

“Surge in bankruptcies as Councils get tough”

Thousands of families are now being forced into bankruptcy after falling behind with their council tax payments. Local government are using increasingly aggressive measures to recoup money, which are adding huge costs to the existing debts for many households. In the most extreme cases, some families have been forced to sell their homes to meet the legal costs involved. Bailiffs were used in 1.2m cases to recover debts last year and 2.5m households received a court summons.

Gerald Irwin of Sutton Coldfield based licensed insolvency practitioners, Irwin & Company said, “It is the growing use of bankruptcy petitions which has caused greatest alarm as the cost of proceedings ends up leaving those owing council tax with debts dwarfing the original arrears which can leave defaulters in the red for years and the related credit ‘black mark’ also affects their ability to find rented accommodation and open bank accounts.

Once bankruptcy proceedings are initiated, people originally owing little more than £750 can end up with a final bill closer to £10,000.

“It is a duty for local government to pursue those defaulting on council tax payments but there is also a duty to do so responsibly. Bankruptcy should always be seen as the very last resort after exploring all other avenues,” commented Gerald.