

Section G: Local taxation

G1: Debt collection

Disabled persons' reduction – delay in recognising entitlement – bailiff action – treatment of vulnerable debtors

1. Mr A complained that a council did not deal properly with his request for a reduction in his council tax liability, and subsequently took inappropriate action to recover his council tax debts.

Council tax benefit

2. Mr A applied for council tax benefit but it was not until five months later that the council told him that he did not qualify. The Ombudsman said that the delay was excessive.
3. Mr A said that he appealed against the decision not to pay him council tax benefit and that he followed up his letter by visiting the council's offices several times, but the council did not deal with the appeal. The Ombudsman said that on balance he accepted Mr A's account about this. From previous investigations the Ombudsman knew that at that time the benefits office was badly organised.
4. The benefits office did not deal with enquiries from the council tax office about later benefit claims by Mr A. The fault in the way the benefits office dealt with Mr A's claims and the enquiries about them amounted to maladministration.

Council tax liability

5. Mr A was not eligible for council tax benefit, but he was eligible for a disabled persons' reduction in liability. Both he and his wife were registered disabled. In his various dealings with the council, Mr A had repeatedly made clear that he and his wife had disabilities. The Ombudsman recognised that not everyone with a disability qualified for a reduction, since the issue would turn on how the

disabled person's home was used. But the Ombudsman did not think it unreasonable to expect that both benefits and council tax staff should be aware of the main circumstances in which taxpayers might be able to claim reductions, and tell taxpayers about them, or seek advice from staff who knew more. The council accepted that it missed a number of opportunities to spot that Mr A was entitled to a reduction. The reduction was eventually granted.

6. The Ombudsman said that the council should have been in no doubt about this when it received a letter from Mr A in June 1995 explaining that his main reason for applying for assistance was not his financial circumstances, but because the house was occupied by two people with severe disabilities. The council did not reply to this letter. An officer tried to visit Mr A, who said that he did not remember receiving a calling card. For whatever reason, the officer did not manage to see Mr A, yet nothing more was done. The Ombudsman said that the failure to ensure that Mr A received a proper response to his letter was maladministration. The council should have responded to his letter promptly and in writing; and when the visiting officer did not hear from Mr A he should have written explaining why he wanted to call.

Debt recovery

7. Mr A believed he was entitled to a substantial reduction in council tax and, for that reason and because the council was not dealing with the matter satisfactorily, he did not pay his council tax for certain periods. This led in due course to action by bailiffs who called to seize his possessions.

8. The Ombudsman recognised that the council was entitled to use bailiffs to collect debts. But the council's code of practice for bailiffs said that the bailiffs had to consult the council before seizing goods from people who were vulnerable because, for example, they were elderly, disabled or seriously ill. The council said that it had no system to distinguish vulnerable debtors before it instructed bailiffs, and so the bailiffs would not have known about Mr and Mrs A's age or disabilities until they met them. The Ombudsman was satisfied that Mr and Mrs A gave the bailiffs information which should have led them to seek further instructions from the council. They did not do so. That was maladministration.
9. The Ombudsman was also concerned that the bailiffs did not calculate their charges properly and that too was maladministration.

Injustice

10. The Ombudsman considered that if the council had dealt with the appeal against the council tax benefit determination properly, it was likely that the question of disabled persons' reduction would have been considered far sooner. An earlier award of disabled persons' reduction would have saved Mr A, and also Mrs A, much of the time, trouble and anxiety to which they were put. The Ombudsman recognised that this injustice was mitigated by the fact that Mr A did not return application forms at certain points and that he continued to withhold payments although he knew what the consequences would be.
11. The Ombudsman recommended that the council should pay compensation of £150 and waive all the debt recovery costs.

Review of procedures

12. The Ombudsman noted that, in the light of Mr A's experience, the council proposed to review some of its procedures for council tax recovery from vulnerable debtors; to undertake a review of its action against all vulnerable groups of people; and to consider a more formalised approach to its liaison with bailiffs to ensure that account was taken of all the relevant circumstances of each case. The council proposed to use training to minimise the problem of benefits staff and council tax staff overlooking matters outside their immediate expertise; and was engaged in working on procedures to improve communication between council tax staff and benefits staff.
13. The Ombudsman was particularly concerned that the council did not have a system to identify vulnerable debtors who, according to its code, were to be treated in a special way. It would not always be apparent to the bailiffs at a visit that a particular debtor fell into the categories of people about whom they were required to consult the council before receiving goods. The Ombudsman therefore welcomed the review the council proposed.
14. The Ombudsman commented:

"Councils have a duty to collect council tax. Equally taxpayers have a duty to pay promptly and in full what they owe. Taxpayers should be told promptly, accurately and comprehensibly what they owe, and should be credited with any benefits for which they qualify. Councils should respond in a timely and appropriate way to individual enquiries."

(Report 96/A/3626)

G2: Rate relief

Discretionary relief – improvement to premises – backdating

1. Mr X complained on behalf of a playing fields association about the way a council dealt with rate relief for the association.

Notification

2. For many years the association had received mandatory rate relief at 80 per cent, and discretionary rate relief of 20 per cent, from the council in whose area the land was situated. Following local government reorganisation, the land became part of the area of a different council. The new council told the association that for the first two years (1996/97 and 1997/98) the association would receive discretionary rate relief at the previous level (ie 20 per cent).
3. Mr X assumed that the association would have no rates to pay in either of those years and took no action. Later the council wrote again to confirm that the association would have 20 per cent discretionary relief for 1997/98.

Changes to premises

4. In the meantime, an extension to the premises of the association had been

completed. The district valuer undertook a revaluation. The council then issued a revised rates demand for 1996/97 and 1997/98 which showed a total of some £5,000 as payable. No discretionary relief was shown for any period after the revaluation, which was effective from May 1996. When Mr X queried the demand, the council awarded 20 per cent discretionary rate relief for 1997/98, but said that it was too late for the council to award relief for 1996/97.

Outcome

5. The council recognised that the association had taken its original letter as meaning that full discretionary relief had already been awarded in respect of all sums due in 1996/97; and that the language used in its letter could be read in that sense. The council agreed to credit the association's account with a sum equivalent to the outstanding rates for 1996/97. That was some £2,497 and the Ombudsman agreed that this was an appropriate settlement of the complaint.

(Local settlement 98/C/845)