

Inflated Costs fraud.

When you fail to pay your Council Tax you are summonsed to Magistrates Court by the Council for an application for a Liability Order to be granted against you as the first stage in the enforcement process before debt collectors are sent out.

Rather than wait till this is done you should send an FOI request* to the Council for the breakdown of the costs and then turn up and ask the Court for an adjournment of 3 months whilst you gather evidence. Rinse and repeat until you have all the evidence from the Court and Council. Councils are generally so obstructive and incompetent that this process may take a year.

The background to this case is that a Council were suspected of fraudulently inflating the costs which were applied to the people they took to Court and sought Liability Orders against under The Local Government Finance Act 1992.

Case Law History

Due to persistent and widespread abuse of the system by many Councils a very courageous man by the name of the Reverend Paul Nicholson of The Taxpayers Alliance took a case all the way to the Appeal Court and won this case against both the Magistrates Court and Haringey Council, who had both colluded together to perpetrate the inflated costs fraud against the people of their borough.

In this ruling, Her Honour Judge Andrews, specifically defined for the first time the principles which should underlie the application for costs in respect of Council Tax Liability Orders and this has become the definitive caselaw since 2015.

In actions contravening this Case Law ruling, the local Council in question on the other hand, had decided that the law did not apply to them and they persisted to knowingly defraud the residents of their district by artificially inflating the costs which were applied to the cases brought against the people whom they took to Court by adding in items as “costs” that were

ineligible according to the Nicholson vs Haringey ruling.

Obscuration of Evidence

The breakdown of the costs was cunningly hidden in the budget by the Council which is never disclosed within the normal course of the Court process (which is why you must ask your Council for it under The Freedom of Information Act*) and hence this fraud has gone undetected for many years. The Council had concocted an underhanded method in connivance with or by hoodwinking the Magistrates Court, whereby they submitted a budget for the coming years cases in advance, and asked the Magistrates to pre-approve this budget in order that the costs were not scrutinised on an individual basis on each occasion and then the Court could just waive the costs through on a nod and a wink a thousand at a time.

Scale of the Fraud

To put this matter into a proper financial context the yearly budget for the so-called “costs“ was approximately £2 million and over half of this

amount was improperly included costs such as staff costs for other Council departments and most notably a sum in respect of the “bad debt” which was sought against each of these tens of thousands of victims. Over £1 million a year is suspected to have been obtained over a period of approximately seven years since the Nicholson Ruling by one Council alone, however verification of this is being stalled due to the council trying to declaring the defendant as “vexatious” in this actual case and refusing to engage in any further requests on this matter in an attempt to cover up this crime.

Notice of this improper procedure was brought before the Ministry of Justice and they agreed that this procedure was found to be “improper” and subsequently undertook to remedy this matter in future cases thereby proving that the budget proposed by the Council contained items which were prohibited by the caselaw of Nicholson vs Haringey. The most egregious aspect of this scam is that it preys upon the most vulnerable in society who can least afford it and are only being brought before the Courts because they cannot pay their council

tax. It is hoped that if more people assert their rights then this underhanded practice will be stamped out.

FOI Template

FOI 4 LOC (Liability Order Costs)

1. FOI request to your local Council for Liability Order Costs information:

A. Could you please provide copies of
***** Councils budgets for Council Tax and Business Rates Liability Order costs for the past 6 years under The Freedom of Information Act 2000.

B. Any documents pertaining to the approval of the Council Tax Liability Order costs (and other costs as detailed below) for the last 5 years, carried out between ***** Council and ***** Magistrates Court regarding the approval or pre-approval of the budget for:

- i. Council Tax Liability Order Costs.
- ii. Council Tax Summons Costs.

- iii. Business Rates Liability Order Costs.
- iv. Business Rates Summons Costs

Specifically including the position and department of the person or persons who are included in the decision making process, proposal and approval of the budget for the Council and The Court.

Please check this matter and provide the relevant copies of minutes of meetings, transcripts or recordings of phone calls, communications or deliberations discussing it.

2. FOI request to your Local Magistrates Court for Liability Order Costs information

Please supply under The Freedom of Information Act 2000:

Any documents pertaining to the approval of the Council Tax Liability Order costs (and other costs as detailed below) for the last 5 years, carried out between ***** Council and

***** Magistrates Court regarding the approval or pre-approval of the budget for:

- i. Council Tax Liability Order Costs.
- ii. Council Tax Summons Costs.
- iii. Business Rates Liability Order Costs.
- iv. Business Rates Summons Costs

Specifically including the position and department of the person or persons who are included in the decision making process, (including legal advisors) proposal and approval of the budget for the Council and The Court.

Please check this matter and provide the relevant copies of minutes of meetings, transcripts or recordings of phone calls, communications or deliberations discussing it.

When you have all the info then you can compare the Council Tax against the Business Rates to check for double dipping.

You can also check for things which are not costs like “Bad Debt” being added to the calculation which is the biggest red flag.

The percentages that are reclaimed are also a goldmine of challenges as to their reasonableness as well.

By ordering more than one year you can be alerted to systemic fraud occurring over a period of time that shows premeditation and not a one off event.

By comparing the Courts version of events you can deduce if the Court did the due diligence and performed a “ judicial function “ by scrutinising or challenging the proposed budget in any way.

If something like bad debts has been approved for many years then this may be an indication of an historical conspiracy to pervert the course of justice.

When the final hearing comes the defendant can challenge the costs using the evidence gained by the FOI requests and move the Court to strike out the application for abuse of process.

This fraud in effect violates Equity and voids (not makes subsequently voidable) the Order as Proposed (or granted if you are arguing after the Liability Order has been allowed) and subsequently all orders (up to 1000 on each application!) that are associated with the improper approval of the fraudulently proposed budget, and it is incumbent upon the Court to enact the common law principle of ‘fraud unravels everything’ as explained by Lord Denning in *Lazarus Estates Ltd v Beasley* [1956] 1 QB 702.

The defendant can then demand that The Court Order that the Council must then subsequently refund every improperly obtained Liability Order tainted with this fraud going back to 2015 when the case precedent was set.