

## ADVICE WORKS Factsheet

Published April 2016



# Bankruptcy

**Bankruptcy is the process whereby an individual is made bankrupt following an application to the Accountant in Bankruptcy.**

Bankruptcy usually lasts one year. During this period creditors cannot take legal action against a person to recover outstanding debts. Normally at the end of the one year period, the debt is written off and the bankrupt person is discharged.

### Advantages of Bankruptcy?

1. Creditors will stop pursuing you for debts
2. You may have more money to spend on housekeeping
3. After 1 year (unless good reason) you will be discharged
4. You do not have to appear in court

### Disadvantages of Bankruptcy

1. If you own your home it may be sold.
2. Luxury goods can be sold to pay the cost of your sequestration
3. You may have difficulty operating a bank account.
4. If you earn more than you need to maintain a reasonable standard of living for yourself and your family, you may be asked to contribute towards your sequestration.
5. Certain types of employment may be at risk if you go bankrupt, for example certain legal or financial professions. You should seek advice.

### How do I apply for bankruptcy?

You must owe more than £1500 and not have been made bankrupt within the last 5 years. The most common ways you can apply for Bankruptcy are:

#### 1. Minimal Asset Process (MAP) -

- You must have been in receipt of benefits only for the last six months OR A Money Adviser has assessed your income and expenditure using the Common Financial Tool and you have no surplus to pay a debtor's contribution.
- You must not own more than £17000 in total
- The application fee is £90
- You must have a certificate for sequestration signed by an authorised person
- You must not have been made bankrupt through the Minimal Asset Process within the last 10 years
- You do not have a car or other motor vehicles worth more than £3000 or any other single asset worth more than £1000 eg cash/jewellery or total assets worth more than £2000.
- If you own a house, you cannot apply for a MAP Bankruptcy (although you may qualify under sections 2 or 3)

#### 2. You have had a 'Charge for Payment' served on you by Sheriff Officers or have received one by recorded delivery and the Charge has expired.

A charge may be served either after you have been taken to court for a debt or in respect of unpaid Council Tax.

#### 3. An Authorised Person, such as a Money Advisor, certifies that you are unable to pay your debts as they fall due.

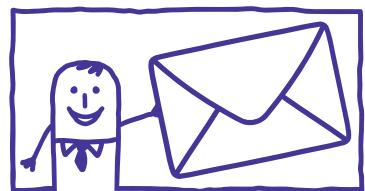
### Getting in touch



[www.renfrewwshire.gov.uk/adviceworks](http://www.renfrewwshire.gov.uk/adviceworks)



**HELPLINE**  
**0300 300 1238**  
**10am-4pm Monday to Friday**



Visit or write to:  
Advice Works, 25 Church  
Street, Johnstone PA5 8FA

# ADVICE WORKS

## Drop-in times



### Erskine

Erskine Library  
Bridgewater Shopping Centre  
Bridgewater Place  
PA8 7AA

**Friday, 9am to 11am.**

### Paisley

Customer Service Centre  
Renfrewshire House  
Cotton Street  
PA1 1BU

**Monday, Tuesday and  
Friday, 9am to 11am  
and 1pm to 3pm.**

### Johnstone

Johnstone Town Hall  
25 Church Street  
PA5 8FA

**Monday to Thursday,  
9am to 11am.**

### Renfrew

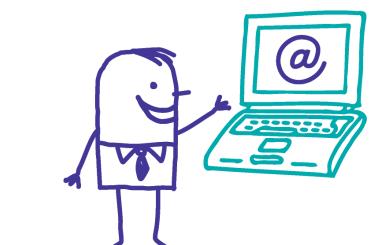
Renfrew Health Centre  
Ferry Road  
PA4 8SB

**Wednesday and Thursday,  
1pm to 3pm.**



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