

What a Trustee in bankruptcy does: Role

- Appointment
- Officer of the Court
- Administers the estate
- Primary duty to creditors
- Residual duty to bankrupt
- Protect assets
- “Get in & realise assets”
- Powers
- Report to creditors
- Distribute the estate



What a Trustee in bankruptcy does: Assets

- “Matrimonial” Home (90% cases)
- Buy Out of Equity
- Voluntary Sale
- Possession and Sale proceedings
- 3 Year Rule
- Non-surrender?
- Local Authority petitions
- Other assets – chattels / investments / PPI claims / Cash
- Antecedent Transactions
- Pensions are, generally, exempt
- Surplus Income
- Windfall Assets



What a Trustee in bankruptcy does: Creditors

- Costs paid first
- Creditors agree fees up front
 - time costs/fixed fee/percentage
- Sometimes, no funds for creditors
- If there are funds:
- Preferential creditors (employees) paid first
- Unsecured creditors paid a % of their debt
- This includes any family members except spouse
- If 100%, then interest is paid at the statutory rate – currently 8%
- Any debt to spouse paid after everything else
- Still funds? Surplus to debtor



What a Trustee in bankruptcy does: Summary

- Add Value
- Best result for creditors
- Negotiation and costs
- Experienced team and high quality agents/lawyers
- Firm but fair
- Speed and size of dividend to creditors



Bankruptcy Trustees – how to get the best from them?

- Collaborate Pre & Post appointment
 - Regular contact – updates on both sides
- Information share as far as possible
 - Pro-filing service saves time and cost – petition the right situations
 - Understand Trustee powers
 - Ask questions of your IPs
 - See yourself as a client
 - Explain your ‘pain’ to get correct advice
 - IP due diligence – Radar, credit reports, enquiry agents
- Early Involvement
 - Helps prevent dissipation of assets
 - Proactive is imperative
 - Identify potential issues – vulnerability and ability to pay

Bankruptcy - Case Studies – Mr R

- Council Tax Petition
- Mr R illegally occupying Hotel
- Total non-surrender
- Ignored letters
- Trading Computer Business from Hotel
- Allegations of abuse
- Fire & Safety Closure notices – ignored
- Mat Home - £90k equity
- 70p in £ to creditors
- Reduced fees to accommodate this



Bankruptcy - Case Studies – Mr S

- Case Pro-filed
- Local Authority petition
- Bankruptcy Order made
- Property interests in Mother's name
- Pro-file identified mother deceased
- Bankrupt non-surrender
- PVC issues identified
- Working with family to resolve
- Substantial assets
- Costs reduced due to early identification and strategy employed from pre-appointment
- Local Authority will get 100p/£



Bankruptcy - Case Studies – Mrs R

- Pro-file report undertaken for Council
- Assets located
- Petition issued on strength of that
- Order made – non-surrender – low liabilities
- Letters sent – no response
- Agents/Process Servers utilised
- Possession proceedings issued
- At hearing, debtor's neighbours attend!
- Claim vulnerability issues – later rescinded
- Possession Order granted
- Sale now arranged
- 100p in £ for creditors
- £300k+ surplus!



Contact details



Matthew Carter
Director & Insolvency Practitioner

Mazars LLP, Gloucester - Unit 121, Gloucester Quays, St. Ann Way, Gloucester, GL1 5SH

matthew.carter@mazars.co.uk

T: +44 (0)1452 874 710 / M: +44 (0)7718 865 192