



SINCE 1768
GEPP
SOLICITORS

Insolvency and Bankruptcy Q&A

Q. What is personal insolvency?

A. Personal insolvency is defined as not being able to pay your debts as and when they are due.

Q. What options are available to me if I become personally insolvent and cannot pay my debts?

A. Your options include:

- Informal Arrangement; agreements with a small number of creditors which are not legally binding. This may mean that creditors can enforce the debt at any time, even in contrast to what was informally agreed.
- Debt Management Plan; non-binding agreements, usually drawn up by a debt management company (DMC). If you owe money to numerous creditors you may decide to use a DMC to pay the creditors on your behalf, potentially taking the stress out of the situation. You will make a payment to the DMC who will in turn share the money out between the creditors.
- IVA (Individual Voluntary Arrangement); a legally binding agreement entered into with your creditor, administered by licenced practitioners. Used as an alternative to bankruptcy, an IVA can be more cost effective. In situations where clients possess assets but little cash, an IVA may be ideal.
- Debt Relief Order; if you owe less than £20,000, have little disposable income and do not have significant assets such as owning your own home, it may be possible to have your debts written off. To obtain this order, you must speak to an authorised debt advisor and get permission from the Government's Official Receivers.

- Bankruptcy; an official order made by the court against you. If you have been declared bankrupt you will become subject to a number of restrictions. Your assets may be sold to pay your debts. Your details will be published in the Individual Insolvency Register. You may not act as director of a company nor act as a qualified professional for a specified period of time. These restrictions will in most cases be lifted after 12 months, when you will be 'discharged'.

Q. How can I protect my family home if I become insolvent?

A. Our experienced insolvency and bankruptcy solicitors at Gepp Solicitors can help you find the best solution to your debt management issues. This may include negotiation with creditors to achieve the best possible outcome for you. Facing the problem head-on can be stressful but with the assistance of one of our experienced solicitors, you can put in place a plan and look forward to the future.

Q. How can I challenge a disputed debt?

A. You may receive a demand for an amount that you dispute. If you have received a statutory demand that you dispute, it is important to act fast as you have 21 days to either pay the debt or reach an agreement to pay. If you wish to challenge the statutory demand and have it set aside, this must be done within 18 days. Our expert advisors can help if you believe that you do not owe the amount in question and will act on your behalf to get to the bottom of the problem.

This is not legal advice; it is intended to provide information of general interest about current legal issues.

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