



## Citizens Advice Bureau

Citizens Advice Bureaux give free, confidential, impartial and independent advice to help you solve problems. To find your nearest CAB go to [www.citizensadvice.co.uk](http://www.citizensadvice.co.uk) or find us in the phonebook.

### Other factsheets in this series include:

- Individual Voluntary Agreement (IVA)
- Enforcing a Debt
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- Child Support and maintenance arrears
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- Gas and electricity arrears
- Help with debt factsheet
- How County Court judgements affect your credit rating
- Income Tax arrears
- Jargon Buster factsheet
- Payment Protection Insurance
- Bank charges

### Contact:

Citizens Advice  
46 Donegall Pass  
Belfast  
BT7 1BS

Tel: 028 9023 1120 Fax: 028 9023 6522  
Email: [info@citizensadvice.co.uk](mailto:info@citizensadvice.co.uk)  
[www.citizensadvice.co.uk](http://www.citizensadvice.co.uk)



### Bankruptcy:

If you have a debt problem, you might have a number of options for sorting it out. One of these might be bankruptcy.

Bankruptcy is a court order that you can apply for if you are in debt. Once you have been made bankrupt, you don't have to deal with the people you owe money to (your creditors). An official called the **Official Receiver** takes control of your money and property, and deals with your creditors.

Someone you owe money to can also apply to make you bankrupt even if you don't want this.

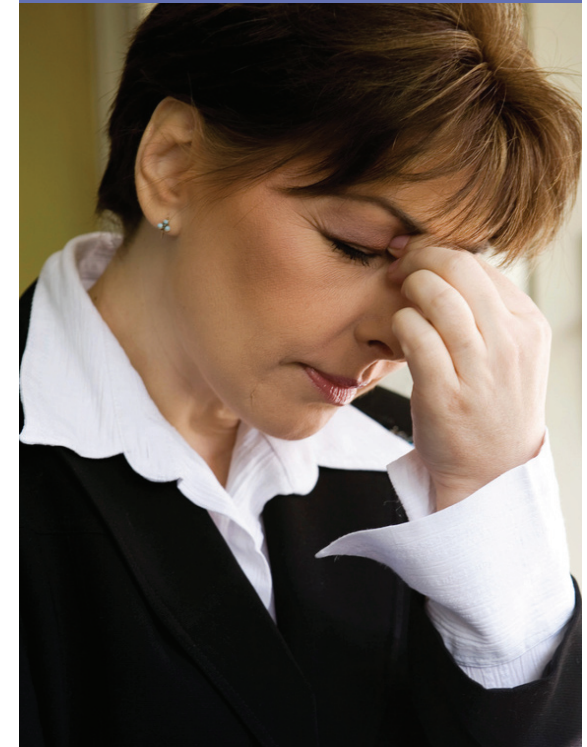
Remember, bankruptcy is a complex legal process and expert advice should be sought before entering into it as might not be your only option or the best solution for you.



dealing with | debt  
in Northern Ireland



# BANKRUPTCY



# Bankruptcy

## What are the advantages of going bankrupt?

- Pressure is taken off you because you don't have to deal with your creditors directly.
- You are allowed to keep certain things, like household goods and a reasonable amount to live on.
- When the bankruptcy order is over, you can make a fresh start. In some cases, this can be after one year.
- Creditors have to stop most types of court action to get their money back following a bankruptcy order.
- The money you owe can usually be written off.

## What are the disadvantages of going bankrupt?

- It will cost you up to £460 to go bankrupt ( sometimes more, for example if you use a solicitor )\*.
- Whilst you are bankrupt, you can't apply for more credit over £500 without telling the lender you are an undischarged bankrupt\*.
- If you own your own home, it might have to be sold (but you may be able to apply to the **Housing Executive** for re-housing).
- Some of your possessions might have to be sold, for example, you will usually lose your car and any luxury items you own.
- Some professions don't let people who have been made bankrupt carry on working.
- If you own a business, it is more than likely that the Official Receiver will close down your business, dismiss your employees and sell off the assets.
- Going bankrupt can affect your immigration status.
- You cannot keep your bankruptcy private. A list of bankrupt people is published on the internet and your case could also be published in your local newspaper.

Even when you are no longer bankrupt, you could have another order, called a bankruptcy restriction order made against you. These orders can be made, for example, where you did not co-operate with the Official Receiver, or you took on debts knowing that you had no hope of paying them back. They can last for 15 years, and will make your financial affairs very restricted. Even when you are no longer bankrupt, there are some debts such as court fines and student loans that will never be written off.

**If you decide to go bankrupt, you will need to apply to court. Before you do this, try to make sure you have enough cash for day-to-day expenses as once a bankruptcy order is made, your accounts will be frozen.**

## Applying to the courts for bankruptcy

All Bankruptcy cases are dealt with in the High Court in Chichester Street, Belfast. The office of the court is the Bankruptcy and Companies Office.



Make sure you have enough money for the deposit (£345\*). You won't get this back. There may also be a fee of £115\*, although depending on your circumstances, the court may reduce this amount, or say that you don't have to pay it at all. Ask the court for form EX160 which tells you more about this.

Get hold of a bankruptcy petition (form 6.30) and statement of affairs (form 6.31). Copies are available from the High Court, or from the Insolvency Service website. Or you can fill in the forms online. The Insolvency Service website address is [www.detini.gov.uk/deti-insolvency](http://www.detini.gov.uk/deti-insolvency) or you can phone their helpline if you have questions about online petitions, telephone 028 902 51441

**Fill in the forms.** You **must list all your creditors**, even if the debt is disputed. You must also give details of all your bank account and building society accounts. You will be asked to list other assets and items with a resale value, for example, antiques. Any valuables you list in this section of the form risk being sold.

Take the forms with two copies, the fee and the deposit to court, and swear an affidavit. This means that you swear to the court you have told the truth in the forms. Remember, if you make false statements, or don't tell the Official Receiver about all your property, this is a criminal offence and you could be fined. It is also a criminal offence to conceal property or documentary evidence, or to get rid of property before you go bankrupt.

## What happens when a bankruptcy order is made?

Once you have sworn your forms, the court may either fix a time for the hearing, or hear your case straight away. In Northern Ireland the judge prefers that the client is present in court.

## When does bankruptcy end?

Your bankruptcy will normally end after one year. It could be less than a year if you have co-operated fully with the Official Receiver. The Official Receiver will tell you when the bankruptcy is over. Most debts that haven't been paid will be written off however there are exceptions to this i.e. student loans and court fines.

\*Fees/limits are subject to change check with court service or local citizens advice for any changes

