

# Sequestration

the statutory form of bankruptcy in Scotland



This is the Statutory form of Bankruptcy in Scotland and is granted by the Court.  
Currently there are restrictions on individuals being able to apply for this process themselves.

## Self Sequestration

You must be Resident in Scotland and be apparently insolvent:

- You must owe at least £1,500; AND one of your creditors must have taken you to court to enforce or demand you repay; or
- You must have been on a debt repayment program under DAS that has been revoked AND one of the creditors in the DPP has been to court and obtained a decree on one of the debts

You will be apparently insolvent if;

- A creditor goes to Court and gets a decree on your debt, and a charge for payment has expired on that debt without payment
- A government department has been to Court and got a summary warrant AND tried to attached some of your goods and 14 days have elapsed
- You have been served with a statutory demand for payment and you have not made payment within 21 days

The Accountant in Bankruptcy web site provides detailed Notes for Guidance on the process.

## Advantages

- Your lenders will no longer be able to pursue you or take action against you to recover what you owe.
- You will not have to make further payments to your lenders.
- You may expect to be discharged after 3 years and will then be free of debt (unless you have accumulated any new debts since the date of your Sequestration).

## Disadvantages

- If you own any valuable property, including life assurance policies, you will probably lose them.
- If you own your own home you may lose it.
- If you are in paid employment you may have to make a contribution.
- If you acquire any money or property after the date of your Sequestration and before the date of your discharge you will have to surrender it to your Trustee.
- While you are sequestrated it will be unlawful for you to incur credit of more than £250 unless you tell the new lender that you are an un-discharged bankrupt.
- Your Sequestration will be noted by the Credit Referencing Agencies and you may have difficulty in obtaining credit even after your discharge.