



09/05/11

The Limitations Act 1980 determines the time frame in which a creditor is permitted to issue legal proceedings for the recovery of a debt in England and Wales. The time scale depends on the type of debt and can be extended at the courts discretion. The time limit begins from the date the debt became due.

A Creditor in England and Wales is permitted to issue legal proceedings for the recovery of a debt within 6 years from the date it became due.

Recently Master Collections helped a client recover a 5 year old debt at a court hearing. Through Master Collections Legal Preparation service the client was able to present their case before the District Judge at Bristol County Court. As a result the Judge awarded the client £4,350.06 in connection with the outstanding balance and £1,406.30 interest covering the period the debt became due up to the date of the hearing.

Court proceedings were issued in 2006 and because the court papers were lost by the court it took 4 years for a hearing to be set. One of the contributing factors was the claim having previously been referred to mediation. But mediation was pointless because the defendant was unco-operative. Although the courts are pushing cases to mediation creditors need to be wary of the same and be sure that proceedings are reinstated quickly if a settlement can not be reached.

Creditors have to consider whether the courts will resolve disputed cases quickly. Not only do creditors have to contend with pit falls of mediation but also hearing fees dependent on the value of the debt of up to £1,000. The message the courts are sending is clear, mediate where possible and only refer disputed matters to legal proceedings if there is no chance of conciliation.

If there are any queries please do not hesitate to contact me.

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