

Bankruptcy Factsheet

How do I go Bankrupt?

You can make yourself bankrupt or one of your creditors can do so. **Bankruptcy** is a formal court procedure which you can enter via a debtor's petition if you do it yourself or via a creditor's petition if a creditor does it. A creditor must be owed at least £750 which you are unwilling or unable to pay before they can seek to make you bankrupt.

If you are made bankrupt, your assets (with certain exceptions) are sold to help pay your creditors. You are usually allowed to keep your personal belongings, the contents of your home and the tools of your trade including your car unless they have a high value.

How long does Bankruptcy last?

Your bankruptcy will last for up to one year and you are then freed or discharged from your bankruptcy and you are released from your debts with certain exceptions. The main exceptions are student loans, fines and some debts arising from family proceedings, which are described as 'surviving' your bankruptcy and which you will have to repay even when your bankruptcy is over.

Are there any Bankruptcy fees?

If you make yourself bankrupt via a debtor's petition, you will have to pay a court fee and deposit totaling £625 upfront. If a creditor makes you bankrupt via a creditor's petition, they have to pay the costs upfront, and that creditor is entitled to seek to recover these costs from the proceeds of sale of your assets and from the monies you pay from your surplus income.

Do I have to make any other payments?

If you have surplus income after meeting your essential household and personal living expenses, you will also have to

make payments out of your income for up to three years. Your assets and income are dealt with by a licensed and regulated insolvency practitioner called a trustee or by a government official called the official receiver.

Will I lose my home in Bankruptcy?

You may be able to avoid having to sell your home if your spouse or partner or a relative can buy out your share of the value of the property that remains when any debts secured on the property have been repaid.

When I go Bankrupt, will creditors still pursue me for debt?

From the moment you become bankrupt creditors cannot take any debt recovery action against you and your debts are written off as far as you are concerned, with the exceptions stated above. After you are discharged you can make a fresh start.

Who will find out about my Bankruptcy?

A record of your bankruptcy is entered on a public register and it is advertised in newspapers. Your employment may be affected and certain professionals are barred from practicing if they are made bankrupt. Any business that you are engaged in will almost certainly be closed down. Whilst bankrupt, you may not act as a director of a company or be involved in its management unless the court agrees to this role in advance. It is an offence to obtain credit of £500 or more without first disclosing that you are bankrupt.

We're here to help - providing a free debt advice service.

www.nationaldebtrelief.co.uk

freephone 0800 888 660

What happens on completion of my Bankruptcy?

After your discharge from bankruptcy, there may be restrictions placed on your activities and conduct similar to those which applied during your bankruptcy if you acted irresponsibly, recklessly or dishonestly prior to or during the term of your bankruptcy. The official receiver may apply to the court for the relevant bankruptcy restrictions order and the restrictions may last from two to fifteen years.

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