

# BANKRUPTCY ORDER

A bankruptcy order is a legal declaration that an individual or a business cannot pay their debts. It's usually made by a court after a creditor (someone you owe money to) or the person themselves applies for bankruptcy. Once the order is granted, control of your financial affairs is passed to an official receiver or a trustee, who will take steps to repay your creditors as much as possible.

Bankruptcy is often seen as a last resort when other debt solutions have failed.

## How Does Bankruptcy Affect You?

The impact of a bankruptcy order depends on whether you are an individual or a business:

### For Individuals:

- Your assets (such as property, vehicles, or valuable possessions) may be sold to repay debts.
- Your bank accounts could be frozen or closed.
- Your credit rating will be severely affected for at least 6 years, making it harder to borrow money in the future.

### For Businesses:

- If you're a sole trader, your business will usually close and your business assets will be sold.
- If your company goes bankrupt (technically called liquidation for companies), it will stop trading and its assets will be used to pay creditors.
- Employees will normally lose their jobs.

## What Are the Restrictions of Being Bankrupt?

Being bankrupt comes with serious legal restrictions, including:

- You cannot be a company director or create, manage, or promote a company without the court's permission.
- You cannot borrow more than £500 without telling the lender you're bankrupt.
- You must hand over your bank cards and cheque books to the trustee or official receiver.
- You cannot trade under a different name without disclosing your bankruptcy status.
- Your assets and income may be controlled for up to 12 months (sometimes longer if you have an income payment agreement).

These restrictions are designed to prevent further financial risk and protect creditors.

## How Long Does Bankruptcy Last?

Bankruptcy usually lasts 12 months, after which you are "discharged." However, some restrictions can last longer under a Bankruptcy Restriction Order if you have been dishonest or reckless with your finances.

## Key Takeaway

Bankruptcy can give you a fresh start, but it also comes with major consequences and restrictions. It's important to seek professional advice before applying for bankruptcy, as there may be other debt solutions available.

**YOU CAN AS A BANKRUPT COMPANY OR INDIVIDUAL, STILL BORROW MONEY WITH FULL DISCLOSURE TO POTENTIAL LENDERS!**