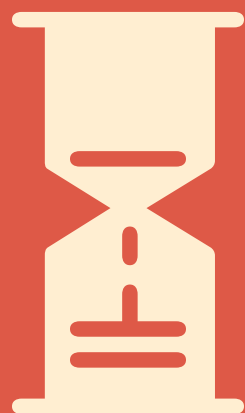


OLD DEBTS

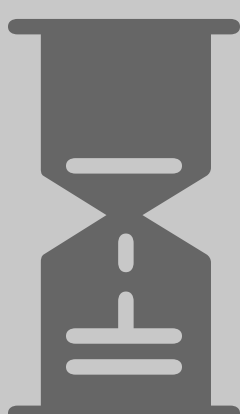


The right to commence court proceedings to recover a debt does not last forever. It expires at the end of the limitation period set by the relevant law. Expired debts are often called 'statute-barred debts'.

HOW LONG IS THE LIMITATION PERIOD?

12 years

- Any payments ordered by a court (AKA judgment debts)
- Loans with a house or land as security



6 years

- Most other loan contracts, where no court action has been taken

WHEN DOES THE LIMITATION PERIOD BEGIN?

The limitation period begins when the lender is first able to take court action to recover the debt.

If you are behind on your loan payments, the limitation period will begin 30 days after the lender issues a default notice - unless you fix the default.

Remember: to fix a default you must pay the default amount AND any regular repayments that arise during the notice period.

RESTARTING THE LIMITATION PERIOD?



WARNING: In WA the limitation period can be restarted by certain acts. These include:



PAYMENT

Making a payment towards the debt, no matter how small, will restart the limitation period.

ACKNOWLEDGEMENT

Admitting that the debt exists can restart the limitation period if it is:

- made in writing
- signed by the person owing the debt (or their agent)

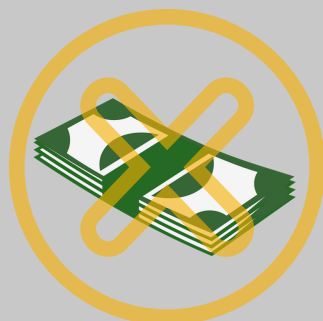
I THINK MY DEBT IS STATUTE-BARRED

1 ALWAYS REFER TO THE DEBT AS THE ALLEGED DEBT

If you need to refer to the alleged debt in writing, mark your correspondence "without prejudice"



2 SEEK LEGAL ADVICE BEFORE MAKING ANY PAYMENT



You can get free legal advice by calling the CCLSWA Advice line on (08) 9221 7066 or by visiting cclswa.org.au.

