



Bankruptcy

What you need to know about Recovery through Bankruptcy

If you have difficulty reading this document because of a disability or because English is not your first language, we can help you. Please call our helpline on 020 8547 5000 or ask someone to call on your behalf.

Summary

- Bankruptcy proceedings will be considered if you owe as little as £750
- The Council will have issued many notices alerting you of the debt
- You are encouraged to make an arrangement to clear the debt before the situation progresses to bankruptcy
- Independent advice is available

If you are made bankrupt:

- Your home may be at risk
- Your credit rating will suffer

If you owe as little as £750 for Council Tax or Business Rates the Council will consider commencing bankruptcy proceedings if it seems more likely that it will be more effective than other recovery options.

The Council will only take bankruptcy action where at least one other method of debt recovery (attachment of earnings, bailiff action or arrangement to pay) has been attempted and failed.

The Council will have already issued a significant amount of paperwork informing you of the debt and attempted other methods of recovery before bankruptcy action is considered.

This leaflet briefly explains the processes the Council will follow and the effect that it could have on you and your family. More detailed and up-to-date information can be found on the Government website www.insolvency.gov.uk. Information can also be obtained from the Citizen's Advice Bureau.

Due to the seriousness of bankruptcy the Council will always be reluctant to commence proceedings and the debtor is always encouraged to make an arrangement to clear the debt before the situation progresses.

If you wish to make an arrangement to pay your bill without recourse to bankruptcy proceedings, please contact the Council's Recovery Manager on 020 8547 5605 or the Business Rates Manager on 020 8547 4648.

You should also contact us if you feel that your personal situation warrants special consideration.

Please note that the costs of any bankruptcy action are recoverable from the individual if ordered by the Court and could be at least £1,000. In addition, if you offer payment after the start of the proceedings, any arrangement made will include an administration fee.

The Process

The Council's solicitors will serve a Statutory Demand, which is a step that needs to be taken prior to a bankruptcy petition being presented in the High Court or County Court. This gives you 21 days to settle the amount or make an arrangement to pay before bankruptcy proceedings are commenced.

A Bankruptcy Order will be sought if the debt remains unpaid by the date of the hearing. If you dispute the Council's claim, you should try and reach a settlement before the bankruptcy petition is issued. Trying to do so after the bankruptcy order has been made is expensive.

If you are made bankrupt the Official Receiver will give notice of the Bankruptcy Order to the Land Registry and other bodies. Enquiries will also be made of banks, building societies, mortgage, pension and insurance companies, solicitors, landlords and any other persons or organisations who may be able to provide details of any assets or liabilities that you have, or have had, an interest in (either on your own or jointly with others). Third parties will also be asked about any other matters relating to your bankruptcy.

The Official Receiver will tell your creditors that you are bankrupt and may arrange a meeting of the creditors. Details will also be printed in a local newspaper and the London Gazette.

The Official Receiver will take control of all of your assets on the making of the Bankruptcy Order. He or she, or any insolvency practitioner who is appointed as Trustee, will dispose of them and use the money to pay the debts, fees, costs and expenses of the bankruptcy.

If you own your home, whether freehold or leasehold, solely or jointly, mortgaged or otherwise, your interest in the home will form part of your estate, which will be dealt with by your Trustee. **You may lose your home in order to repay your debts.**

If your husband, wife or children are living with you, it may be possible for the sale in the bankruptcy to be put off until after the end of the first year of your bankruptcy. This gives time for alternative housing arrangements to be made. If you are self-employed, your business may be closed down.

Bankruptcy will affect your ability to obtain credit.

How long does bankruptcy last?

You will normally be freed from bankruptcy after a maximum of 12 months. However, if you have not carried out your duties under the bankruptcy proceedings, the Official Receiver may apply to the court for your discharge to be suspended.

Discharge releases you from the debts you owed at the date of the bankruptcy order.

When you are discharged, there may still be assets that you owned, either when your bankruptcy began, or which you obtained before your discharge, which the Trustee has not yet dealt with. Examples of these may be the interest in your home, an assurance policy or an inheritance. These assets are still controlled by the Trustee who can deal with them in the future.

The Trustee has 3 years from the date of the Bankruptcy Order to apply for the sale of your home.

What effect does bankruptcy have on my Council Tax or Business Rates bill?

All payments due up to the date of bankruptcy will be included in the bankruptcy and will be dealt with by the Official Receiver. If a reminder or summons has been issued requiring the full balance to be paid before the date of bankruptcy then the full years balance will be included in the bankruptcy. Liability will arise as normal for any liability arising after the date of bankruptcy.

Independent Advice

The Insolvency Service

www.insolvency.gov.uk

0845 602 9848

Citizens Advice Bureau

www.adviceguide.org.uk

Neville House
55 Eden Street
Kingston upon Thames
Surrey KT1 1BW

0870 126 4019

Consumer Credit Counselling

www.cccs.co.uk

0800 138 1111

National Debtline

www.nationaldebtline.co.uk

0800 804 4000

Now Let's Talk Money

www.nowletstalkmoney.com

**Further information is available from the Recovery Manager on 020 8547 5605
or the Business Rates Manager on 020 8547 4648**