

What is an administration order?

An administration order (AO) is a county court order that covers all of your debts as one. It allows you to make a single payment on them every month via the court, and prevents your creditors from making any further demands.

Who is eligible to apply for an administration order?

You are only eligible for an administration order if you meet the following conditions:

- You must have at least two creditors
- You must have a County Court Judgment (CCJ) issued against you
- Your total debt must be less than £5000

How do you apply for an administration order?

You need to fill in an N92 form, which is available from your county court. The form asks you to declare all of your debts which total less than £5000. The administration order process is undertaken by a licensed insolvency practitioner, appointed by the court.

Once you have submitted the form, the courts will inform your creditors that you have filed for an administration order and the creditors then have 16 days to inform the courts whether or not they have an objection.

What happens if some of my creditors object to being included?

If a creditor objects you will be told to come to court for a hearing in front of a district judge. If the court agrees with the creditor being excluded they will not be able to take action separately against you without permission from the court.

How much does it cost?

There is no up-front cost for an administration order. Instead the court takes a handling fee of 10p out of every £1 you repay during the administration order.

How long will it last?

An administration order lasts until all of your debts are paid off in full. However the court can also grant a composition order. This sets a date for the administration order to end and allows you to pay less than the total amount that you owe. This is only usually appropriate where you will not be able to clear your debt in a reasonable amount of time. The creditor will write off any outstanding debt at the end of the composition order. You may ask the court to consider this by completing the box in part C on the application form.

What if I fall behind with my payments?

If you can't keep up with your payments the court may withdraw your administration order. This means that your creditors may continue taking action and are entitled to ask you for the full amount owed.

If you have a change of circumstances and can't maintain the current payments set out in the order, you can ask the court to review the order and reduce the payments. Special allowances are made for certain circumstances, such as losing your job or a close family bereavement.

What if I incur more debts after the administration order is made?

Further debts can only be added after the order has been made if the court agrees.

What happens when my administration order is complete?

When you've paid the administration order off in full you can get a certificate of satisfaction from the county court for which you will have to pay a fee of £15.

How will an administration order affect my credit rating?

Details of your administration order are kept by the Registry of County Court Judgments and credit reference agencies. When you have paid off the order, you can ask the court to mark the entry in the register as "satisfied". If you have a composition order* on your administration order then you can still get a certificate of satisfaction to show the order is paid but individual county court judgments and other debts showing up on your credit reference file will not be marked as satisfied as they have not been paid in full.

A record of the administration order will stay on your credit file for six years from the date of the order.

* A composition order is a contract made by an insolvent or financially pressed debtor with two or more creditors in which the creditors agree to accept one specific partial payment of the total amount of their claims, which is to be shared equally among them.

Money worries? Don't know where to turn for help?
Call **0345 60 20 540** and ask to speak to a Money Advisor