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Bankruptcy

A quick guide to Bankruptcy.

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Bankruptcy is an option that may suit you if you can no longer afford to pay your debts.

Bankruptcy is a form of insolvency, which basically means your unsecured debts (such as personal loans and credit cards) are greater than your assets (such as property or vehicles).

When considering bankruptcy, please get advice as soon as possible as certain loans have different rules and it is important to find out how these are affected by bankruptcy. To get further advice speak to one of our Debt Action NI Advisers.

If you become bankrupt your unsecured debts may be written off.



There are a number of forms that you will need to complete should you decide that bankruptcy is the best option for you:

- The Petition – this form is your request to the court to be made bankrupt and includes the reasons for your request
- The Statement of Affairs – this form asks you to list all your assets and all your debts, including the names and addresses of your creditors and how much you owe each one. When you have completed this form, you will be asked to make a sworn statement as to its accuracy before an officer of the court or a solicitor.

You can get the Petition and Statement of Affairs forms from the Bankruptcy and Chancery Division of the High Court in Belfast. The statement of affairs can also be completed online at www.detini.gov.uk/deti-home-forms.htm A Debt Action NI Adviser can help you complete the forms and if necessary will accompany you to the court.

There are three fees that you will have to pay to go bankrupt:

- The deposit of £345 is paid to the Insolvency Service and this goes towards the cost of administering your bankruptcy
- The court fee of £115. In some circumstances, for example, if you are in receipt of Income Support, the court may waive this fee.
- The fee payable to the solicitor before whom you swear the contents of the statement of affairs. You should expect to pay around £7 for this.

Once you have submitted your bankruptcy forms, you will receive a date for a court hearing.

At this hearing the court can do one of four things:

1. Make a bankruptcy order.
2. Stay (delay) the proceedings if the court needs more information before reaching a decision
3. Dismiss the petition
4. Appoint an Insolvency Practitioner if the court thinks an Individual Voluntary Arrangement (IVA) is more appropriate (For further information see the Options for Dealing with Debt leaflet)

It is important to remember that your creditors can also start bankruptcy proceedings against you if you owe more than £750.

The Official Receiver (OR) will be responsible for administering your bankruptcy. He/she will act as your trustee in bankruptcy and will be responsible for dealing with your debts.

If you do not co-operate with your trustee in Bankruptcy you could be arrested.

When a bankruptcy order has been made against you, you must:

- Not get credit of £500 or more without informing the lender you are bankrupt
- Notify the OR of any assets you acquire and any increase in income during your bankruptcy
- Not make payments direct to your creditors for money that you owed before the bankruptcy order was made
- Hand over your assets to the OR
- Provide all information about your financial affairs to the OR



A Debt action NI Adviser can help you with Bankruptcy.



Effects of bankruptcy....

Home

If you own your own home, your share in this property will form part of your estate and may have to be sold to go towards paying off your debts.

Bank Account

When a bankruptcy order is made you must stop using all cheque books and bank cards immediately and hand them over to the trustee. You may have to set up a basic account if you need a bank account to have benefits or wages paid in. You will need to check with your bank to see if they offer this type of account.

Your Wages

The trustee may apply to the court for an Income Payments Order (IPO) which requires you to make contributions towards the bankruptcy debts from your income.

The court will not make an IPO if it leaves you without enough income to cover the domestic needs of you and your family.

Creditors

The OR will inform your creditors that you are bankrupt

Assets

You will no longer control your assets as they will fall under the control of the OR

You should also be aware of the following if you chose bankruptcy: -

- Your bankruptcy will be advertised in the Belfast Telegraph and the Belfast Gazette
- The Trustee in Bankruptcy will thoroughly investigate your financial affairs
- If you are a sole trader you may be able to continue trading but could find it difficult to access credit
- You will lose any assets you may acquire during the term of your bankruptcy such as inheritances, insurance settlements, and any growth in value of your home or any other property
- Your building society, creditors, etc will be informed immediately
- Your job may be affected
- Your credit rating will be affected for 6 years, which may affect future credit applications.

A Debt Action NI Adviser can help you with Bankruptcy. You can contact them by telephone, e-mail or in person. All details are available on www.debtaction-ni.net

*For further help and advice including
information on Debt Advisors in your area
contact:*

Debt Action Northern Ireland
www.debtaction-ni.net



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