

Bankruptcy

fact sheet

What is bankruptcy?

Bankruptcy can help you deal with your debts if you're unable to pay them back in a reasonable time. If you go bankrupt, most of your debts are written off.

It's important to get [expert debt advice](#) before going bankrupt. However if you'd like to know more about it here's a summary of some key considerations that could affect you.

[More information about bankruptcy](#) can be found on our website.

How to go bankrupt

- Bankruptcy is available in England, Wales and Northern Ireland. In Scotland bankruptcy is sometimes called 'sequestration'. Visit our website for more on [Scottish bankruptcy](#)
- Bankruptcy can be complicated, so getting debt advice is important to help you understand if it's the right choice for you
- You apply to go bankrupt online if you live in England or Wales
- You need to pay a fee before you go bankrupt:
 - In England and Wales it costs £680 to go bankrupt. There are no reductions available but the fee can be paid in instalments
 - In Northern Ireland it costs £640 plus a solicitor's fee of around £7. £115 of this is a court fee which can be reduced or waived if you're on a low income

What happens during bankruptcy?

- An official receiver from the Insolvency Service will supervise your bankruptcy and let your creditors know about it
- Letters and calls from your creditors should stop once you go bankrupt
- Because bankruptcy is legally-binding, your creditors can't take further action to collect your debts

How bankruptcy can affect you

- If you go bankrupt you may have to sell valuable items, such as your car. The money from this is paid towards your bankruptcy
- If you own a home, and there's equity in it, you may have to sell it. This could happen up to three years after the date you went bankrupt
- Bankruptcy could affect your tenancy agreement if you rent your property from a private landlord
- Certain jobs are affected by bankruptcy, so check your contract or talk to your trade union or HR department if you're unsure
- [Bankruptcy will stay on your credit file](#) for six years from the date it's approved, and sometimes longer
- Bankruptcy normally lasts a year, during this time you won't be able to:
 - borrow more than £500 without telling the person or company lending you the money that you've gone bankrupt
 - be the director of a limited company or play any part in running a company without a court's permission
 - buy a house under the 'right to buy' scheme

If the official receiver finds you've acted fraudulently or dishonestly, they may extend these restrictions for up to 15 years

- Some debts are not written off in bankruptcy and you'll need to continue paying them. This includes criminal fines, student loans, TV licence arrears, child support arrears and debts caused by fraud.

What happens after bankruptcy?

- After a year you'll be 'discharged' from bankruptcy, all debts included are written off
- Your bankruptcy will be recorded on the Individual Insolvency Register until three months after your bankruptcy has finished
- If you have at least £20 spare income after you've covered your essential living costs each month you'll have to pay this to an income payment agreement (IPA)
 - An IPA will be set for the maximum of three years

[More information about bankruptcy](#) can be found on our website.

Considering bankruptcy?

Before you apply to go bankrupt it's important to get free debt advice first, so you can make sure it's the right solution for you. Complete our online [debt advice](#) tool to understand which solution is best for your situation, or speak to one of our debt advisors. All of our advice is free and confidential.