

Bretts Business Recovery - Bankruptcy

What do you think of when you see or hear the word '*Bankruptcy*'?

In spite of what you've heard, Bankruptcy isn't as bad as you think, and isn't a death sentence for you or your business.

In certain circumstances, Bankruptcy may be your best (or only) option, something you can discuss with us at Bretts Business Recovery.

- A Bankruptcy Order is made by the Court in two cases:
 - Either by on the application of a creditors owed over £750
 - Or by a debtor. In both cases, this process is known as petitioning the Court for a Bankruptcy Order.
- A debtor who wants to make themselves bankrupt must pay fees of up to £700 (as of May 2013 - a Court fee of £175 and a fee of £525 to contribute towards the costs of administering the bankruptcy). This fee may be waived in certain circumstances (e.g. if the debtor receives certain benefits).
- Once the Court decides a debtor be made bankrupt, their assets come under the control of the Official Receiver (automatically appointed as Trustee in Bankruptcy).
- If the bankrupt has assets, the Official Receiver can call a meeting of creditors to appoint a Trustee in Bankruptcy, who must be a Licensed Insolvency Practitioner. In his place or the Secretary of State may appoint a Trustee.
- The Trustee is responsible for realising the bankrupt's assets, settling the costs of the bankruptcy including the costs of the Official Receiver, and if possible distributing funds to creditors.
- Bankruptcy generally lasts for one year before an individual is discharged, but the individual may be required to make contributions from their income for the benefit of their creditors for up to 3 years.
- If the bankrupt has acted dishonestly or is blameworthy in some way, the Official Receiver may apply for a Bankruptcy Restriction Order (BRO) for between 2 and 15 years. The restrictions are the same as those applying to bankruptcy.
- Bankruptcy affects an individual's ability to obtain credit even after they've been discharged. This is because credit reference agencies keep a record of bankruptcy for six years.

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- Bankruptcy usually involves the closure of any business the bankrupt runs and the dismissal of their employees.
- It can also affect employment. Members of certain professions including solicitors and people whose roles are regulated by the Financial Conduct Authority are not allowed to become bankrupt.
- If a bankrupt owns a house either solely or jointly with a partner, their share or interest in the property must be realised for the benefit of creditors. In many cases a forced sale of the property, which can be expensive and time consuming, may be avoided if a spouse or other relative or friend can purchase the bankrupt's interest.

For More Information, Please Contact BBR Today

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