



## Sequestration

### Debt solutions

# The statutory form of bankruptcy in Scotland.

This is the Statutory form of Bankruptcy in Scotland and is awarded by the Court (creditor petition) or the Accountant in Bankruptcy (debtor application). 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 (if you meet the criteria below), OR you meet the low income, low asset criteria, OR you may apply for a certificate for sequestration, from an authorised person, being a money advisor or insolvency practitioner if you are unable to pay your debts as and when they fall due.

- 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- You must have been on a debt repayment program under DAS that has been revoked AND one of the creditors in the DPP has been to court and obtained a decree on one of the debts.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 attach 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 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 one year and will then be debt free. (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 £500 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 you discharge.

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If you have debt, we have solutions