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# Limitation Act – The Basics



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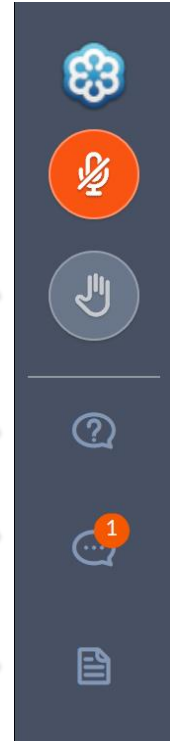


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# Webinar objectives



- Outline what the Limitation Act 1980 is and why we have it
- Describe the essential components of the Limitation Act
- Explain how to use the Limitation Act to raise a defence
- Consider common issues and challenges

**Please note:**



This webinar covers the current law in England and Wales only

# What is the Limitation Act?



- The Limitation Act 1980 is an Act of Parliament that puts a time limit on bringing court claims to court.
- Having time limits on bringing claims is centuries old. The first time limit on claims was “time immemorial”.
- The intention of limiting claims to a specific time frame is fairness.
- It is used to balance the interests of both parties
- It encourages prompt settlement of disputes
- A claim that is out of time is said to be “statute barred”

# The most relevant time limits



- Action on a simple contract – section 5
- Action on a sum payable on demand – s6
- Action on a sum payable under statute – s9
- An action to recover rent – section 19
- An action to recover money secured by a mortgage or charge – section 20



□ a few minutes max

## What is the time limit for a claim under a simple contract?... Poll

- 1. 3 years?
- 2. 6 years?
- 3. 12 years
- 4. 20 years



# The time limits

- Action on a simple contract – 6 years
- Action on a sum payable on demand – 6 years
- Action on a sum payable under statute – 6 years
- An action to recover rent – 6 years
- An action to recover money secured by a mortgage or charge – 12 years



# How do we use the Limitation Act?



- The Limitation Act provides a defence to claims brought out of time
- You must raise the defence. A court won't strike a claim out for you even if it is clear that the claim is out of time.
- See Civil Procedure Rule Practice Direction 16 (para 13.1)
- You should state the specific section of the Act and that the time limit has expired
- Once you have raised the defence the burden of proof rests with the claimant to show that the claim is not out of time.



Your view

## When do you calculate the time from for a claim to be statute barred ?

- When a cause of action accrues
- When a default notice expires
- When it says so in the contract
- All of the above

# Calculating time limits



- The limitation periods generally start for the purposes of calculation when the cause of action accrues
- The Limitation Act does not define a cause of action. Common law provides the detail
- It will generally run from when there is a breach of contract, for example missed payments, and the creditor can call in any early payment clauses or terminate the contract.
- Once a claim has been issued, time ceases to run.

# Cases to consider



## Cause of action:

- BMW Financial Services (GB) Limited v Hart [2012] EWCA Civ 1959
- Doyle v PRA Group (UK) Ltd [2019] EWCA Civ 12

# Can the time limit change?



- Acknowledgement of a debt will start the time limit running afresh.(s29, 30 &31 LA 1980)
- Acknowledgment must be in writing and signed by person liable.(Alert! - Email counts)
- Or an agent instructed on the debtors behalf.
- An acknowledgement won't bind others liable
- A holding letter, a request for info or financial statement can all acknowledge – be careful

# Can the time limit change?



- Part-payment – can restart the time running afresh
- Payment must be made by someone liable for the debt.
- Part-payment will bind all others liable i.e. joint debtors
- Payment must be made in respect of the particular debt

# The limitation Act doesn't apply to all debts



- Some debts have their own limitation period set out in their own legislation: For example Council Tax and Child Support
- Some debts can use means of enforcement other than court – benefit deductions for overpayments and social fund loans, liens used by garages and accountants, utility disconnection

# Recap



- The Limitation Act provides time limits for claims.
- This should be raised as a defence
- A cause of action may accrue at different times.
- Acknowledgement and part-payment can start time running afresh
- The Limitation Act doesn't apply to all debts





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