

Knock, knock: it's no joke

Nobody wants bailiffs to turn up at their home demanding money. It's worse when they add on charges that they shouldn't. Using the Freedom of Information Act, **Catherine Smyth** sheds light on the relationship between local authorities, the company that collects their revenues – and the bailiffs they use to chase bills

Concerns over charges levied on people least able to pay has led the *The Big Issue in the North* to investigate the links between Capita, the company employed to collect revenues on behalf of local authorities, and its sister company, debt collectors Equita.

Throughout the country many councils now employ outside agencies like giant outsourcing firm Capita to administer services. When Capita secures a contract to provide revenues and benefits services sometimes it also provides its own bailiff company Equita to recover any unpaid debts. Capita denies that this arrangement raises any questions of conflict of interest.

Charges levied by Equita's bailiffs in recovering debts – on top of the original money that's owed – have been disputed in a number of cases by Rossendale's Citizens Advice Bureau acting on behalf of local residents. In every case the fees have been removed.

"We have had at least 20 cases where charges have been added to council tax accounts but were removed when challenged," says Kester Dean, Rossendale CAB

manager. "Whenever we have challenged a bailiff bill then the charges have been removed – they are not justified or upheld. The amount of over-charging averages out at about £200 per case.

"If a similar pattern existed in other authorities then we are talking about big money being wrongly taken each year from already struggling people."

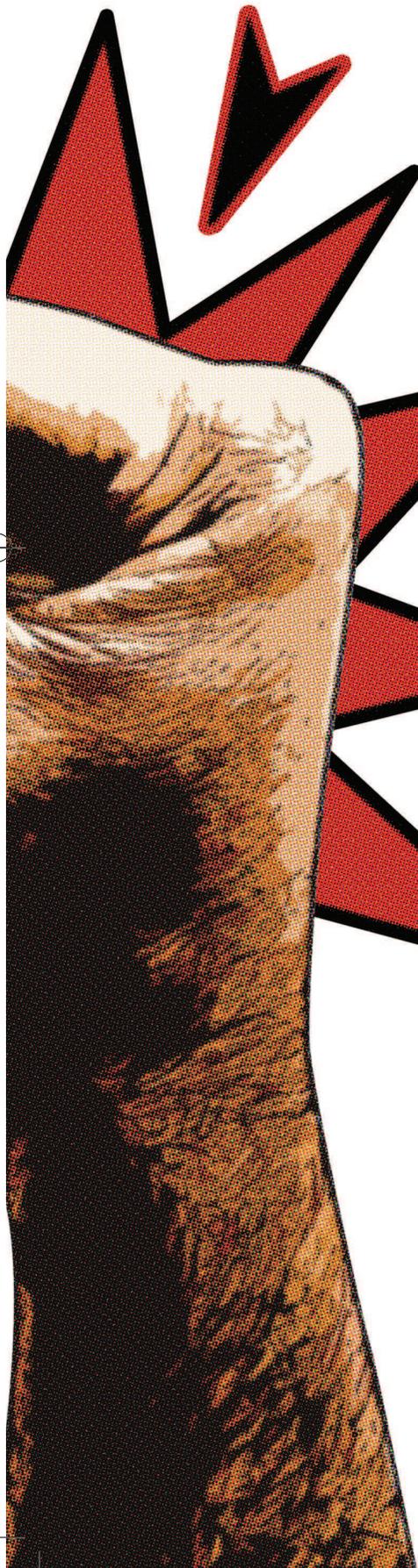
Freedom of Information (FOI) requests by *The Big Issue in the North* shed further light on the story. The requests were put to Sheffield City Council, Rossendale Borough Council and Blackburn with Darwen Borough Council – three local authorities that use Capita to provide their revenues and benefits service.

When a debt is passed from a collection agency to a bailiff, it will incur additional fees to pay for the bailiff to recover the money.

Sheffield City Council confirmed in the FOI request that: "The contract price between the council and Capita is reflective of the fact that bailiff services are being provided by a Capita-owned bailiff company."

In Sheffield the seven-year £200 million contract began in





January 2009. Equita has been providing the sole bailiff service since October 2009.

A 15-year contract with Blackburn with Darwen started in 2001 and covers a range of services. In Rossendale, Capita was awarded the revenues and benefits contract in October 2006. Both these authorities use bailiffs from Equita and Lancashire-based company Rossendales to collect outstanding debts. Rossendales was last year featured in the ITV programme *Exposure* when a reporter went undercover to film a bailiff in Hounslow.

In Rossendale a string of complaints have been made regarding the actions of bailiffs. James Howson, formerly of Rawtenstall, took his complaint to the Local

Government Ombudsman after more than £400 of charges were added to

his account. As well as bills for visits to his home that there was no proof of, Equita also proposed to take a car that didn't belong to Howson.

As a result the ombudsman criticised the bailiff's note taking and actions and sent guidelines to Rossendale Council to ensure bailiffs acting on its behalf adhered to its legal obligations.

In another case a young family from Stacksteads, Kieran and Kerry Hanson, who had made an arrangement to pay off a debt accrued because of a bank error, still found bailiffs from Equita knocking on their door. At one stage the couple said they felt like prisoners in their own home.

Both cases were referred to Rossendale CAB and in both instances the bailiff charges were subsequently dropped. The Hansons now assist others to contest bailiff bills by offering advice on an online forum.

Dean says: "Unless some serious action is taken this company is going to carry on doing this and adding charges to people's bills who can least afford to pay. We have helped people use the local government



BAILIFF QUESTIONS

HOWSON CASE

The vehicle that was levied just happened to be parked outside their property and did not belong to the couple (pictured).

Charges were made for visits where there was no proof that a visit had taken place. These were removed after the ombudsman was called in to investigate.

Bailiff double charged for same visit because there were two liability orders. Fees removed by ombudsman.

HANSON CASE

It was claimed that property inside the house had been levied, but no bailiff had ever entered the home to view the contents.

A levy was made on a vehicle but the registration number was copied down wrongly, meaning the vehicle levied was a completely different one.

The reason for the "mix-up" was put down to a technical error with a computer and digital pen - but neither Mr or Mrs Hanson had signed anything, whether on paper or on a hand-held electronic device.

complaints' procedure and the ombudsman, yet still it continues.

"We are at least able to help the people that we find out about, but how many more out there just pay these invented charges?"

Sheffield Council said that from October 2009 to March 2010, 5,595 liability orders were passed to Equita. A liability order is issued by the Magistrates Court in response to an unpaid debt and gives legal authority for bailiffs to collect payment or remove goods in settlement. In the financial year 2010/11, 10,431 liability orders were issued and in 2011/12, at the time of our FOI inquiry, 5,579 were made.

In 2007 in Rossendale 3,045 cases were sent to the bailiffs, who

Capita denies this arrangement raises any questions of conflict of interest

B A I L I F F S

collected £526,751.17. In 2008, 2,723 cases were sent to the bailiffs and £427,966.11 was collected. In 2009, 1,930 cases resulted in £371,523.19 being collected; and in 2010, 2,276 cases were passed to the bailiffs, who collected £296,570.48.

In Blackburn with Darwen in 2007, 4,187 cases were sent to the bailiffs and £722,207.81 was collected. In 2008, 4,282 cases were referred and

“Whenever we have challenged a bailiff bill the charges have been removed.”

£752,426.99 collected. In 2009 3,276 cases were passed and £657,283.03 collected; and in 2010 the bailiffs were sent 3,177 cases and collected £447,429.68.

All three local authorities said they were unable to say how many cases there had been where bailiff fees had been added but subsequently removed, or how much this amounted to. It is this unknown figure that causes Dean concern that the scale of the problem of unwarranted charges could be large.

All three authorities said there was no definitive answer as to how long it took between a debt being accrued and then passed to the bailiffs to recover the money.

In identically worded statements, both Rossendale and Blackburn with Darwen said: “The amount of time between the failure to pay an instalment of council tax and the

award of a liability order would be typically approximately two months.”

Asked about Equita’s success rate in collecting outstanding debts, Sheffield stated that it was not possible to quantify.

Government guidelines suggest bailiffs withdraw and seek advice from the creditor when dealing with debtors who are vulnerable. Both

“Capita and Equita focus on delivering a professional service on behalf of the councils.”

Rossendale and Blackburn with Darwen said that cases returned to the council where the debt had not been fully paid were reviewed and the decision to remove bailiff fees was taken on a

case-by-case basis.

Sheffield Council said: “With regard to those debts that remain unpaid the instructions to Equita are to return to the council any liability orders where the customer is vulnerable, bailiff action is inappropriate or cases where the customer has contacted the council to pay in full or make a mutually acceptable payment arrangement, and as such it is impossible to identify the outstanding value of the arrears for those cases that have been referred to Equita in any given period.”

Capita’s website boasts it has 16 years of experience and collects in excess of £1 billion worth of council tax and £2 billion worth of national non-domestic rates each year for 17 local authorities.

A Capita spokesperson said: “There is no conflict of interest between Capita’s revenue and benefits services and Equita as they are two separate entities. Both organisations focus

on delivering a professional service on behalf of the councils they work for and as such are appointed by the councils after a rigorous tender process. We are also aware that Equita are not the only bailiff company operating for the council in this area.”



FILE SHARING

Hundreds of pounds have been removed from bailiff bills as a result of actions by a proactive campaign watchdog, leading to queries as to the legitimacy of the charges in the first place. The manager of Rossendale Citizens Advice Bureau, Kester Dean (pictured), was so concerned about the actions of bailiffs employed by Equita he sent a file to the Northamptonshire Police, where Equita is based, asking the force to investigate whether the company had committed fraud.

Dean’s letter cites a number of examples, including two that have featured in past issues of The Big Issue In The North.

He said: “I listed specific council tax cases to the Chief Constable along with another instance where a couple were issued with a parking fine from Bury Council but, being unable to pay, had a County Court Judgement made against them. They paid the £70 and yet bailiffs Equita then demanded £192. When we intervened that sum was reduced to £12.

“I believe I now have no alternative but to try the police as I believe the Fraud Act 2006 is being contravened with false representations being made to debtors for financial gain.”

Northamptonshire Police senior fraud investigator Bryan Pye responded to Dean’s complaint, saying: “I am of the view that of the evidence I’ve seen so far this appears to be excessive fee charging by Equita.

“As you are aware to prove fraud not only have we got to prove dishonesty we have to prove this to a standard of beyond reasonable doubt. In the commercial world there is a fine line between what is seen as ‘sharp business practice’ and ‘fraud’ and I believe that this company are using the former.

“This is why I am of the opinion that this investigation best sits with Trading Standards. Obviously if anything further comes to light which we feel may have a significant effect on this investigation we may review our original decision. I will liaise with Trading Standards Officers on this.”

Northamptonshire Trading Standards is still investigating the matter.

A Capita spokesperson said the company could not comment on the complaint made by Rossendale CAB as it was under investigation.

news

A young couple who succeeded in having a bailiff bill scrapped are urging others not to be bullied by threatening letters and visits.

Kerry and Kieran Hanson endured six months of hell after a miskey over direct debit payments saw them go into arrears on their council tax.

When informed of the situation, the couple immediately made a payment arrangement but bailiffs still threatened to remove property. They became prisoners in their home in Stockstons, Rossendale, morning doors and windows were kept and curtains closed because they were scared of what the bailiffs would do.

Enforcement costs

Hanson, 25, a self-employed music teacher, said: “Without the intervention of Rossendale Citizens Advice Bureau (CAB), I fear the bailiffs would have got in and taken our things.”

“We had saved enough money to pay the debt off in full but Equita said they would not accept it and sent us a removal notice threatening to sell our goods at a public auction.”

His wife, 24, who works on temporary contracts, said: “It was not our fault the council tax direct debit was re-credited to our account.

“Because we internet bank we do not get statements and so we didn’t know there was a problem until we got a letter from the council.”

Kerry and Kieran Hanson successfully contested a bailiff’s bill. Photo: Catherine Smyth

Bailiffs found to be to quick off the mark

As we reported last September, the Hansons went into arrears through no fault of their own but when they tried to make a payment bailiffs still threatened to sell their goods