

Consultation Response



Response by StepChange Debt Charity to the Ministry of Justice response to consultation on enhanced fees for divorce proceedings, possession claims, and general applications in civil proceedings

and

Consultation on further fees proposals

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We are an independent charity dedicated to overcoming problem debt. Our advice and solutions are effective, tailored and importantly, free. Foundation for Credit Counselling. 123 Albion Street, Leeds, LS2 8ER. Company No 2757055. Charity No 1016630. www.stepchange.org

Introduction

StepChange Debt Charity is the largest specialist provider of free, independent debt advice operating across the UK. In 2014 over 23,000 people who were advised by the Charity had at least one County Court Judgment (CCJ).

Response

We disagreed strongly with the Ministry of Justice's previous proposals on enhanced Court fees, arguing they would:

- Reduce access to justice for individuals in problem debt seeking to vary or set-aside a CCJ, suspend enforcement or suspend a warrant of possession.
- Force individuals in problem debt to take out short-term, high-cost credit, such as a payday loan, to suspend enforcement or suspend a warrant of possession.
- Increase the number of Court actions by mortgage lenders and landlords that could result in increased mortgage repossessions and landlord possessions across the UK.
- See possession costs passed directly to the borrower.

We estimated the effect of the fees changes, before taking into account fee remission:

- If fees on application by consent or without notice where no other fee is specified increase from £50 to £100, this would mean only 20.1% of our clients with a CCJ would be able to find the money to vary a judgment, suspend enforcement or suspend a warrant of possession.
- If fees on application on notice where no other fee is specified are increased from £155 to £255, only 8.5% of these clients would be able to find the money to apply to set-aside a CCJ.

We are disappointed that the MoJ has failed to respond to these concerns and would urge the department to re-examine how these increases will affect families in or on the edge of problem debt and do more to mitigate the effect. Although we accept fee remission is available, as the Low Society has pointed out the income level at which fee remissions is available is far too low to be of any assistance to the majority of individuals.

We are therefore concerned that the further increase proposed by this consultation will exacerbate these effects, creating even greater difficulties for those in financial difficulty. In particular, we are worried that the fee increases for enforcement action will eventuate in higher fees for families being enforced against, as costs are passed on by enforcement agents. These are the increased costs in Annex C, items 7.1-

8A1. We would again urge the department to look in more depth how these fees will impact on the most vulnerable.