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Nearly 45,000 applications to the courts by creditors to deduct debts from employees' salaries in just six months

- Surge in use of 'attachment of earnings orders'**

Creditors are using more aggressive means to recover debts by deducting money directly from employees' salaries, says Sweet & Maxwell, the legal information provider, in a new book titled '*Debt Recovery through the Courts*'.

According to data obtained by Sweet & Maxwell under the Freedom of Information Act, the number of applications by creditors to deduct money directly from employees' salaries jumped 9.6% in the first half of 2009 to 43,667.

An 'attachment of earnings order' is a method by which money is deducted directly from a debtor's wages by their employer to pay a debt.

Writing in '*Debt Recovery through the Courts*', published by Sweet & Maxwell, author Claire Sandbrook says that 'attachment of earnings orders' have become more popular during the recession as other means of recovering debts have become less effective.

She says that 'attachment of earnings orders' have risen in use as growing numbers of people have become increasingly unable to service their debts, due to pay cuts and reduced bonuses, but have kept their jobs despite the recession.

Claire Sandbrook as author of '*Debt Recovery through the Courts*', comments: "Over the past year we have seen creditors changing tactics and becoming more aggressive in their approach to debt recovery."

"People have become less able to service debts due to salary and bonus cuts, but have kept their jobs, so attachment of earnings orders are a very effective means of debt recovery."

"The creditor needs to know who the debtor's employer is, but it's quite easy to find that information, particularly if the creditor is a bank or credit card company, which is often the case."

She adds: "One of the reasons why attachment of earnings orders are being used more frequently is because charging orders are becoming less effective. Charging orders can force a debtor to sell their property, but if that property has minimal equity, creditors may not recover all their debts."

The data obtained by Sweet & Maxwell also shows that creditors are increasingly seizing money owed by third parties before it even reaches debtors' bank accounts

Applications to the courts to seize money owed to debtors before it reaches their bank accounts has jumped 24% over the same period, from 3,288 in the first half of 2008 to 4,074 in the first half of this year.

Writing in '*Debt Recovery through the Courts*', published by Sweet & Maxwell, Claire Sandbrook says that the rise in the use of 'attachment of earnings orders' and 'third party debt orders' is partly because creditors are becoming more reluctant to recover debts by obtaining security for payment against property owned by debtors, known as 'charging orders.'

This is because falling residential and commercial property values have reduced the amount of equity debtors have in the property they own to the point where many are in negative equity.

She says: "The advantage of 'third party debt' orders is that it allows the recovery of debts relatively quickly, which can help improve cashflow. They can also be served against debtors without them being aware of it, so that they have less opportunity to squirrel money away."

"The process of recovering the money via a charging order can also be quite longwinded, particularly with judges using their discretion on whether to allow an application to continue when the value of the judgment debt is on the low side. This has resulted in quite a sharp decline in the use of charging orders over the past year despite their huge popularity during the housing boom."

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