

Fact Sheet: J u d g e m e n t D e b t s & Y o u

What is a Judgement Debt?	Where a debt is taken to court, a judgement debt is when a defendant (judgement debtor) has been judged to owe that debt by a court. The judgment creditor has 12 years to take further action to recover money owed by you.
How does it affect my credit rating?	Judgements Debts may impair your credit worthiness, making it difficult to obtain lines of credit and assets such as a credit card, mobile phone and car.
I was not notified about the judgement, what should I do?	If you are notified a judgment has been entered against you, but you did not receive a Complaint (<i>This is a formal document filed with the Magistrates' Court setting out the creditor's claim. A Complaint is formally served on the debtor, which means it is usually personally delivered to the debtor, with two blank Notices of Defence</i>) and therefore have been unable to lodge a Notice of Defence, you should seek legal advice. If you delay you may lose your rights to contest the claim.
What happens if I ignore the Judgement Debt	<p>A Judgement Creditor can enforce the claim by:</p> <ol style="list-style-type: none"> 1. Writ of Execution: The judgment creditor can send the Court Bailiff to your home to remove items to settle the debt. The Bailiff cannot force entry to your home but can force entry into your shed or garage. The bailiff cannot take or sell: <ul style="list-style-type: none"> ✘ Your bedroom or kitchen furniture or ✘ Your tools of trade (up to \$500 in value) or ✘ Goods which are not yours. 2. Garnishee Order: The judgment creditor can ask the Court to "garnishee" your wages or bank account. This is a court order telling your employer or bank manager to give your money to the judgment creditor and not to you. 3. Examination Summons: If you receive an examination summons you must go to Court and tell the judgment creditor all about your income and assets. If you don't turn up the Court can ask the police to bring you to the Court on a warrant. If you lie in Court, you can be fined 4. Writ Against Land: If the debt is more than \$3,000 and is not covered by the sale of your goods, a court can order the sale of your real estate, including your home 5. Bankruptcy: If the judgment debt is over \$2000 the creditor can apply to the Federal Court to have you declared bankrupt. Contact Debt Fix for alternatives to Bankruptcy on 1300 332 834
How do I settle this debt?	<p>If judgement has been found against you and you want to pay in instalments, fill out a form at the Local Court "confessing" to the debt and applying to pay by instalments.</p> <p>You must provide details of your income and assets. If the Court agrees to your application:</p> <ul style="list-style-type: none"> ✘ you must keep up the payments or the creditor will take further legal action ✘ interest may be charged on the debt until it is fully paid ✘ you will have to pay the creditor's costs for the Statement of Liquidated Claim, their cost for service of the Statement of Liquidated Claim and their lawyers costs
What happens if I can't afford it	If you cannot afford to pay the judgement debt because you have other debts, contact Debt Fix (1300 DEBT FIX or 1300 332 834). We will examine your situation and present options to you.
I dispute the Judgement, what should I do?	In some circumstances you may apply to the court to have the judgment set aside. You will have to explain to the court why you failed to lodge a defence or did not attend court, and you will also be required to file your notice of grounds of defence within a specified time. In some cases you will have to pay additional fees and costs.

Important: This information sheet is not legal advice and should not be interpreted as such. This sheet is meant for information only. Information regarding the subject matter contained within this fact sheet may vary from state to state, therefore in the event that further information is required, legal advice should be sought. Information is current as at 05/03/2006