

Changes in Bankruptcy Applications

In April the Insolvency Service is making changes to the way individuals apply for bankruptcy.

From 6th April instead of going to court, a debtor wanting to apply for bankruptcy will apply online via the central government website, www.gov.uk.

The intention is to provide information in one place, on a trusted government website, so that the debtor will not have to attend court, an often intimidating process. They will login online with a username and password and will be able to login and logout as many times as they need to complete the application. They will still need to supply the same type of information as on the previous court forms, but they can complete the information as and when they have it, with each page providing guidance on what information is required.

Once the application is submitted and the £130 fee paid, this replaces the £180 court fee, it will be assessed by an Adjudicator within the Insolvency Service.

Once an order has been made, the case will transfer to the Official Receiver in the same way as it does at present. If the Adjudicator decides not to make a bankruptcy order, then the debtor is entitled to appeal to the court.

The government is looking to make the process much easier for debtors and to free up court resources by removing the requirement for a judge's involvement. Whether it makes the process too easy though, and leads to debtors making themselves bankrupt without taking proper advice and understanding the consequences, remains to be seen.

We await with interest how the government intends to deal with on-line identity protocols to avoid misuse by parties using the debtor's identity.

Please note that should your clients require any confidential advice regarding any insolvency matter they are welcome to contact Ian, John or Robert. An initial consultation is provided free of charge and without obligation. Also, if you or any of your colleagues require any clarification regarding insolvency law or procedure, please do not hesitate to contact us.