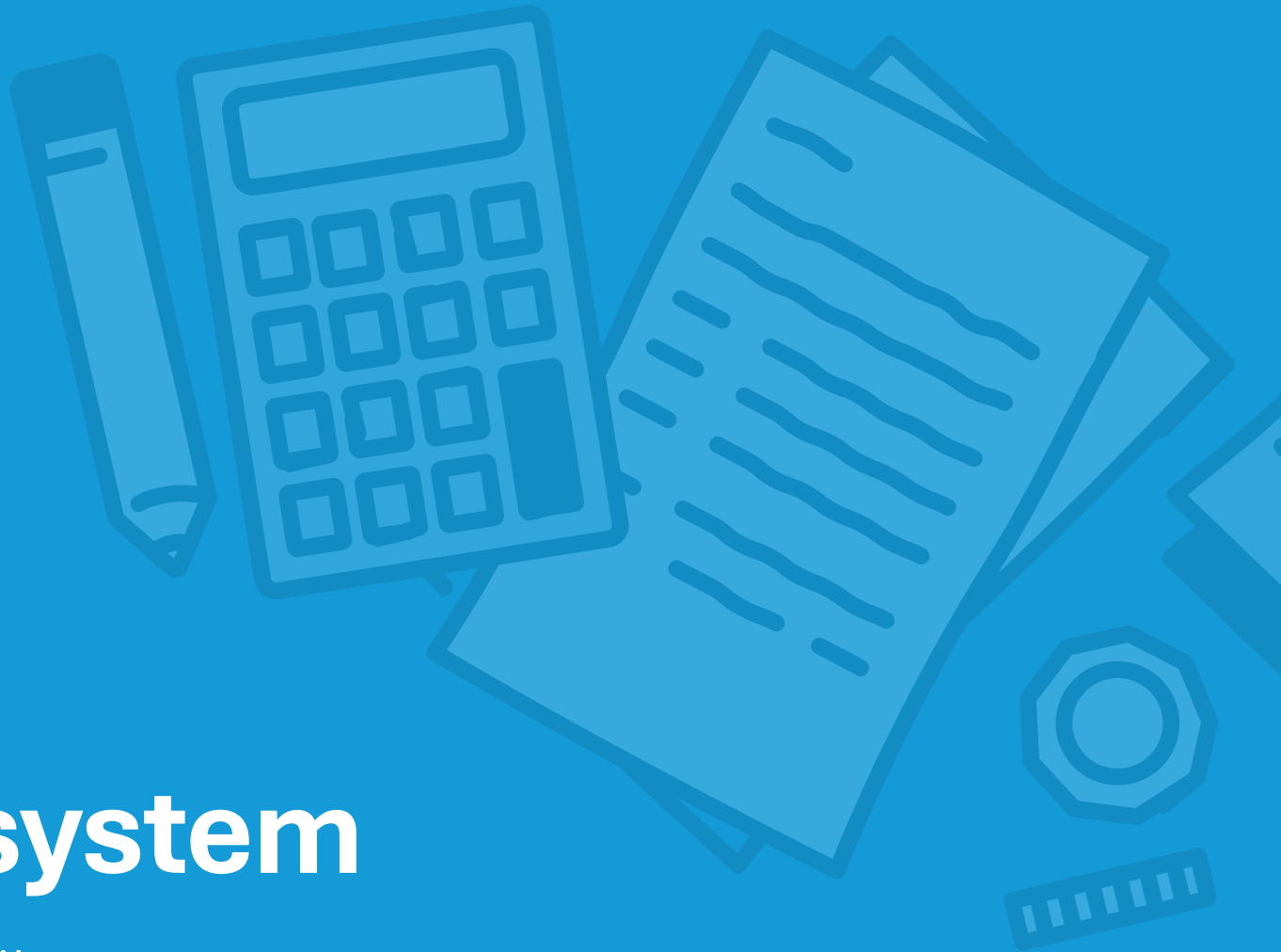


MONEY
ADVICE TRUST

Lost in the system

Experiences of council tax
collection in England

February 2026



Summary

Since council tax was first introduced, the arrears backdrop has changed significantly, yet the collection and enforcement rules have barely been updated in England.

Arrears have grown significantly, as more people struggle to afford their council tax, meaning more people in financial difficulty have ended up in collection and enforcement processes.

We welcomed the opportunity to respond to the timely consultation on modernising and improving the administration of council tax in England (Ministry of Housing, Communities & Local Government, 2025). In this report, we focus on the data and evidence we gathered for our consultation response. You can read our full response [here](#).

The current system isn't working well for either people in debt, or for councils. And with arrears continuing to rise to record levels, we think there is a clear argument for a new approach.

We have significant insight into the experiences of those with council tax debt - a quarter of National Debtline clients (25%) have council tax arrears. The majority (68%) of these have an additional vulnerability on top of their financial difficulty.

Among this group, the most common reason for debt was the impact of a life event (29%) – such as losing their job - while one in five (22%) had fallen into debt due to not having enough money to cover basic costs. 16% had fallen into debt due to the impact of a mental or physical health condition.

In this report, we set out the issues with the current council tax collection system, and what more could be done to ensure it best supports people experiencing financial difficulty.

Data sources

Nationally representative polling with adults in England

- **Survey 1:** 2,077 adults in England, exploring views on actions government and councils could take (19-20 Aug 2025).
- **Survey 2:** 4,325 adults in England, exploring awareness of forms of support and experiences of council tax debt (20-22 Aug 2025).

Survey of 802 National Debtline and Business Debtline clients with council tax debt

People who contacted us between Oct 2024 – July 2025 and had council tax debt. Survey conducted 1–25 Aug 2025.

Freedom of Information requests to local authorities in England

Part of our [Stop the Knock data series](#). Data spanning from 2014/15 to 2024/25 on bailiff use and council tax collection practices. Most recent information request looked specifically at council tax debt and received responses from 99% of local authorities in England.

National Debtline and Business Debtline client data

Data about the circumstances of our clients with council tax debt, taken from our Customer Relationship Management (CRM) system.

Awareness of Council Tax Support is low

Our evidence shows low levels of awareness and understanding of different forms of support with council tax bills among adults in England.

Half (49%) of adults in England have not heard of Local Council Tax Support (also called Council Tax Reduction), and a further quarter (23%) have heard of it, but don't know anything about it.

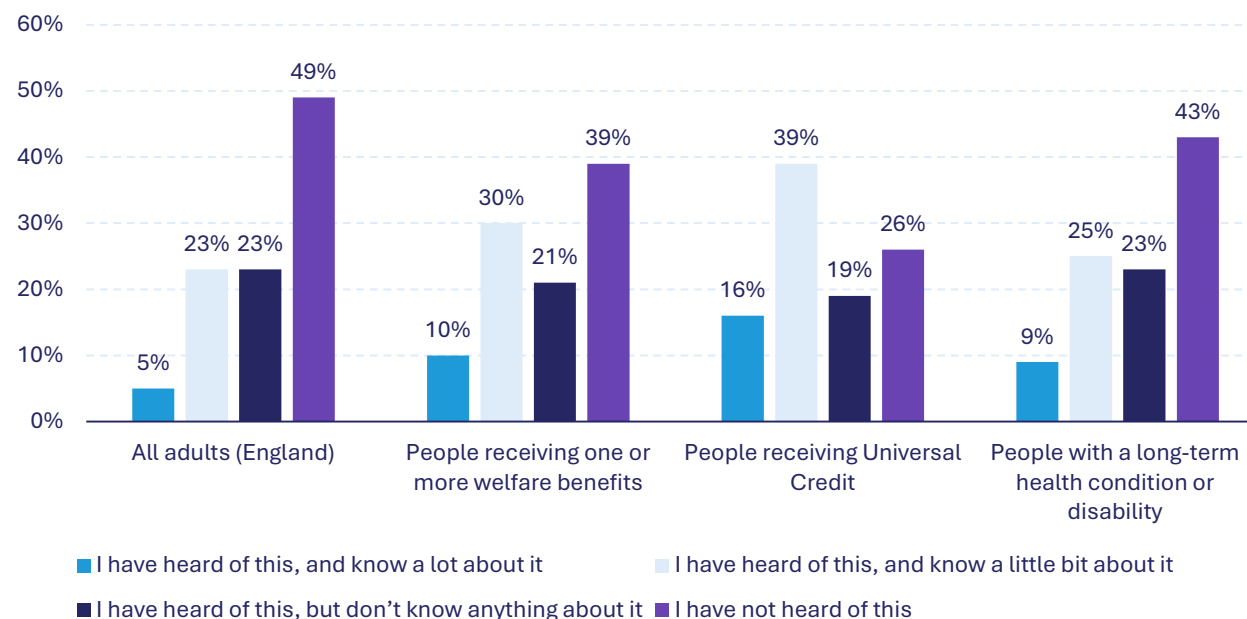
Even among groups who are more likely to be eligible for this support, awareness of Local Council Tax Support schemes is low.

This is worrying, given that these groups should, and need to, have greater awareness of the support they may be entitled to. For example, only one in ten people with a long-term health condition or disability (9%) said they have heard of Local Council Tax Support and know a lot about it.

While awareness is slightly higher among people receiving Universal Credit, still a quarter (26%) have never heard of it. A further one in five (19%) have heard of it but don't know anything about it.

Awareness and understanding of Council Tax Support

Sample: 4,325 adults in England



Half of adults in England have not heard of Local Council Tax Support



A quarter of those receiving Universal Credit have never heard of Local Council Tax Support



Only 1 in 10 people with a long-term health condition or disability said they have heard of Local Council Tax Support and know a lot about it

Council tax payments and financial difficulties

Our research found an estimated 1.37 million people in England (3%) have missed a council tax payment in the last 12 months.


Certain groups are more likely to have missed a council tax payment in the last 12 months:

5 times more likely

UC | People receiving Universal Credit

3 times more likely


 | People receiving disability benefits

 | People who are unemployed

 | People living in social housing

CTS | Receiving partial local CTS


2 times more likely


 | Parents of children under 18


 | Private renters

The council tax collection process must reflect the reality of people who are falling behind with their payments. Quickly making people liable for their entire annual bill, as can happen under current regulations, fails to recognise the financial situation of most people with council tax arrears, who are concentrated among lower-income households and those with characteristics of vulnerability.

Among those who had missed a council tax payment:

 | **50%** had also missed a payment on their energy bill

 | **46%** had also missed a payment on their water bill

 | **30%** had also missed a rent payment

Liability for the entire annual bill worsened outcomes for people in debt

Currently, people can be made liable for their full annual bill after missing just one council tax payment. This can occur as quickly as a couple of weeks after the missed payment, although some councils will take longer over this process. While there is good practice out there, with some councils taking much longer to escalate the collection process, and using this time to explore how to best support the person who is struggling to pay, our research finds that people being made liable for their entire annual bill is still a common, and particularly problematic, element of council tax collection.

Our research with National Debtline and Business Debtline clients, who had council tax debt, found that:



Three in five (61%) were made liable for their entire annual bill **at some point** after missing payments.

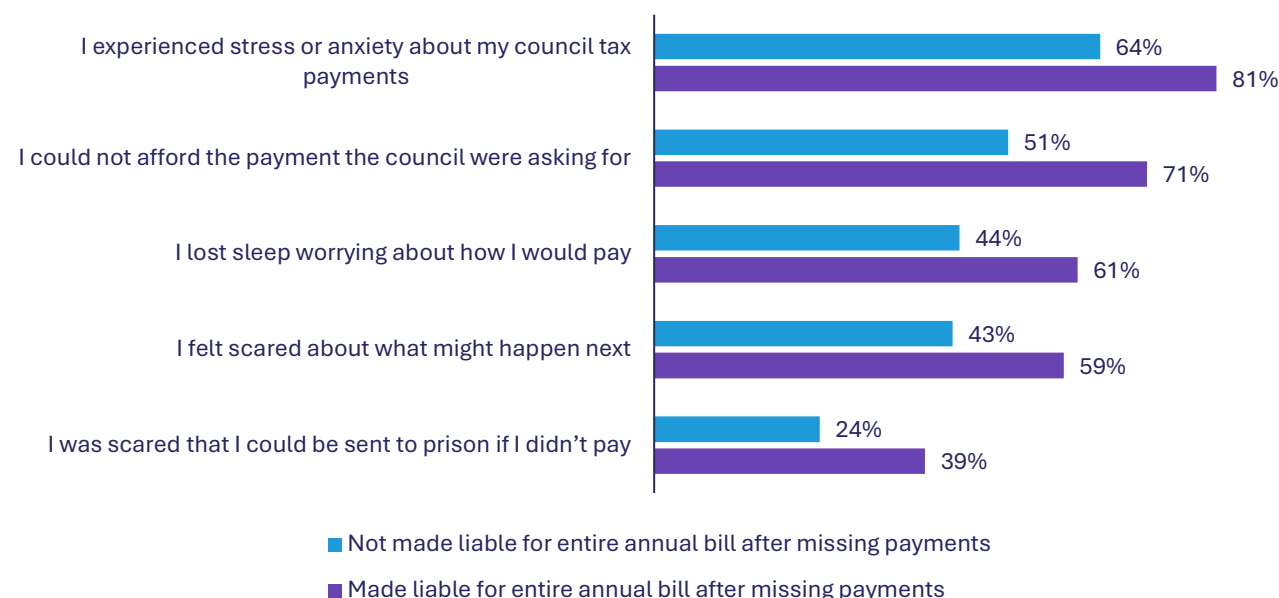


Two in five (39%) said this happened after **missing just one payment**.

People who were made liable for their entire annual bill (at any point) were more likely to report stress or anxiety, struggling to sleep, feeling scared and being unable to afford payments demanded.

Impact of council tax collection and enforcement, by liability status

Sample: 721 National Debtline and Business Debtline clients

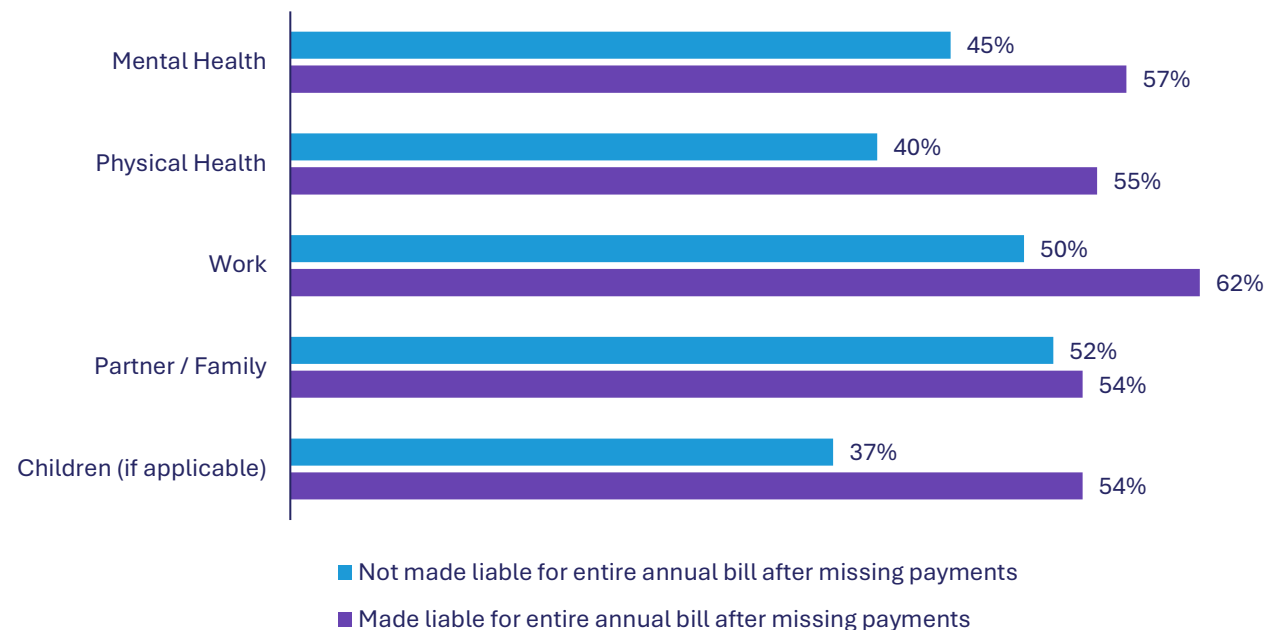


Liability for the entire annual bill worsened outcomes for people in debt

People who were made liable for their entire annual bill reported greater negative impacts across their life:

Impact of the council's actions on the following aspects: Percentage reporting very / somewhat negative impact

Sample: 661 National Debtline and Business Debtline clients



We found a correlation between being made liable for the entire annual bill (at any point) and a more negative impact on people's finances, health, wellbeing and outcomes from the collection process.

Being made liable for the entire annual bill appears to worsen the impact on people, and the outcomes they have, than when a council doesn't take this step.

People who were made liable for their entire annual bill were also more likely to report a negative impact across all areas of their life, including their physical and mental health, work, and family life.

People had to take worrying measures to meet demands for the entire annual bill

People made liable for their entire annual bill were also more likely to report having to take significant measures to make the payments their council was asking for.

Some of these, such as going without food and using less energy than needed are likely to have a material effect on people's health, potentially creating knock-on costs for councils and local health services.

People who were made liable for their entire annual bill were also 27 percentage points more likely to report falling behind on other household bills in order to make payments to the council, which made their financial situation and debt problems worse.



Three quarters (74%) of people made liable for their annual bill said they **fell behind on other household bills** in order to make their payments to the council.



Two in five (42%) used credit or borrowed money to make the payments.

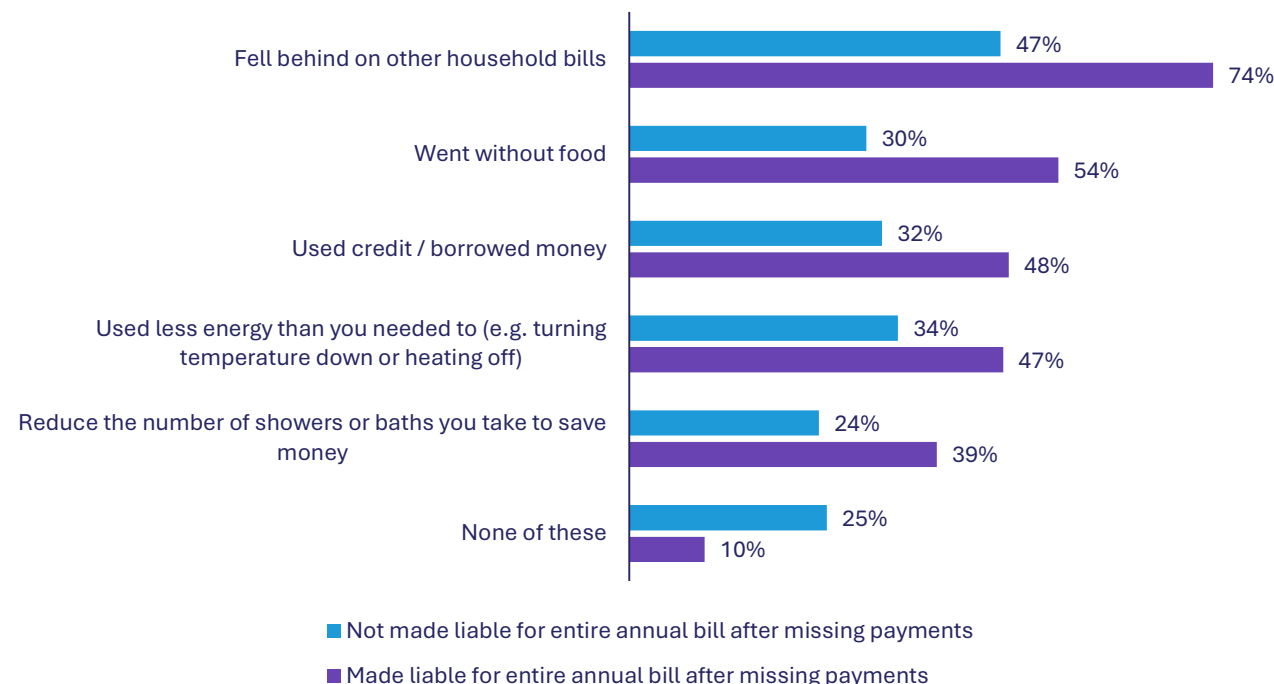


More than half (54%) went without food, 41% **used less energy** than they needed to, and a third (34%) **reduced the number of showers or baths** they took.

Just one in ten people (10%) who were made liable for their annual bill said they did not have to take any of the steps listed in order to afford their payments to the council.

Actions taken to afford the payments the council were asking for, by liability status

Sample: 429 National Debtline and Business Debtline clients



Liability for the entire bill led to worse repayment outcomes

The Government in England has proposed extending the time period before someone is made liable for their entire annual bill.

We strongly support this. This will help ensure that people who fall behind with their council tax are given time to deal with their arrears and put a payment arrangement in place, get debt advice, and claim Council Tax Support, if eligible.

Our evidence suggests this would not have a negative impact on councils or their ability to collect arrears. Indeed, our research suggests that it is more likely the council and the individual will agree to a sustainable repayment plan when people are not made liable for their entire bill at once.

Where people were not asked to pay their entire annual bill, 43% were able to either pay in full or agree a repayment plan at a level they could afford. However, among people who were asked to pay their annual bill in full, that figure drops to just 19%.

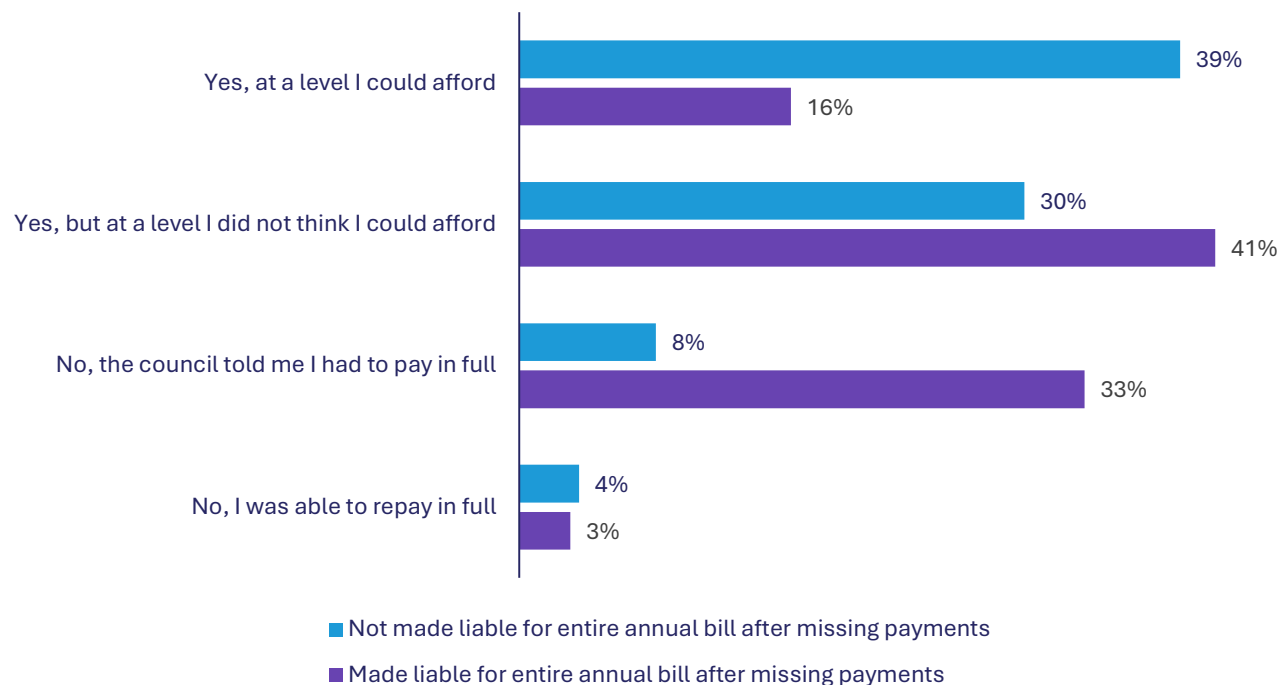
These figures highlight how a more flexible approach can lead to better outcomes for both people in debt and for councils, increasing the likelihood that a sustainable repayment plan will be put in place, and completed.

Where people were not made liable for their entire annual bill, **43% were able to either pay the debt in full or agree a repayment plan** at a level they could afford.

However, among people who were made liable for their annual bill, **only 19% were able to either pay the debt in full or agree a repayment plan** at a level they could afford.

Did you agree to a repayment plan with the council, to repay the council tax owed (by liability status)

Sample: 437 National Debtline and Business Debtline clients



An insight into the impact of council tax debt and enforcement

Lost in the system:
Experiences of council tax
collection in England

9



“faced with an insurmountable challenge.”

“The quick escalation process, leading to clients being liable for their entire annual bill immediately, can lead to a feeling of despair as they are often faced with an insurmountable challenge.”

Almost all of our clients are already facing many financial issues, scraping to get by from month-to-month. Arrears that were initially a few hundred pounds, which would be repayable with an affordable arrangement, often within the same financial year, quickly escalate to over £1000, and clients are asked to pay this off in full, or risk further enforcement. This is something that people in debt simply cannot do. Escalating debts in this fashion simply overwhelms clients further.”

National Debtline team manager



“Extremely stressful... they threatened me with prison.”

“It was extremely stressful, traumatic. Literally after one missed payment we got a court letter and I completely fell apart.”

My daughter had to step in and talk on my behalf because I couldn't even speak to them. All they did was force us into repaying it over 12 months in addition to the current bill, which we couldn't afford. We had to basically pay it and sacrifice things like food and all the bills to do so. I felt I had no choice otherwise they would do a court judgement and threatened me with prison.”

Quote from a National Debtline client with council tax debt

The impact of good practice in dealing with council tax debt

Rooted in our experience, as well as our research, we know that the council tax support landscape varies across England.

We understand there is good practice out there, and some councils take a more supportive approach – resulting in a huge difference for those struggling with their council tax bill, helping them get back on track more quickly.

Unfortunately, our research shows that best practice is still not widespread:



Just one in nine (11%) National Debtline and Business Debtline clients with council tax debt surveyed said their council checked if they were eligible for any other benefits or support.



One in eleven (9%) said their council worked with them to understand their financial situation.



Just 12% said their council gave them time to get debt advice.



Only a quarter (24%) said their council offered them the option to repay over time in amounts they could afford.

The implementation of good practice is still hampered by the regulations in place, as well as the rapid acceleration in making someone liable for their entire annual bill. Our evidence shows a correlation between taking a more supportive approach to council tax collection and positive impacts on people experiencing problem debt.



Bailiff use and council tax collection practices

Bailiff use



Councils in England passed **1.69 million** council tax debts to bailiffs in 2024/25, an **increase of 14%** on 2023/24. *Source: FOI of 293 councils (99%).*



34 councils in England currently exempt local Council Tax Support recipients from bailiff action, in recognition that their financial situation makes it likely **they may struggle to afford** their bill. *Source: FOI*

Providing help and support



More than half (53%) of people in England who had missed a council tax payment in the past 12 months said they had **not been offered any help or support** by their council, despite needing this.



Just **one in ten (11%)** National Debtline and Business Debtline clients with council tax debt said their council checked if they were eligible for any other benefits or support.



One in ten (12%) National Debtline and Business Debtline clients with council tax debt said their council gave them time to get free debt advice.

Assessing vulnerability



58% of councils in England say they will conduct an assessment of vulnerability before seeking a liability order. *Source: FOI*



But in the majority of cases, the council said they would only do so if a resident proactively got in touch to ask for this.



Just **14%** of National Debtline and Business Debtline clients who had an additional vulnerability said their council took their personal circumstances, including any vulnerabilities, into account when dealing with their council tax debt.

Public support for improvements to council tax collection

Our research found strong support for improvements to council tax collection practices.

Among people in England who expressed a view, more than two thirds (68%) think their local council should be doing more to help people who are struggling to pay their council tax bill. Just 7% think their local council should be doing less.

Of those who think their local council should be doing more:



Three quarters (74%) thought their local council should be making it easier for people to apply for support with their council tax bill.



54% think their local council should give people more time to repay council tax debts.



Half (52%) think their local council should improve communication and advertising about the support available.



Half (49%) think their local council should do more to signpost people who are struggling to pay their council tax to charities and other organisations that can help.



More than a third (36%) think their local council should do more to write off debts that people can't afford to repay.



Recommendations: helping people with council tax debt

Current council tax regulations are out of step with the reality of council tax arrears today - with many low-income and financially vulnerable households struggling to afford their bills, and ending up in collection and enforcement processes that categorically aren't appropriate for their situation. While there are certainly steps councils can take to better support residents, we recognise the huge financial pressure many of them are under. The change we need to see must therefore be driven by central government, who need to support councils through both the regulatory and funding regimes, to take a more supportive approach to council tax recovery. Such changes could be implemented relatively easily, and would command strong public support, bringing the council tax collection system into line with the modern realities of council tax arrears.

We recommend that the Ministry of Housing, Communities & Local Government (MHCLG) should:



Extend the timeframe between a reminder notice and full liability being applied

The council tax collection process must reflect the reality of people who are falling behind on their payments. We therefore urge the Government to push forward as soon as possible with plans to extend the liability order timeframe (extending time between a reminder notice and full liability for the annual bill). This will help people to make an arrangement to pay and potentially get back on track with their council tax. **We believe that the council should only be able to apply for a liability order after an extended timeframe of 90 days.** This would give more time for people to get help with income maximisation, free debt advice, seek support from their council to pay back arrears, and allow the council to look at what vulnerability support needs to be put in place.

Local authorities should be able to hold action and not proceed to the next stage of recovery. We believe that this timeframe should be extended in particular cases beyond the 90 days, for example where someone is engaging with their council and is putting in place a payment arrangement or is in particularly vulnerable circumstances.



End the sanction of imprisonment

We would strongly urge the Government to act to remove the sanction of imprisonment for non-payment of council tax to bring England in line with Scotland and Wales. Among people who expressed a view, more than seven in ten (72%) people in England say they would support the Government changing the law so people can no longer be sent to prison for non-payment of council tax.

While the actual number of people imprisoned for non-payment of council tax is low, our evidence shows that the threat of this can be used by both councils and bailiffs to pressure people to repay at an unaffordable rate.

Recommendations: helping people with council tax debt



Ensure all councils can offer 100% Council Tax Support

Previous research by both us and others has shown a clear link between cuts to central government funding for Local Council Tax Support (CTS) and rising council tax arrears. With councils under significant financial pressure, many have had no choice but to cut back CTS, despite knowing many residents will struggle to afford the bills they then face.

Without action from central government, this vicious cycle will continue. To prevent council tax arrears from occurring in the first place, we think there is a strong case for MHCLG to set fully-funded national criteria for working-age CTS, so that all councils have to offer 100% CTS to the most financially vulnerable households. This would stop the postcode lottery that means people in the same circumstances, in different local authorities, can receive very different levels of support.

This should be accompanied by sufficient, ringfenced funding. Increasing funding for local Council Tax Support would attract strong public support: Among people who expressed a view, four in five (79%) supported reducing council tax bills for low-income households.

We recommend that all local authorities in England should look to:



Exempt Council Tax Support recipients from bailiff action

We want to see councils exempt people receiving local Council Tax Support from bailiff action. People receiving local Council Tax Support have already been identified as requiring additional financial support through locally determined criteria, and it is therefore highly unlikely they will be able to repay quickly or in full. Ideally, we'd like central government to set this as a policy at national level as part of setting national criteria for the CTS scheme. However, in the meantime, we encourage councils to take this step proactively themselves, to grow the number of councils currently doing so (34 in England).

We recommend that the Ministry of Justice:



Give the Enforcement Conduct Board statutory powers to regulate the bailiff industry

We know that current council tax collection and enforcement processes are not always effective in identifying and supporting people in financial difficulty. This means many experience a disproportionate enforcement process, that does not consider their financial situation. Our previous recommendations, listed above, will hopefully reduce the number of cases going through to bailiffs, but we also need to ensure that where cases are passed through to bailiffs, both councils and residents can be confident people will be treated fairly.

We very much support, and urge the Government to bring forward, the proposals to legislate to provide statutory underpinning to the Enforcement Conduct Board, for the regulation of enforcement agents and firms. This would help to root out poor practice that can take place in the enforcement process. Furthermore, this could be implemented quite easily, and it would also have little to no cost to government, as regulation is funded by the industry who are already paying into the levy voluntarily.

MONEY

ADVICE TRUST

Money Advice Trust

The Money Advice Trust is a national charity working to prevent financial difficulty and remove problem debt from people's lives.

For more information about this report:

Email: policy@moneyadvicetrust.org

Website: www.moneyadvicetrust.org

The Money Advice Trust is a registered charity number 1099506.

A company limited by guarantee. Registered in England and Wales, number 4741583.

Registered office: Money Advice Trust, Tricorn House, 51-53 Hagley Rd, Birmingham, B16 8TP.

© Money Advice Trust 2026