

HOW TO DECLARE YOURSELF BANKRUPT

Bankruptcy is a legal process offering relief if you are unable to repay your debts. If you are thinking about filing for bankruptcy, it's vital to talk to a qualified debt adviser about whether it is the best way to pay off or clear your debts, this advice is free and confidential. Read on to find out more about bankruptcy if you live in England or Wales.

What is bankruptcy?

Bankruptcy is a legal process that can offer relief if you are unable to pay your debts. In some cases you might be able to write off some - or all - of your debts that are included in the bankruptcy order. It's important to understand that not all debts can be included. For example debts that can't be included are: social fund loans, student loans, child maintenance arrears or fraudulent debts.

Will I have to sell everything I have?

No. If you have any assets, they'll be assessed to see if they can be used to pay off your debts. Usually you're allowed to keep some essential assets, such as tools or equipment you reasonably need to carry on working. Even some assets you use for work may be deemed too valuable and you may need to replace them with a cheaper alternative. A debt adviser can explain how this will affect you.

How to apply for bankruptcy

If you're applying to become bankrupt, you must complete an online application and create an online account.

You'll need to provide information about your:

- debts
- employment/income
- pension
- bank accounts
- assets
- outgoings.

This also includes any letters you've received from bailiffs or enforcement agents.

Your application will be reviewed by an official receiver who works for the Insolvency Service. They'll decide if you'll be made bankrupt.

You usually get a decision within 28 days of submitting your application.

There are many ways to deal with debts and bankruptcy might not be the best solution for you. You can find out more about [how to apply for bankruptcy](#) on GOV.UK.

How much does it cost to go bankrupt?

Remember

It's important to talk to a free debt adviser before you pay the fee to make sure that bankruptcy is the best solution for you.

It costs £680 to apply for bankruptcy and you'll need to pay this before you submit your application.

If you can't afford the fee you might be able to pay in instalments before the application is submitted.

To find out more about this, contact the insolvency enquiry line on 0300 678 0015.

What happens after I go bankrupt?

After you go bankrupt, an Official Receiver will be appointed within two weeks of receiving your bankruptcy order.

In order to decide how they can be used to meet your debts, they will assess your:

- income
- assets
- outgoings.

You might also be asked to attend an interview with the official receiver.

Your creditors have to make a formal claim to the trustee for the money they are owed. You can't make direct payments to them and they can't ask you for payments.

After a period of time (usually one year), most of your outstanding debts are written off, while these debts will be cleared your ability to obtain credit will be affected.

Until you are discharged from bankruptcy you will remain under bankruptcy restrictions. For example, you won't be able to apply for credit of £500 or more without telling the lender about the bankruptcy.

You can check your discharge date online using the [Individual Insolvency Register](#) on GOV.UK

Any credit you do get is likely to be expensive both now and in the future. Bankruptcy affects your credit rating and credit reference agencies will keep your details on file for a minimum of six years.

Who is bankruptcy suitable for?

If you have no real way of paying off your debts and few assets, then bankruptcy could be a suitable option.

If you are a homeowner it's worth looking at other options because bankruptcy puts your home at risk of being sold if there is enough equity in it.

If you're a tenant, your landlord can apply to evict you legally if you have fallen into rent arrears.

It's important you don't make a decision to go bankrupt alone. Talk to a free debt adviser first.

Can I be made bankrupt?

The minimum level of debt for which someone who you owe money can force you into bankruptcy is £5,000.

The process of being made bankrupt is different. But high street lenders rarely use this option and will prefer to work with you to find another way to pay off your debts.

You can find out more about [what happens if someone tries to make you bankrupt by](#) visiting GOV.UK.

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