





The content

Debt Advice Handbook 15th edition

Description

With living costs and unemployment rising, budgets squeezed and problem debt on the increase, no adviser should be without this essential guide to the practice and process of giving money advice in England and Wales.

Who's this book for?

It is essential for debt advisers, welfare rights advisers, lawyers, local authority and housing association staff, social workers and union official.

What does it do?

The handbook provides the most comprehensive information needed by advisers on the key stages of money advice, including interviewing clients, establishing liability, prioritising debts, preparing a financial statement, negotiating with creditors and dealing with bailiffs. Fully indexed and cross-referenced to law, regulations and official guidance, and to court and tribunal decisions Includes tactical guidance and examples

What's new?

Fully updated to cover all recent changes to legislation, caselaw and court procedure and practice Emphasis is placed on taking due care of vulnerable clients and making sure that any payment arrangements agreed are appropriate. There is a focus on sustainable credit arrangements that do not affect a client's abilities to pay essential living expenses and priority debts.

Properties

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1. Introduction

Default notice

Most cases involving debt are dealt with by a single county court in one of a network of 173 hearing centres throughout England and Wales. Cases are heard by district and circuit judges, assisted by part-time judges, with some decisions delegated to court staff. Judges are experienced barristers and solicitors.

Procedures in the county court are laid out in the Civil Procedure Rules 1998. They are available online at www.justice.gov.uk/courts/procedure-rules/civil. The Ministry of Justice and HM Courts and Tribunal Service (HMCTS) are responsible for the courts. HMCTS publishes various leaflets and guides on court procedure, available free of charge from court offices and gov.uk/government/collections/court-and-tribunal-forms.

Leaflet EX343 sets out how court users can complain: *Unhappy with our Service: what can you do?* (the complaint form is Form EX343A, available from gov.uk/government/publications/form-ex343a-complaint-form). All types of discrimination should be challenged as part of debt advisers' social policy work.

The court manager and staff are responsible for carrying out the court's administrative functions – eg, processing applications and fixing hearing dates. Establishing a working relationship with your local court is a good idea. Many courts have users' groups and/or court desks for unrepresented parties. Debt advisers cannot represent their clients in court, except at hearings allocated to the small claims track (see here), but judges have increasingly recognised the value of such representation and rarely refuse to allow advisers to speak on clients' behalf. However, only legal representatives can sign court forms on behalf of clients. ¹

¹ Barristers, solicitors and their employees, and people authorised by the Lord Chancellor to conduct litigation under s11 CLSA 1990

Default notice

A 'default notice' must be issued by a creditor for all debts regulated by the Consumer Credit Act 1974 before court action can start for early payment of money due under an agreement. A default notice is usually required in debt cases where arrears are claimed along with the money which would become due if the agreement ran its course. It is not required if the time allotted to an agreement is over, but an outstanding balance remains or if only arrears are claimed.

The default notice must contain details of:

- the type of agreement, including the name and address of the creditor and client; *and*
- the terms of the agreement which have been broken; *and*
- for fixed-sum credit, the early settlement figure; *and*
- the action needed by the client – eg, to pay arrears in full by a certain date; *and*
- the action the creditor intends to take if the client is unable to comply with the default notice – eg, refer to debt collection or start court action.

A default notice served on or after 1 October 2008 must contain the following further information.

- If the notice relates to a hire purchase or conditional sale agreement, information on the client's right to terminate the agreement, including the amount of their liability if they exercises this right (see here).
- Where applicable, a statement that the client may have to pay contractual interest in the event of the creditor obtaining a judgment (see here).
- A copy of the current Financial Conduct Authority information sheet on default. ¹

The client must be given at least 14 days to carry out the required action. If the default notice requests payment, it must contain a statement about time orders and about seeking advice from a local Citizens Advice office, solicitor or trading standards department.

If a default notice is not complied with, a creditor can:

- terminate the agreement; *and*
- demand earlier payment of money due under an agreement.

If a default notice is not completed correctly (eg, it does not give the client sufficient time to respond or the arrears figure is incorrectly stated), it is invalid and the creditor must issue a fresh notice before taking action. ²

Creditors do not always automatically initiate court action if a default notice is not complied with, so even if the time limit has expired, it is always worth trying to negotiate with a creditor in order to prevent court action. Clients often claim not to have received default notices – bear in mind that a default notice is treated as served for this purpose if sent by post to the client's last known address. ³

From 2 June 2021, default notices must comply with the Consumer Credit (Enforcement, Default and Termination Notices) (Coronavirus) (Amendment) Regulations 2020. These regulations amend and replace the Consumer Credit (Enforcement, Default and Termination Notices) Regulations 1983, which prescribe the form of the notice required to be given by a creditor before taking specific action to enforce or terminate an agreement. The 1983 Regulations are updated by:

- banning the use of block capitals (often regarded as intimidating) as an aid to prominence;
- removing technical legal language;
- altering the wording and ordering of notices to improve clients' understanding;
- signposting clients to up-to-date sources of support and advice.

¹ fca.org.uk/firms/information-sheets-consumer-credit

2 *Brandon v American Express* [2011] EWCA Civ 1187

3 s176(2) and (3) CCA 1974; *Lombard North Central v Power-Hines* [1995] CCLR 24

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Please be aware that welfare rights law and guidance change frequently. This page was printed on Friday, October 17, 2025 and may go out of date.