

Administration orders

Notes for guidance

Please read these notes carefully. The notes will help you decide if you qualify for an administration order. They will also help you to complete the application (form N92).

What is an administration order?

If you are in financial difficulties and you are unable to pay your creditors (the people you owe money to) an administration order may help you.

- An administration order allows you to pay a sum that you can afford into the court each month to cover all your debts.
- In some circumstances the court may make an order for you to pay less than the total you owe (a “composition order”). This may be appropriate if it is clear that you will not be able to pay your debts in full in a reasonable period (say three years). You may ask the court to consider this by using the box in part C on the application form - but the final decision is for the court.
- The court will divide your monthly payment among your creditors (in proportion to the size of each debt).
- The court will manage your debts and deal directly with your creditors.
- While the order is in force none of the creditors named in your application or in the schedule to the order may try to enforce the debt or try to make you bankrupt (insolvent) without first asking the court.
- You will not need to pay a fee when you make the application. But, if an order is made, the court will deduct a sum for its costs from each of the payments you make. This is currently 10 pence in every £1 paid. For example, if you pay £20 each month, £2 will be paid to the court. To put it another way, if your total payments amount to £2,000 you will pay an additional sum of £200 to the court during the life of the order.

Do I qualify for an administration order?

To qualify for an administration order

- You must have two or more outstanding debts. At least one debt must be a High Court or county court judgment.
- Your total debts as stated on the list of creditors must not be more than £5,000.

If you satisfy these requirements, you may qualify for an administration order. If you do not qualify or you think you may qualify but need further advice, you should contact your local citizens advice bureau, money advice centre or legal advice centre.

What happens to my application?

- The court will look at your income and expenditure and consider your offer before fixing a rate of payment. This will normally be done without the need for a hearing and you and your creditors will have 16 days in which to write to the court with any objections.
- If there are no objections, an order will be made in the terms proposed by the court. You will be told how and when to pay the court.
- If you or any of your creditors object, or the court has difficulty in setting a rate of payment, you will be told to come to court for a hearing before the district judge.
- A creditor may object to their debt being included in the administration order. If the court agrees, the creditor will not be able to take action against you separately to recover the debt without first asking the court.
- If you are employed, the court may order your employer to send deductions direct from your earnings to the court. This is called an attachment of earnings order. If you object to this, you **must** tick the box in part C. You must give good reasons for objecting. The court may make a suspended attachment of earnings order. This means that as long as you regularly pay the administration order, your employer will not be asked to make deductions from your earnings. But if you do not keep up payments, the court may send the order to your employer without telling you.
- If an administration order is made, it will be registered in the Register of County Court Judgments. This will make it difficult for you to get credit. When the order is paid in full, you can ask the court to mark the entry in the register as satisfied and for a certificate proving payment. You will need to pay a fee for this.
- County court judgments included in the list of creditors may be registered separately. Court staff will be able to tell you how to have these entries on the Register marked satisfied.

What happens if I am unable to keep up the payments?

- If you cannot keep up payments **you must contact the court immediately**. The court may be able to help you. It is important that you do not get deeper into debt. Further debts can only be added after the order has been made if the court agrees.
- If you do not pay once the order has been made, the court may send the bailiff to take and sell your possessions, or make an attachment of earnings order to enforce payment. Alternatively, it may revoke (cancel) the order and your creditors will be able to take action against you separately to recover their debts.

How do I complete the application form?

Please read these guidance notes carefully before you complete the application form for an administration order (form N92).

- Complete the application form and details of your income (section 6) and expenditure (section 7) as fully as possible. See the examples and notes below to help you complete the form. The court will use this information to fix the amount you will be expected to pay.
- It will help the court if you give all sums for income and expenditure as either monthly or weekly - try not to mix the two.

Completing Section 6 – income

- Complete details of all your income (section 6) as fully as possible.
- If you receive income from a second job or you regularly earn overtime you should show this in the 'other income' box.
- If you receive Income Support you should enter the figure you actually receive after any deductions are made.
- If you receive any other benefits (eg disablement benefit) you should say so and show how much you receive in 'other benefits' box.
- If your partner contributes to or pays any of the expenses in box 7, you must include the amount they pay in box 6.
- If you are in arrears with national insurance or income tax you should not deduct these from your take home pay. Instead, you should list them in section 7.

Example 1

Statement of means - income and expenditure

♦ Important: It will help the court if you give all sums for income and expenditure as either monthly or weekly figures. Try not to mix the two.

6. Income

See page 2 of the notes for guidance before completing this section

	<i>specify weekly/monthly</i>		<i>specify weekly/monthly</i>
My usual take home pay	£ 905	<i>per month</i>	Sub total brought forward £ 1105 <i>per month</i> Income support (see notes for guidance) £ — Child benefit(s) £ 41 Other state benefits (specify) <i>none</i> £ £ Total £ 1146 <i>per month</i>
My partner contributes to the expenses listed in section 7	£ 100	<i>per month</i>	
Others living in my home give me	£ —		
My pension(s)	£ —		
Other income (give details)	£ 100	<i>per month</i>	
Sub total	£ 1105	<i>per month</i>	

Completing Section 7 – expenditure

- You should list all the money you regularly pay out each month in regular expenses and arrears (section 7). List all the regular payments you make in column (a). If you are in arrears with any of these items, eg unpaid rent, you should list the total amount of the arrears you owe in column (b). Full details must also be given in the list of creditors (part B).
- If you are paying the arrears off by instalments, for example at a rate agreed with the creditor or under a court order, you should say how much you pay each week or month in column (c).
Do not include this amount in column (a).
- If any amounts are deducted directly from your income (eg an attachment of earnings order for council tax or maintenance) or your benefit (eg refund of social fund loan or overpaid benefit) you should not include these sums anywhere in section 7. You must include them in the schedule and say that they are deducted direct from your income.
- Council tax has now replaced community charge. You should enter the amount you pay regularly for council tax in column a, and any arrears or arrears of community charge under column b and c.
- If you include travelling expenses in the regular expenses column you should only include expenses for bus or train fares or petrol. You should not include expenses for car insurance or road fund licence.
- If you make regular payments for items that are not listed, say what they are in the boxes marked 'others'. Examples might be repayment of a loan, hire purchase instalments or regular credit card payments.

Example 2

7. Regular expenses and arrears

See page 3 of the notes for guidance before completing any part of this section

(a) Regular payments
Enter the amount you usually spend or must pay for each item, weekly or monthly. (please complete each entry: write n/a if not applicable)

(b) Total arrears
If you are in arrears with any of the items in the regular payments column (a), enter the total arrears owed in column (b). Full details should be given in the list of creditors (see notes for guidance)

(c) Regular arrears payments
If you are paying off the arrears shown in column (b), show how much you are paying weekly or monthly in column (c). Do not include these amounts as regular payments in column (a)

	weekly/monthly		weekly/monthly
Rent	£ 500 per month		£
Mortgage /home loan	£ n/a		£
Second mortgage/secured loan	£ n/a		£
Life insurance/endowment	£ 20 per month		£
House contents insurance	£ 60 per month		£
Council tax/community charge arrears	£ 40 per month		£
Maintenance/child support	£ 200 per month	£ 600	£ 40 per month
Water/sewerage charge	£ 16 per month	£	£
Ground rent/service charge	£ n/a	£	£
Gas (or other fuel eg coal, oil)	£ 30 gas per month	£	£
Electricity	£ 15 per month	£ 150	£ 10 per month
TV rental/licence	£ 6 per month	£	£
Magistrates' Court fine(s)	£ n/a	£	£
DSS Social Fund Loan/overpaid benefit	£ n/a	£	£
Telephone (line, phone rental, essential calls only)	£ 10 per month	£	£
Child care	£ n/a	£	£
Food and household essentials	£ 150 per month	£	£
Clothing	£ 5 per month	£	£
Laundry	£ n/a	£	£
Travelling expenses (essential eg work, school)	£ 15 per month	£	£
School meals/meals at work	£ n/a	£	£
Prescriptions/dentists/optician	£ n/a	£	£
<i>Bank overdraft</i>	£ 5 per month	£ 200	£
<i>H.P. (3 piece suite)</i>	£ 10 per month	£ 50	£ 5 per month
<i>Visa Card</i>	£ 50 per month	£ 500	£
7a Total expenses	£ 1132 per w/m	7a Total expenses	£ 1500

Completing Part B - list of creditors

- You must list all your debts in the list of creditors (you may be required to provide proof of each debt) and say what each debt is for (see the examples below).
- At least one debt must be a **High Court or county court judgment debt**. Remember to give the name of the court and case numbers for any county court or High Court debts (see example below). You must also provide a copy of the judgment or order, summons or writ.

Example 3

Part B: list of creditors (see page 4 of the notes for guidance)			
Applicant's name <i>John Slope</i>		Application Number	
Name of creditor, if known, and address to which payment should be sent. Give reference/account number. If judgment debt also state court and case number (see example 3 in notes for guidance)	If someone else is jointly responsible for part of this debt give details (eg guarantor, joint account etc)	Amount outstanding	
		£	p
1. Furniture for You Ltd (for 3 piece suite) ref: 736527161 P/H Plywood House Barchester, Barsetshire Case no. 9210144 Barchester County Court		362.	97
2. Grantley Bank PLC (overdraft) a/c: 21711894/202 30 High Street Barchester Barsetshire	Mrs O Slope (joint account)	200.	00
3. Midlays visa card a/c: 3991/4320/6191/7723 29 Old View Barchester Barsetshire		500.	00
4. B Bonds Sportswear (bounced cheque) 2 High Street Barchester Barsetshire payable to E M Wentworth (solicitor) ref: EMW/SD TM 15 High Street Barchester Barsetshire		27.	34

Should I make an offer of payment?

- You may wish to suggest a rate at which you could pay back your debts (see part C of the application form). You do not have to make an offer but, if you do, it should be one you can afford to pay (however small).
- If you are employed, the court may ask your employer to send deductions direct from your earnings to the court. This is called an attachment of earnings order. If you object to this, you must tick the box in part C and say why you object. If you do not give good reasons, the court will consider making an order.

What should I do with the completed application form?

- Take the unsigned completed application form to your local county court. You will be asked to sign the form in front of a court officer and you will have to swear on oath that the information given in your application is true. If you can, bring any bills, statements and invoices to support the details of your income and expenditure.
- If you need help to complete the application form (N92) you should ask at your local county court office, citizens advice bureau, money advice centre or legal advice centre.
- Take a photocopy of the completed application you may need to refer to it.**