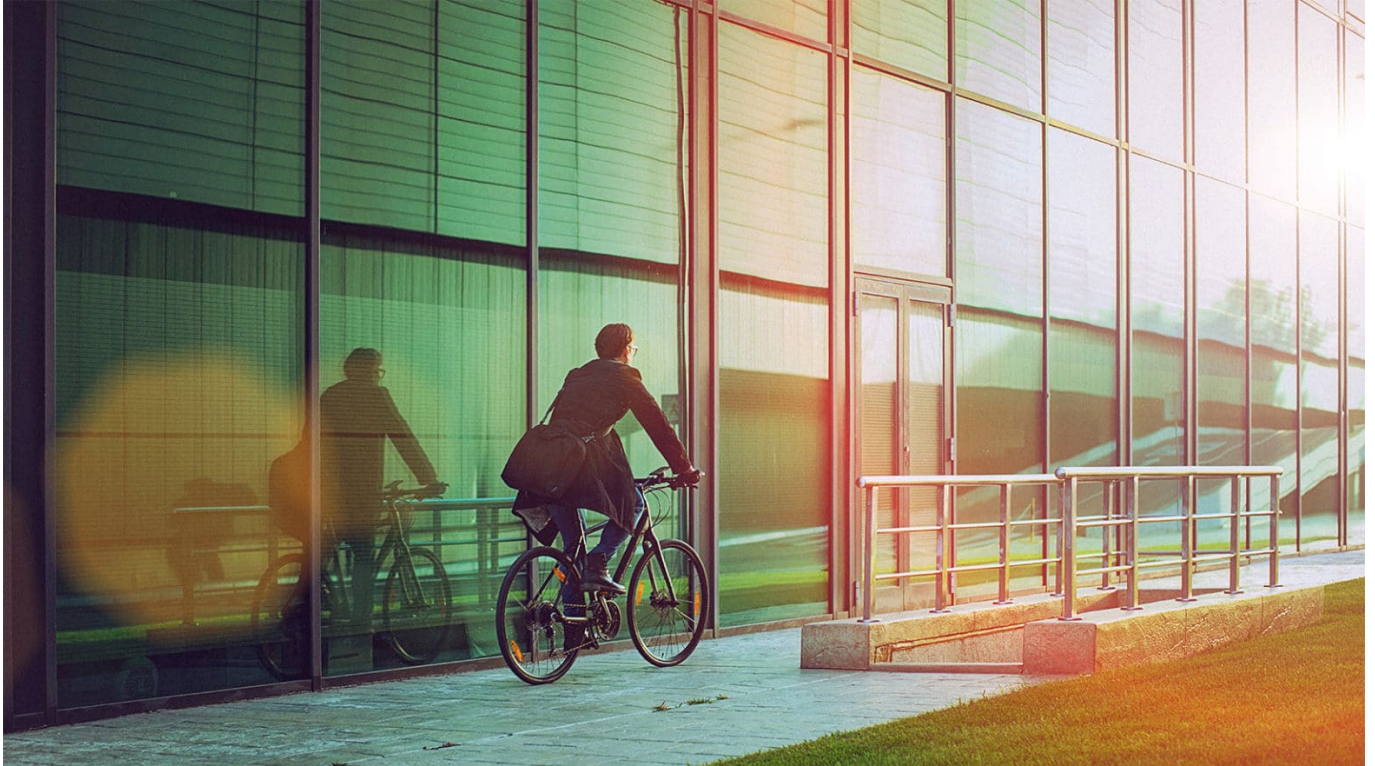


## What to do if a debtor fails to pay your county court judgment



Great news, you've been awarded a county court judgment or 'CCJ'. This civil judgment usually followed by an order, for example, for payment of money, known as a judgment debt. However although a CCJ will blacklist that person/company with credit agencies, unfortunately it will not ensure that the judgment debt will be paid, the debtor may not be forthcoming with payment and you'll fail to receive your monies owed. This is frustrating, time consuming and may impact your company cashflow.

The good news is that there are various ways to collect the money owed from debtors who are reluctant to pay your overdue invoices.

### This is where enforcement comes in

There are a number of factors that you should consider before proceeding to enforce a judgment.

- Opportunity to Pay: You must give the debtor an opportunity to pay the Judgment debt (usually 14 days).
- Service: You should also check that the debtor has been served with the Judgment and is aware of its existence, and that the debtor has not appealed the Judgment, applied to have it set aside and/or sought a stay of execution.
- Assets: It is important to ascertain what the Judgment debtor's assets are. Enforcement steps cost money, which will be wasted if the debtor has no assets to pay the Judgment in any event.

If the debtor has been given the opportunity to pay, you are aware the judgment has been served and not been appealed by the debtor and the debtor has assets that could be used to pay their debt then you have a number



of options that need exploring depending on your type of business or objectives for payment. We can help you decide which is the best route for you to take and provide clear benefits and costs of each option.

## For a limited company

### County Court Bailiff / High Court Enforcement Officer

A County Court Bailiff or High Court Enforcement Officer will apply for a Writ of Control to attend the Defendant's premises and collect the money due, or take steps to enforce payment by seizing and selling goods, or will report back to you as to the Defendant's assets. The items seized must generally be sold by auction.

### Company liquidation

If you are owed more than £5000 you can apply for a debtor company to be wound up. After a winding-up order is made, the Judgment debtor's assets will be collected by a liquidator and distributed among all the creditors according to priority under insolvency law.

## For a sole trader

### Third Party Debt Order

A Third Party Debt Order is usually made to stop the Defendant taking money out of his or her bank or building society account. The money you are owed is paid directly to you by the debtor's Bank/Building Society from their account. A Third Party Debt Order can also be made against anyone who owes the Defendant money.

### Charging Order

If your debtor owns or has an interest in a property, it is possible to secure your Judgment against the property. Although the charge does not guarantee immediate payment, it does secure the debt and interest accrues at 8% per annum. Once you have a Charging Order you can enforce it by an application to sell the property.

### Attachment of Earnings Order

Where a debtor is working, this is often an appropriate method of enforcement. You will need to know the name and address of his/her employer. Your debt is paid out of the debtor's salary by the employer.

### Bankruptcy

If you are owed more than £5000 by an individual Judgment debtor you can apply to make him bankrupt. The Judgment debtor's assets will be collected by a trustee in bankruptcy and distributed among all the creditors according to priority under insolvency law.

## What next?

There is no guarantee that taking enforcement action will successfully recover the money you are owed. When deciding whether to enforce a Judgment, you will need to weigh up the court fees and legal costs and the risk that you will not recover these if enforcement is unsuccessful.



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