



The Insolvency
Service

Delivering economic confidence

Changes to creditor bankruptcy and compulsory liquidation petition deposit

Stakeholder Briefing Pack

5 September 2022

Changes to creditor bankruptcy and compulsory liquidation petition deposit - Details on the confirmed changes

The purpose of this pack is to provide an update to key stakeholders on the confirmed changes to creditor bankruptcy and compulsory liquidation petition deposit.

This pack contains:

- Details on the confirmed changes
- Deposits rationale
- Q&A
- Suggested copy for your internal newsletters/intranet/websites
- Links to further information and contact details to find out more

Changes to creditor bankruptcy and compulsory liquidation petition deposit - Details on the confirmed changes

The Insolvency Service is introducing changes to the deposits for **creditor bankruptcy and compulsory liquidation**, increasing the petition deposits where a petition is filed at court on or after **1 November 2022**.

Changes to the company and creditor bankruptcy petition deposit amounts

	Current Fee	Fee from 1 Nov 22
Creditors' bankruptcy petition deposit	£990	£1,500
Company liquidation petition deposit	£1,600	£2,600

This change has been confirmed in an amendment to The Insolvency Proceedings (Fees) Order 2016 which was laid on 5 September 2022.

There will be no change to the adjudicator application deposit where the individual applies for their own bankruptcy.

Changes to creditor bankruptcy and compulsory liquidation petition deposit - Deposits rationale

Each creditor bankruptcy or liquidation case administered by an Official Receiver is funded - in part - through a deposit paid by the petitioner to initiate the process. The deposit contributes to the Official Receiver's administration and investigation costs, with the remainder of their costs recovered through fees charged against assets realised during the bankruptcy or liquidation proceedings.

If there are sufficient assets to recover all the fees and costs, then the deposit is returned to the party who initiated the insolvency.

The deposit increase will enable the Insolvency Service to continue to administer and investigate insolvencies effectively, maximising outcomes for creditors whilst mitigating the risk of costs being passed on to the taxpayer.

Changes to creditor bankruptcy and compulsory liquidation petition deposit - Q&A

Why has the deposit amount increased?

Fees have not been amended since April 2016 and insolvency case numbers have fallen to a historically low level. The majority of the remaining cases currently have insufficient asset values to recover the full administration cost.

The overall cost of administration has not increased, the issue is the ability to recover the cost where there is an insufficiency of assets. The deposit is the only guaranteed element of fee recovery. The increase ensures at least 50% of the cost will be funded. The Insolvency Service continues to take steps to reduce operating costs.

Changes to creditor bankruptcy and compulsory liquidation petition deposit - Q&A

Doesn't increasing the deposits make it harder for creditors to seek recovery of their debts?

The proposal transfers more of the cost onto the entity initiating the service, secures greater upfront income and reduces the downstream reliance on asset recoveries. If there are enough assets to cover the fees and costs, then the deposit is repaid to the petitioner.

There are alternative ways in which creditors can seek recovery such as seeking a negotiated settlement, attachment of earnings, charging orders, controlled goods agreement. Bankruptcy and compulsory liquidation should always be the last resort.

Why has the deposit for debtor bankruptcy not increased?

There is no current intention to increase the deposit for debtor bankruptcy. Increasing the deposit an individual pays could deny access to debt relief to individuals for whom there are no other debt solutions available.

Changes to creditor bankruptcy and compulsory liquidation petition deposit - Suggested copy for your own newsletter/intranet/website

We would be grateful if you could cascade this update to your own stakeholders, groups and individuals that you feel should be made aware of these changes.

To assist you, we have provided some suggested copy overleaf:

Changes to creditor bankruptcy and compulsory liquidation petition deposit - Suggested copy for your own newsletter/intranet/website

Creditor bankruptcy and liquidation petition deposits to rise

The Insolvency Service is introducing changes to the deposits paid to initiate creditor bankruptcies and compulsory liquidations. The petition deposit, the amount that needs to be paid up-front to seek an order, will be increasing in all cases where a petition is filed at court on or after the 1 November 2022.

Changes being made to deposits

Current Fee Fee from 1 Nov 22

Creditors' bankruptcy petition deposit

£990 £1,500

Company liquidation petition deposit

£1,600 £2,600

Each creditor bankruptcy or liquidation case administered by an Official Receiver is funded - in part - through a deposit paid by the petitioner to initiate the process. The deposit contributes to the Official Receiver's administration costs, with the remainder of their costs recovered through fees charged against assets realised during the bankruptcy or liquidation proceedings. If there are sufficient assets to recover all the fees and costs, then the deposit is returned to the party who initiated the insolvency.

Fees have not changed since April 2016. Insolvency case numbers have fallen to a historically low level, and the majority of the remaining cases have insufficient asset values to recover the administration costs.

The deposit increase will enable the Insolvency Service to continue to administer and investigate insolvencies effectively, maximising outcomes for creditors whilst mitigating the risk of cost recovery being passed on to the taxpayer.

There will be no change to the adjudicator petition deposit where the individual applies for their own bankruptcy.

This change has been implemented through a change in legislation. The Insolvency Proceedings (Fees) (Amendment) Order 2022 was laid in parliament on 5 September 2022. For further information on these changes please contact: DepositsChange.2022@insolvency.gov.uk

Changes to creditor bankruptcy and compulsory liquidation petition deposit - Links and contact details for further information

Further information on this change is available on gov.uk [here](#).

The Insolvency Service Corporate Strategy 2021-2026 is published [here](#).

If you have any questions, or require further information on this, please don't hesitate to contact:

DepositsChange.2022@insolvency.gov.uk