

Community Charge

Community Charge (or poll tax) was introduced into Scotland in April 1989, and in England and Wales one year later. Although replaced by council tax in 1993, the unique Scottish collection system means that community charge arrears are still being collected up to eighteen years later. Local authorities can apply for a summary warrant to collect outstanding monies from both community charge and council tax up to twenty years after the amount has become due¹, and then have up to a further twenty years to collect.

In England and Wales, arrears for community charge and council tax were pursued through the court system, resulting in a six year lifespan in which to collect these debts². This means that while old council tax and community charge arrears are effectively defunct in England and Wales, they are still very much a live issue in Scotland.

Problems faced by CAB clients

- As the debts due are often very old, CAB clients are unable to prove that they have been paid due to a lack of receipts or financial records
- Clients are often unaware that they owe these sums, and can be faced with large bills with no apparent warning
- Clients who were in receipt of benefits at the time are unable to prove this due to records no longer being kept by the DWP for the relevant time period
- Clients are being held liable for someone else's very old debt due to the rules on joint liability
- Clients are facing severe recovery action such as bank arrestments for very old debts with no warning

¹ Prescription and Limitation (Scotland) Act 1973.

² Limitation Act 1980 and Council Tax Administration and Enforcement Regulations 1992.

Contact

Susan McPhee, Head of Social Policy and Public Affairs

Citizens Advice Scotland

1st Floor, Spectrum House, 2 Powderhall Road, Edinburgh, EH7 4GB

t: 0131 550 1000 f: 0131 550 1001 w: www.cas.org.uk

need advice? www.adviceguide.org.uk

Poll tax debts of up to 18 years old are still being pursued in Scotland - unlike England and Wales – with little warning and no opportunity to challenge.



Old debts

Local authorities have the power to write off community charge arrears in certain circumstances. This is rare however, and as of last year there was £435 million still outstanding³, with around £3 million collected annually. One in four CAB clients has an outstanding council tax or community charge debt⁴.

- A client being pursued for £600 community charge due from 1991
- A client being threatened with a wages arrestment for £30 community charge due from 1992. He does not believe this is due but has no way of challenging the debt
- A client in receipt of income support notified that credit on her rent account will be applied to an outstanding community charge debt of over £800. She was unaware of these arrears

Joint and several liability

Heterosexual couples were liable “jointly and severally” for each other’s personal community charge while they lived together. If one partner did not pay, then the other could be held responsible.

- A client found her bank account arrested on a Friday due to non payment of her husband’s community charge from the early 1990s. She now has no money over the weekend
- A client was penalised for his wife’s community charge debt due from 1991/92 of £45. Having paid this he is now being pursued for an earlier debt due by his wife of £103.

Enforcement

Unlike consumer credit debts, which have a five year lifespan, local authorities have a twenty year period in which to enforce an outstanding debt, once they have had a summary warrant issued. This can mean that diligence – the formal method of debt recovery – can be utilised with little warning to the client. This can take the form of bank arrestments – a way of freezing a bank account pending payment of the debt.

- A client received a notice of a bank arrestment for community charge debts going back to 1991/92 totalling over £800. She insisted she had heard nothing from the council concerning these arrears for almost 16 years
- A lone parent client with three children received a notice of arrestment of her bank account for just over £900 in respect of outstanding community charge from 1990. The money in her account included her salary and tax credits.

CAS proposals for change

CAS calls for:

- The Scottish Government to review the prescriptive periods for community charge and council tax
- Local Authorities to consider writing off very old community charge debts

³ Scottish Government Statistical Support for Local Government September 2007.

⁴ On the Cards.

Case evidence

|| *An East of Scotland bureau reports of a female client with community charge arrears of £112 dating back to 1990/91. This client believes that these sums were paid through her wages, but her employer no longer has salary records going back this far, and the local authority cannot confirm this.*

|| *A West of Scotland bureau reports of a female client receiving a demand for just over £850 community charge arrears for the periods 1989 – 1993. She claims to have been in receipt of benefit during the period in question and therefore not liable for the full amount. She cannot however evidence her benefit status for the relevant period.*

|| *A West of Scotland bureau reports of a client couple in their eighties. They have had £100 taken from their bank account due to community charge arrears. The council have told them that another £600 will be taken shortly. This debt was from 1989 – 1993. The couple had not received any notification and when they queried this, was told it would have been sent out in 1993. They claim they have paid all of their community charge but have no proof.*