

September 2008 update

As the credit crunch increasingly bites and the resulting consumer downturn continues, it has become apparent to us that the creditor companies are less amenable to an amicable resolution on the issues of unenforceability and are instead determined to pursue a path of recovery of the debt to the Courts.

There is a pattern emerging of the creditors attempting to turn an unsecured debt into a secured debt, by means of a default county court judgment obtained through Northampton County Court, using the online service, asking for payment in full and then going for an interim charging order on one payment of the same. Similarly, in cases where there is an unenforceable agreement, they seem to require proceedings to be issued before they will accept that the debts are unenforceable.

However, this is not all black news for our Clients. If court proceedings are started, then our costs will be recoverable in the fast track/multi track system and in those circumstances, there is no need for the Client to find 25% of his debt to pay us. We have had the following developments in recent cases:-

A mainstream lender issued a claim against our Client Mr &W; for repayment of an unsecured debt in the sum of £40,000 plus. They then made an application for summary judgment in this matter which we successfully resisted and the matter is now proceeding. Again, the consumer credit agreement at the root of the case, looks to be unenforceable.

Miss &L; had taken out a credit agreement with First National for home improvements. This agreement was fatally flawed.

Mr &C; came to us after the creditor had obtained an interim charging order due to a default judgment, again obtained at Northampton County Court. Again, the consumer credit agreement, the credit card, was unenforceable. The creditor has asked for proceedings in this matter to be adjourned.

Mr &B; had taken out conditional sale agreement relating to a car purchase. The creditor has served a statutory demand on our Client. Not only was the agreement unenforceable, but there were also secret commissions payable in relation to the insurance products taken out.