



# Insolvency Act 1986

## 1986 CHAPTER 45

### PART VIII

#### INDIVIDUAL VOLUNTARY ARRANGEMENTS

##### Modifications etc. (not altering text)

- C1** Pt. VIII (ss. 252-263) applied (with modifications) (1.12.1994) by [S.I. 1994/2421, art. 5](#)
- C2** Pt. VIII (ss. 252-263) restricted (6.4.1996 for the purpose only of authorising the making of regulations) by [1995 c. 26, ss. 91\(3\), 180\(1\)](#) (with [s. 121\(5\)](#)); [S.I. 1996/778, art. 2\(5\)\(a\)](#). Sch. Pt. V
- C3** Pt. VIII (ss. 252-263) applied with modifications by [S.I. 1986/2142, arts. 1\(2\), 11, 13\(3\), 15](#)
- C4** Second Group of Parts (Pts. 8-11) modified (31.12.1996) by [1991 c. 57, Sch. 10](#) (as substituted by [1995 c. 25, s. 120\(1\)](#), [Sch. 22 para. 183](#) (with [ss. 7\(6\), 115, 117](#)); [S.I. 1996/2909, art. 3](#))  
Second Group of Parts (Pts. 8-11) modified (11.11.1999 for specified purposes and 6.4.2002 otherwise) by [1999 c. 30, s. 12\(1\)](#); [S.I. 2002/153, art. 2\(b\)](#)

#### *Moratorium for insolvent debtor*

##### **252 Interim order of court.**

- (1) In the circumstances specified below, the court may in the case of a debtor (being an individual) make an interim order under this section.
- (2) An interim order has the effect that, during the period for which it is in force—
  - (a) no bankruptcy petition relating to the debtor may be presented or proceeded with,
  - [<sup>F1</sup>(aa) no landlord or other person to whom rent is payable may exercise any right of forfeiture by peaceable re-entry in relation to premises let to the debtor in respect of a failure by the debtor to comply with any term or condition of his tenancy of such premises, except with the leave of the court] and

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- (b) no other proceedings, and no execution or other legal process, may be commenced or continued [<sup>F2</sup>and no distress may be levied] against the debtor or his property except with leave of the court.

#### Textual Amendments

- F1** S. 252(2)(aa) inserted (1.1.2003) by 2000 c. 39, s. 3, **Sch. 3 para. 2(a)**; S.I. 2002/2711, **art. 2** (subject to transitional provisions in **arts. 3-5**)
- F2** Words in s. 252(2)(b) inserted (1.1.2003) by 2000 c. 39, s. 3, **Sch. 3 para. 2(b)**; S.I. 2002/2711, **art. 2** (subject to transitional provisions in **arts. 3-5**)

### 253 Application for interim order.

- (1) Application to the court for an interim order may be made where the debtor intends to make a proposal [<sup>F3</sup>under this Part, that is, a proposal] to his creditors for a composition in satisfaction of his debts or a scheme of arrangement of his affairs (from here on referred to, in either case, as a “voluntary arrangement”).
- (2) The proposal must provide for some person (“the nominee”) to act in relation to the voluntary arrangement either as trustee or otherwise for the purpose of supervising its implementation [<sup>F4</sup>and the nominee must be a person who is qualified to act as an insolvency practitioner, or authorised to act as nominee, in relation to the voluntary arrangement].
- (3) Subject as follows, the application may be made—
- (a) if the debtor is an undischarged bankrupt, by the debtor, the trustee of his estate, or the official receiver, and
  - (b) in any other case, by the debtor.
- (4) An application shall not be made under subsection (3)(a) unless the debtor has given notice of [<sup>F5</sup>the proposal] to the official receiver and, if there is one, the trustee of his estate.

<sup>F6</sup>(5) .....

#### Textual Amendments

- F3** Words in s. 253(1) inserted (1.1.2003) by 2000 c. 39, s. 3, **Sch. 3 para. 3(a)**; S.I. 2002/2711, **art. 2** (subject to transitional provisions in **arts. 3-5**)
- F4** Words in s. 253(2) inserted (1.1.2003) by 2000 c. 39, s. 3, **Sch. 3 para. 3(b)**; S.I. 2002/2711, **art. 2** (subject to transitional provisions in **arts. 3-5**)
- F5** Words in s. 253(4) substituted (1.1.2003) by 2000 c. 39, s. 3, **Sch. 3 para. 3(c)**; S.I. 2002/2711, **art. 2** (subject to transitional provisions in **arts. 3-5**)
- F6** S. 253(5) omitted (6.4.2016) by virtue of **Enterprise and Regulatory Reform Act 2013 (c. 24)**, s. 103(3), **Sch. 19 para. 2**; S.I. 2016/191, **art. 2** (with art. 3)

#### Modifications etc. (not altering text)

- C5** S. 253 amended (1.12.2001) by 2000 c. 8, s. 357(1); S.I. 2001/3538, **art. 2(1)**

### 254 Effect of application.

- (1) At any time when an application under section 253 for an interim order is pending

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- [<sup>F7</sup>(a) no landlord or other person to whom rent is payable may exercise any right of forfeiture by peaceable re-entry in relation to premises let to the debtor in respect of a failure by the debtor to comply with any term or condition of his tenancy of such premises, except with the leave of the court, and
- (b) , the court may [<sup>F8</sup>forbid the levying of any distress on the debtor's property or its subsequent sale, or both, and] stay any action, execution or other legal process against the property or person of the debtor.
- (2) Any court in which proceedings are pending against an individual may, on proof that an application under that section has been made in respect of that individual, either stay the proceedings or allow them to continue on such terms as it thinks fit.

#### Textual Amendments

- F7** S. 254(1)(a) inserted (1.1.2003) by 2000 c. 39, s. 3, **Sch. 3 para. 4(a)**; S.I. 2002/2711, **art. 2** (subject to transitional provisions in **arts. 3-5**)
- F8** Words in S. 254(1)(b) inserted (1.1.2003) by 2000 c. 39, s. 3, **Sch. 3 para. 4(b)**; S.I. 2002/2711, **art. 2** (subject to transitional provisions in **arts. 3-5**)

## 255 Cases in which interim order can be made.

- (1) The court shall not make an interim order on an application under section 253 unless it is satisfied—
- that the debtor intends to make [<sup>F9</sup>a proposal under this Part];
  - that on the day of the making of the application the debtor was an undischarged bankrupt or was able to [<sup>F10</sup>make a bankruptcy application] ;
  - that no previous application has been made by the debtor for an interim order in the period of 12 months ending with that day; and
  - that the nominee under the debtor's proposal <sup>F11</sup>. . . is willing to act in relation to the proposal.
- (2) The court may make an order if it thinks that it would be appropriate to do so for the purpose of facilitating the consideration and implementation of the debtor's proposal.
- (3) Where the debtor is an undischarged bankrupt, the interim order may contain provision as to the conduct of the bankruptcy, and the administration of the bankrupt's estate, during the period for which the order is in force.
- (4) Subject as follows, the provision contained in an interim order by virtue of subsection (3) may include provision staying proceedings in the bankruptcy or modifying any provision in this Group of Parts, and any provision of the rules in their application to the debtor's bankruptcy.
- (5) An interim order shall not, in relation to a bankrupt, make provision relaxing or removing any of the requirements of provisions in this Group of Parts, or of the rules, unless the court is satisfied that that provision is unlikely to result in any significant diminution in, or in the value of, the debtor's estate for the purposes of the bankruptcy.
- (6) Subject to the following provisions of this Part, an interim order made on an application under section 253 ceases to have effect at the end of the period of 14 days beginning with the day after the making of the order.

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### Textual Amendments

- F9** Words in s. 255(1)(a) substituted (1.1.2003) by 2000 c. 39, s. 3, **Sch. 3 para. 5(a)**; S.I. 2002/2711, **art. 2** (subject to transitional provisions in **arts. 3-5**)
- F10** Words in s. 255(1)(b) substituted (6.4.2016) by Enterprise and Regulatory Reform Act 2013 (c. 24), s. 103(3), **Sch. 19 para. 3**; S.I. 2016/191, **art. 2** (with **art. 3**)
- F11** Words in s. 255(1)(d) repealed (1.1.2003) by 2000 c. 39, ss. 3, 15, **Sch. 3 paras. 5(b), Sch. 5**; S.I. 2002/2711, **art. 2** (subject to transitional provisions in **arts. 3-5**)

## 256 Nominee's report on debtor's proposal.

- (1) Where an interim order has been made on an application under section 253, the nominee shall, before the order ceases to have effect, submit a report to the court stating—
- (a) [<sup>F12</sup>whether, in his opinion, the voluntary arrangement which the debtor is proposing has a reasonable prospect of being approved and implemented, [<sup>F13</sup>and]
  - (aa)] whether, in his opinion, [<sup>F14</sup>a meeting of the debtor's creditors should be summoned][<sup>F14</sup>the debtor's creditors should] to consider the debtors' proposal[<sup>F15</sup>, and]
  - (b) [<sup>F16</sup>if in his opinion such a meeting should be summoned, the date on which, and time and place at which, he proposes the meeting should be held.]
- (2) For the purpose of enabling the nominee to prepare his report the debtor shall submit to the nominee—
- (a) a document setting out the terms of the voluntary arrangement which the debtor is proposing, and
  - (b) a statement of his affairs containing—
    - (i) such particulars of his creditors and of his debts and other liabilities and of his assets as may be prescribed, and
    - (ii) such other information as may be prescribed.
- [<sup>F17</sup>(3) The court may—
- (a) on an application made by the debtor in a case where the nominee has failed to submit the report required by this section or has died, or
  - (b) on an application made by the debtor or the nominee in a case where it is impracticable or inappropriate for the nominee to continue to act as such,
- direct that the nominee shall be replaced as such by another person qualified to act as an insolvency practitioner, or authorised to act as nominee, in relation to the voluntary arrangement.
- (3A) The court may, on an application made by the debtor in a case where the nominee has failed to submit the report required by this section, direct that the interim order shall continue, or (if it has ceased to have effect) be renewed, for such further period as the court may specify in the direction.]
- (4) The court may, on the application of the nominee, extend the period for which the interim order has effect so as to enable the nominee to have more time to prepare his report.

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- (5) If the court is satisfied on receiving the nominee's report that [F18a meeting of the debtor's creditors should be summoned to][F18the debtor's creditors should] consider the debtor's proposal, the court shall direct that the period for which the interim order has effect shall be extended, for such further period as it may specify in the direction, for the purpose of enabling the debtor's proposal to be considered by his creditors in accordance with the following provisions of this Part.
- (6) The court may discharge the interim order if it is satisfied, on the application of the nominee—
- (a) that the debtor has failed to comply with his obligations under subsection (2), or
  - (b) that for any other reason it would be inappropriate for [F19a meeting of the debtor's creditors to be summoned][F19the debtor's creditors] to consider the debtor's proposal.

#### Textual Amendments

- F12** Words in s. 256(1) inserted (1.1.2003) by 2000 c. 39, s. 3, **Sch. 3 para. 6(a)**; S.I. 2002/2711, **art. 2** (subject to transitional provisions in **arts. 3-5**)
- F13** Word in s. 256(1)(a) inserted (26.5.2015 for specified purposes, 6.4.2017 for E.W. in so far as not already in force) by **Small Business, Enterprise and Employment Act 2015 (c. 26), s. 164(1), Sch. 9 para. 61(2)**; S.I. 2015/1329, reg. 3(d); S.I. 2016/1020, reg. 4(e) (with reg. 5) (as amended by S.I. 2017/363, reg. 3)
- F14** Words in s. 256(1)(aa) substituted (26.5.2015 for specified purposes, 6.4.2017 for E.W. in so far as not already in force) by **Small Business, Enterprise and Employment Act 2015 (c. 26), s. 164(1), Sch. 9 para. 61(3)(a)**; S.I. 2015/1329, reg. 3(d); S.I. 2016/1020, reg. 4(e) (with reg. 5) (as amended by S.I. 2017/363, reg. 3)
- F15** Word in s. 256(1)(aa) omitted (26.5.2015 for specified purposes, 6.4.2017 for E.W. in so far as not already in force) by virtue of **Small Business, Enterprise and Employment Act 2015 (c. 26), s. 164(1), Sch. 9 para. 61(3)(b)**; S.I. 2015/1329, reg. 3(d); S.I. 2016/1020, reg. 4(e) (with reg. 5) (as amended by S.I. 2017/363, reg. 3)
- F16** S. 256(1)(b) omitted (26.5.2015 for specified purposes, 6.4.2017 for E.W. in so far as not already in force) by virtue of **Small Business, Enterprise and Employment Act 2015 (c. 26), s. 164(1), Sch. 9 para. 61(4)**; S.I. 2015/1329, reg. 3(d); S.I. 2016/1020, reg. 4(e) (with reg. 5) (as amended by S.I. 2017/363, reg. 3)
- F17** S. 256(3)(3A) substituted for s. 256(3) (1.1.2003) by 2000 c. 39, s. 3, **Sch. 3 para. 6(b)**; S.I. 2002/2711, **art. 2** (subject to transitional provisions in **arts. 3-5**)
- F18** Words in s. 256(5) substituted (26.5.2015 for specified purposes, 6.4.2017 for E.W. in so far as not already in force) by **Small Business, Enterprise and Employment Act 2015 (c. 26), s. 164(1), Sch. 9 para. 61(5)**; S.I. 2015/1329, reg. 3(d); S.I. 2016/1020, reg. 4(e) (with reg. 5) (as amended by S.I. 2017/363, reg. 3)
- F19** Words in s. 256(6) substituted (26.5.2015 for specified purposes, 6.4.2017 for E.W. in so far as not already in force) by **Small Business, Enterprise and Employment Act 2015 (c. 26), s. 164(1), Sch. 9 para. 61(6)**; S.I. 2015/1329, reg. 3(d); S.I. 2016/1020, reg. 4(e) (with reg. 5) (as amended by S.I. 2017/363, reg. 3)

#### Modifications etc. (not altering text)

- C6** Ss. 256–263 applied with modifications by S.I. 1986/1999, art. 3, **Sch. I Pt. III**

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[<sup>F20</sup> Procedure where no interim order made]

**Textual Amendments**

**F20** Cross-heading preceding s. 256A, s. 256A and cross-heading before s. 257 inserted (1.1.2003) by 2000 c. 39, s. 3, **Sch. 3 para. 7**; S.I. 2002/2711, **art. 2** (subject to transitional provisions in **arts. 3-5**)

**[<sup>F21</sup> 256A Debtor's proposal and nominee's report.**

- (1) This section applies where a debtor (being an individual)—
- (a) intends to make a proposal under this Part (but an interim order has not been made in relation to the proposal and no application for such an order is pending), and
  - (b) if he is an undischarged bankrupt, has given notice of the proposal to the official receiver and, if there is one, the trustee of his estate,
- <sup>F22</sup> ...
- (2) For the purpose of enabling the nominee to prepare a report [<sup>F23</sup> under subsection (3)], the debtor shall submit to the nominee—
- (a) a document setting out the terms of the voluntary arrangement which the debtor is proposing, and
  - (b) a statement of his affairs containing—
    - (i) such particulars of his creditors and of his debts and other liabilities and of his assets as may be prescribed, and
    - (ii) such other information as may be prescribed.
- (3) If the nominee is of the opinion that the debtor is an undischarged bankrupt, or is able to [<sup>F24</sup> make a bankruptcy application], the nominee shall, within 14 days (or such longer period as the court may allow) after receiving the document and statement mentioned in subsection (2), submit a [<sup>F25</sup> report to the debtor's creditors] stating—
- (a) whether, in his opinion, the voluntary arrangement which the debtor is proposing has a reasonable prospect of being approved and implemented, [<sup>F26</sup> and]
  - (b) whether, in his opinion, [<sup>F27</sup> a meeting of the debtor's creditors should be summoned to] [<sup>F27</sup> the debtor's creditors should] consider the debtor's proposal [<sup>F28</sup>, and]
  - (c) [<sup>F29</sup> if in his opinion such a meeting should be summoned, the date on which, and time and place at which, he proposes the meeting should be held.]
- (4) The court may—
- (a) on an application made by the debtor in a case where the nominee has failed to submit the report required by this section or has died, or
  - (b) on an application made by the debtor or the nominee in a case where it is impracticable or inappropriate for the nominee to continue to act as such,
- direct that the nominee shall be replaced as such by another person qualified to act as an insolvency practitioner, or authorised to act as nominee, in relation to the voluntary arrangement.
- (5) The court may, on an application made by the nominee, extend the period within which the nominee is to submit his report.]

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### Textual Amendments

- F21** Cross-heading preceding s. 256A, s. 256A and cross-heading before s. 257 inserted (1.1.2003) by 2000 c. 39, s. 3, **Sch. 3 para. 7**; S.I. 2002/2711, **art. 2** (subject to transitional provisions in arts. 3-5)
- F22** Words in s. 256A(1) omitted (6.4.2016) by virtue of **Enterprise and Regulatory Reform Act 2013** (c. 24), s. 103(3), **Sch. 19 para. 4(2)**; S.I. 2016/191, **art. 2** (with **art. 3**)
- F23** Words in s. 256A(2) substituted (6.4.2010) by **The Legislative Reform (Insolvency) (Miscellaneous Provisions) Order 2010** (S.I. 2010/18), **art. 8(1)(a)**
- F24** Words in s. 256A(3) substituted (6.4.2016) by **Enterprise and Regulatory Reform Act 2013** (c. 24), s. 103(3), **Sch. 19 para. 4(3)**; S.I. 2016/191, **art. 2** (with **art. 3**)
- F25** Words in s. 256A(3) substituted (6.4.2010) by **The Legislative Reform (Insolvency) (Miscellaneous Provisions) Order 2010** (S.I. 2010/18), **art. 8(1)(b)**
- F26** Word in s. 256A(3)(a) inserted (26.5.2015 for specified purposes, 6.4.2017 for E.W. in so far as not already in force) by **Small Business, Enterprise and Employment Act 2015** (c. 26), s. 164(1), **Sch. 9 para. 62(2)**; S.I. 2015/1329, **reg. 3(d)**; S.I. 2016/1020, **reg. 4(e)** (with **reg. 5**) (as amended by S.I. 2017/363, **reg. 3**)
- F27** Words in s. 256A(3)(b) substituted (26.5.2015 for specified purposes, 6.4.2017 for E.W. in so far as not already in force) by **Small Business, Enterprise and Employment Act 2015** (c. 26), s. 164(1), **Sch. 9 para. 62(3)(a)**; S.I. 2015/1329, **reg. 3(d)**; S.I. 2016/1020, **reg. 4(e)** (with **reg. 5**) (as amended by S.I. 2017/363, **reg. 3**)
- F28** Word in s. 256A(3)(b) omitted (26.5.2015 for specified purposes, 6.4.2017 for E.W. in so far as not already in force) by virtue of **Small Business, Enterprise and Employment Act 2015** (c. 26), s. 164(1), **Sch. 9 para. 62(3)(b)**; S.I. 2015/1329, **reg. 3(d)**; S.I. 2016/1020, **reg. 4(e)** (with **reg. 5**) (as amended by S.I. 2017/363, **reg. 3**)
- F29** S. 256A(3)(c) omitted (26.5.2015 for specified purposes, 6.4.2017 for E.W. in so far as not already in force) by virtue of **Small Business, Enterprise and Employment Act 2015** (c. 26), s. 164(1), **Sch. 9 para. 62(4)**; S.I. 2015/1329, **reg. 3(d)**; S.I. 2016/1020, **reg. 4(e)** (with **reg. 5**) (as amended by S.I. 2017/363, **reg. 3**)

*[<sup>F30</sup> Creditors' [<sup>F31</sup>meeting][<sup>F31</sup>decisions]]*

### Textual Amendments

- F30** Cross-heading preceding s. 256A, s. 256A and cross-heading before s. 257 inserted (1.1.2003) by 2000 c. 39, s. 3, **Sch. 3 para. 7**; S.I. 2002/2711, **art. 2** (subject to transitional provisions in arts. 3-5)
- F31** Word in s. 257 cross-heading substituted (26.5.2015 for specified purposes, 6.4.2017 for E.W. in so far as not already in force) by **Small Business, Enterprise and Employment Act 2015** (c. 26), s. 164(1), **Sch. 9 para. 63**; S.I. 2015/1329, **reg. 3(d)**; S.I. 2016/1020, **reg. 4(e)** (with **reg. 5**) (as amended by S.I. 2017/363, **reg. 3**)

## 257 [<sup>F32</sup>Summoning of creditors' meeting.][<sup>F32</sup>Consideration of debtor's proposal by creditors]

<sup>F33</sup>(1) This section applies where it has been reported to the court under section 256 or to the debtor's creditors under section 256A that the debtor's creditors should consider the debtor's proposal.

(2) The nominee (or the nominee's replacement under section 256(3) or 256A(4)) must seek a decision from the debtor's creditors as to whether they approve the proposed

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voluntary arrangement (unless, in the case of a report to which section 256 applies, the court otherwise directs).

- (2A) The decision is to be made by a creditors' decision procedure.
- (2B) Notice of the creditors' decision procedure must be given to every creditor of the debtor of whose claim and address the nominee (or the nominee's replacement) is aware.]
- (3) For this purpose the creditors of a debtor who is an undischarged bankrupt include—
- (a) every person who is a creditor of the bankrupt in respect of a bankruptcy debt, and
  - (b) every person who would be such a creditor if the bankruptcy had commenced on the date on which notice of the [<sup>F35</sup>meeting][<sup>F35</sup>creditors' decision procedure] is given.

#### Textual Amendments

- F32** S. 257 heading substituted (26.5.2015 for specified purposes, 6.4.2017 for E.W. in so far as not already in force) by [Small Business, Enterprise and Employment Act 2015 \(c. 26\), s. 164\(1\), Sch. 9 para. 64\(4\)](#); S.I. 2015/1329, reg. 3(d); S.I. 2016/1020, reg. 4(e) (with reg. 5) (as amended by S.I. 2017/363, reg. 3)
- F33** S. 257(1)-(2B) substituted for s. 257(1)(2) (26.5.2015 for specified purposes, 6.4.2017 for E.W. in so far as not already in force) by [Small Business, Enterprise and Employment Act 2015 \(c. 26\), s. 164\(1\), Sch. 9 para. 64\(2\)](#); S.I. 2015/1329, reg. 3(d); S.I. 2016/1020, reg. 4(e) (with reg. 5) (as amended by S.I. 2017/363, reg. 3)
- F34** S. 257(1) substituted (6.4.2010) by [The Legislative Reform \(Insolvency\) \(Miscellaneous Provisions\) Order 2010 \(S.I. 2010/18\), art. 8\(2\)](#)
- F35** Words in s. 257(3)(b) substituted (26.5.2015 for specified purposes, 6.4.2017 for E.W. in so far as not already in force) by [Small Business, Enterprise and Employment Act 2015 \(c. 26\), s. 164\(1\), Sch. 9 para. 64\(3\)](#); S.I. 2015/1329, reg. 3(d); S.I. 2016/1020, reg. 4(e) (with reg. 5) (as amended by S.I. 2017/363, reg. 3)

#### Modifications etc. (not altering text)

- C7** Ss. 256–263 applied with modifications by [S.I. 1986/1999, art. 3, Sch. I Pt. III](#)
- C8** S. 257 amended (1.12.2001) by [2000 c. 8, s. 357\(1\)](#); S.I. 2001/3538, [art. 2\(1\)](#)

### *Consideration and implementation of debtor's proposal*

#### **258** [<sup>F36</sup>Decisions of creditor's meeting.][<sup>F36</sup>Approval of debtor's proposal]

- [<sup>F37</sup>(1) This section applies where under section 257 the debtor's creditors are asked to decide whether to approve the proposed voluntary arrangement.]
- (2) The [<sup>F38</sup>meeting][<sup>F38</sup>creditors] may approve the proposed voluntary arrangement with [<sup>F39</sup>or without] modifications, but shall not [<sup>F40</sup>do so][<sup>F40</sup>approve it with modifications] unless the debtor consents to each modification.
- (3) The modifications subject to which the proposed voluntary arrangement may be approved may include one conferring the functions proposed to be conferred on the nominee on another person qualified to act as an insolvency practitioner [<sup>F41</sup>or authorised to act as nominee, in relation to the voluntary arrangement].



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But they shall not include any modification by virtue of which the proposal ceases to be a proposal [F41 under this Part].

- (4) The [F42 meeting][F42 creditors] shall not approve any proposal or modification which affects the right of a secured creditor of the debtor to enforce his security, except with the concurrence of the creditor concerned.
- (5) Subject as follows, the [F43 meeting][F43 creditors] shall not approve any proposal or modification under which—
- (a) any preferential debt of the debtor is to be paid otherwise than in priority to such of his debts as are not preferential debts, F44 ...
  - [F45(aa)] any ordinary preferential debt of the debtor is to be paid otherwise than in priority to any secondary preferential debts that the debtor may have,]
  - (b) a preferential creditor of the debtor is to be paid an amount in respect of [F46 an ordinary preferential debt] that bears to that debt a smaller proportion than is borne to [F47 another ordinary] preferential debt by the amount that is to be paid in respect of that other debt [F48], or
  - (c) a preferential creditor of the debtor is to be paid an amount in respect of a secondary preferential debt that bears to that debt a smaller proportion than is borne to another secondary preferential debt by the amount that is to be paid in respect of that other debt.]

However, the [F43 meeting][F43 creditors] may approve such a proposal or modification with the concurrence of the preferential creditor concerned.

- (6) [F49 Subject as above, the meeting shall be conducted in accordance with the rules.]
- (7) In this section “preferential debt” [F50, “ordinary preferential debt” and “secondary preferential debt” each has] the meaning given by section 386 in Part XII; and “preferential creditor” is to be construed accordingly.

#### Textual Amendments

- F36** S. 258 heading substituted (26.5.2015 for specified purposes, 6.4.2017 for E.W. in so far as not already in force) by [Small Business, Enterprise and Employment Act 2015 \(c. 26\), s. 164\(1\), Sch. 9 para. 65\(6\)](#); S.I. 2015/1329, reg. 3(d); S.I. 2016/1020, reg. 4(e) (with reg. 5) (as amended by S.I. 2017/363, reg. 3)
- F37** S. 258(1) substituted (26.5.2015 for specified purposes, 6.4.2017 for E.W. in so far as not already in force) by [Small Business, Enterprise and Employment Act 2015 \(c. 26\), s. 164\(1\), Sch. 9 para. 65\(2\)](#); S.I. 2015/1329, reg. 3(d); S.I. 2016/1020, reg. 4(e) (with reg. 5) (as amended by S.I. 2017/363, reg. 3)
- F38** Word in s. 258(2) substituted (26.5.2015 for specified purposes, 6.4.2017 for E.W. in so far as not already in force) by [Small Business, Enterprise and Employment Act 2015 \(c. 26\), s. 164\(1\), Sch. 9 para. 65\(3\)](#); S.I. 2015/1329, reg. 3(d); S.I. 2016/1020, reg. 4(e) (with reg. 5) (as amended by S.I. 2017/363, reg. 3)
- F39** Words in s. 258(2) inserted (26.5.2015 for specified purposes, 6.4.2017 for E.W. in so far as not already in force) by [Small Business, Enterprise and Employment Act 2015 \(c. 26\), s. 164\(1\), Sch. 9 para. 65\(4\)\(a\)](#); S.I. 2015/1329, reg. 3(d); S.I. 2016/1020, reg. 4(e) (with reg. 5) (as amended by S.I. 2017/363, reg. 3)
- F40** Words in s. 258(2) substituted (26.5.2015 for specified purposes, 6.4.2017 for E.W. in so far as not already in force) by [Small Business, Enterprise and Employment Act 2015 \(c. 26\), s. 164\(1\), Sch. 9 para. 65\(4\)\(b\)](#); S.I. 2015/1329, reg. 3(d); S.I. 2016/1020, reg. 4(e) (with reg. 5) (as amended by S.I. 2017/363, reg. 3)

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*Changes to legislation: Insolvency Act 1986, Part VIII is up to date with all changes known to be in force on or before 13 June 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)*

- F41** Words in s. 258(3) substituted (1.1.2003) by 2000 c. 39, s. 3, **Sch. 3 para. 9**; S.I. 2002/2711, **art. 2** (subject to transitional provisions in arts. 3-5)
- F42** Word in s. 258(4) substituted (26.5.2015 for specified purposes, 6.4.2017 for E.W. in so far as not already in force) by **Small Business, Enterprise and Employment Act 2015 (c. 26), s. 164(1), Sch. 9 para. 65(3)**; S.I. 2015/1329, reg. 3(d); S.I. 2016/1020, reg. 4(e) (with reg. 5) (as amended by S.I. 2017/363, reg. 3)
- F43** Word in s. 258(5) substituted (26.5.2015 for specified purposes, 6.4.2017 for E.W. in so far as not already in force) by **Small Business, Enterprise and Employment Act 2015 (c. 26), s. 164(1), Sch. 9 para. 65(3)**; S.I. 2015/1329, reg. 3(d); S.I. 2016/1020, reg. 4(e) (with reg. 5) (as amended by S.I. 2017/363, reg. 3)
- F44** Word in s. 258(5)(a) omitted (1.1.2015) by virtue of **The Banks and Building Societies (Depositor Preference and Priorities) Order 2014 (S.I. 2014/3486), arts. 1(2), 6(2)(a)** (with art. 3)
- F45** S. 258(5)(aa) inserted (1.1.2015) by **The Banks and Building Societies (Depositor Preference and Priorities) Order 2014 (S.I. 2014/3486), arts. 1(2), 6(2)(b)** (with art. 3)
- F46** Words in s. 258(5)(b) substituted (1.1.2015) by **The Banks and Building Societies (Depositor Preference and Priorities) Order 2014 (S.I. 2014/3486), arts. 1(2), 6(2)(c)(i)** (with art. 3)
- F47** Words in s. 258(5)(b) substituted (1.1.2015) by **The Banks and Building Societies (Depositor Preference and Priorities) Order 2014 (S.I. 2014/3486), arts. 1(2), 6(2)(c)(ii)** (with art. 3)
- F48** S. 258(5)(c) and word inserted (1.1.2015) by **The Banks and Building Societies (Depositor Preference and Priorities) Order 2014 (S.I. 2014/3486), arts. 1(2), 6(2)(d)** (with art. 3)
- F49** S. 258(6) omitted (26.5.2015 for specified purposes, 6.4.2017 for E.W. in so far as not already in force) by virtue of **Small Business, Enterprise and Employment Act 2015 (c. 26), s. 164(1), Sch. 9 para. 65(5)**; S.I. 2015/1329, reg. 3(d); S.I. 2016/1020, reg. 4(e) (with reg. 5) (as amended by S.I. 2017/363, reg. 3)
- F50** Words in s. 258(7) substituted (1.1.2015) by **The Banks and Building Societies (Depositor Preference and Priorities) Order 2014 (S.I. 2014/3486), arts. 1(2), 6(3)** (with art. 3)

#### Modifications etc. (not altering text)

- C9** Ss. 256-263 applied (with modifications) by S.I. 1986/1999, art. 3, **Sch. I Pt. III**
- C10** S. 258 modified (10.8.2005) by **The Insurers (Reorganisation and Winding Up) Regulations 2004 (S.I. 2004/353), reg. 33(5)** (as modified (10.8.2005) by S.I. 2005/1998, **regs. 2(3), {40(1)-(4)(11)}**)
- C11** S. 258 excluded (16.6.2016) by **The Education (Postgraduate Masters Degree Loans) Regulations 2016 (S.I. 2016/606), regs. 1(1), 97(1)(c)**

## 259 Report of decisions to court.

- [<sup>F51</sup>(1) When pursuant to section 257 the debtor's creditors have decided whether to approve the debtor's proposal (with or without modifications), the nominee (or the nominee's replacement under section 256(3) or 256A(4)) must—
- (a) give notice of the creditors' decision to such persons as may be prescribed, and
  - (b) where the creditors considered the debtor's proposal pursuant to a report to the court under section 256(1)(aa), report the creditors' decision to the court.]
- (2) If the report is that the [<sup>F54</sup>meeting has][<sup>F54</sup>creditors have] declined (with or without modifications) to approve the [<sup>F55</sup>voluntary arrangement proposed under section 256], the court may discharge any interim order which is in force in relation to the debtor.

#### Textual Amendments

- F51** S. 259(1) substituted (26.5.2015 for specified purposes, 6.4.2017 for E.W. in so far as not already in force) by **Small Business, Enterprise and Employment Act 2015 (c. 26), s. 164(1), Sch. 9 para. 66(2)**; S.I. 2015/1329, reg. 3(d); S.I. 2016/1020, reg. 4(e) (with reg. 5) (as amended by S.I. 2017/363, reg. 3)

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*Changes to legislation: Insolvency Act 1986, Part VIII is up to date with all changes known to be in force on or before 13 June 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)*

- F52** S. 259(1) substituted (6.4.2010) by [The Legislative Reform \(Insolvency\) \(Miscellaneous Provisions\) Order 2010 \(S.I. 2010/18\)](#), **art. 8(3)(a)**
- F53** Section 256(1)(a) was re-lettered paragraph (aa) by the [Insolvency Act 2000 \(c.23\)](#), **Schedule 3**, paragraphs 1 and 6(a).
- F54** Words in s. 259(2) substituted (26.5.2015 for specified purposes, 6.4.2017 for E.W. in so far as not already in force) by [Small Business, Enterprise and Employment Act 2015 \(c. 26\)](#), s. 164(1), **Sch. 9 para. 66(3)**; S.I. 2015/1329, reg. 3(d); S.I. 2016/1020, reg. 4(e) (with reg. 5) (as amended by S.I. 2017/363, reg. 3)
- F55** Words in s. 259(2) substituted (6.4.2010) by [The Legislative Reform \(Insolvency\) \(Miscellaneous Provisions\) Order 2010 \(S.I. 2010/18\)](#), **art. 8(3)(b)**

**Modifications etc. (not altering text)**

- C12** Ss. 256–263 applied with modifications by [S.I. 1986/1999](#), art. 3, **Sch. I Pt. III**

**260 Effect of approval.**

- (1) This section has effect where [<sup>F56</sup>the meeting summoned under section 257 approves][<sup>F56</sup>pursuant to section 257 the debtor's creditors decide to approve] the proposed voluntary arrangement (with or without modifications).
- (2) The approved arrangement—
  - (a) takes effect as if made by the debtor [<sup>F57</sup>at the meeting][<sup>F57</sup>at the time the creditors decided to approve the proposal] , and
  - [<sup>F58</sup>(b) binds every person who in accordance with the rules—
    - (i) was entitled to vote [<sup>F59</sup>at the meeting (whether or not he was present or represented at it)][<sup>F59</sup>in the creditors' decision procedure by which the decision to approve the proposal was made] , or
    - (ii) would have been so entitled if he had had notice of it,as if he were a party to the arrangement.
- (2A) If—
  - (a) when the arrangement ceases to have effect any amount payable under the arrangement to a person bound by virtue of subsection (2)(b)(ii) has not been paid, and
  - (b) the arrangement did not come to an end prematurely,the debtor shall at that time become liable to pay to that person the amount payable under the arrangement.]
- <sup>F60</sup>(3) .....
- (4) Any interim order in force in relation to the debtor immediately before the end of the period of 28 days beginning with the day on which the report with respect to the creditors' [<sup>F61</sup>meeting][<sup>F61</sup>decision] was made to the court under section 259 ceases to have effect at the end of that period.

This subsection applies except to such extent as the court may direct for the purposes of any application under section 262 below.
- (5) Where proceedings on a bankruptcy petition have been stayed by an interim order which ceases to have effect under subsection (4), that petition is deemed, unless the court otherwise orders, to have been dismissed.

*Status: Point in time view as at 16/06/2016.*

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### Textual Amendments

- F56** Words in s. 260(1) substituted (26.5.2015 for specified purposes, 6.4.2017 for E.W. in so far as not already in force) by [Small Business, Enterprise and Employment Act 2015 \(c. 26\)](#), s. 164(1), [Sch. 9 para. 67\(2\)](#); S.I. 2015/1329, reg. 3(d); S.I. 2016/1020, reg. 4(e) (with reg. 5) (as amended by S.I. 2017/363, reg. 3)
- F57** Words in s. 260(2)(a) substituted (26.5.2015 for specified purposes, 6.4.2017 for E.W. in so far as not already in force) by [Small Business, Enterprise and Employment Act 2015 \(c. 26\)](#), s. 164(1), [Sch. 9 para. 67\(3\)\(a\)](#); S.I. 2015/1329, reg. 3(d); S.I. 2016/1020, reg. 4(e) (with reg. 5) (as amended by S.I. 2017/363, reg. 3)
- F58** S. 260(2)(b) substituted for 260(2)(b) (1.1.2003) by 2000 c. 39, s. 3, [Sch. 3 para. 10](#); S.I. 2002/2711, [art. 2](#) (subject to transitional provisions in arts. 3-5)
- F59** Words in s. 260(2)(b)(i) substituted (26.5.2015 for specified purposes, 6.4.2017 for E.W. in so far as not already in force) by [Small Business, Enterprise and Employment Act 2015 \(c. 26\)](#), s. 164(1), [Sch. 9 para. 67\(3\)\(b\)](#); S.I. 2015/1329, reg. 3(d); S.I. 2016/1020, reg. 4(e) (with reg. 5) (as amended by S.I. 2017/363, reg. 3)
- F60** S. 260(3) omitted (1.10.2015) by virtue of [Deregulation Act 2015 \(c. 20\)](#), s. 115(7), [Sch. 6 para. 2\(11\)\(a\)](#) (with [Sch. 6 para. 3](#)); S.I. 2015/1732, [art. 2\(e\)\(i\)](#)
- F61** Word in s. 260(4) substituted (26.5.2015 for specified purposes, 6.4.2017 for E.W. in so far as not already in force) by [Small Business, Enterprise and Employment Act 2015 \(c. 26\)](#), s. 164(1), [Sch. 9 para. 67\(4\)](#); S.I. 2015/1329, reg. 3(d); S.I. 2016/1020, reg. 4(e) (with reg. 5) (as amended by S.I. 2017/363, reg. 3)

### Modifications etc. (not altering text)

- C13** Ss. 256–263 applied with modifications by [S.I. 1986/1999](#), [art. 3](#), [Sch. I Pt. III](#)

## [<sup>F62</sup>261 Additional effect on undischarged bankrupt

- (1) This section applies where—
  - (a) [<sup>F63</sup>the creditors’ meeting summoned under section 257 approves][<sup>F63</sup>pursuant to section 257 the debtor’s creditors decide to approve] the proposed voluntary arrangement (with or without modifications), and
  - (b) the debtor is an undischarged bankrupt.
- (2) Where this section applies the court shall annul the bankruptcy order on an application made—
  - (a) by the bankrupt, or
  - (b) where the bankrupt has not made an application within the prescribed period, by the official receiver.
- (3) An application under subsection (2) may not be made—
  - (a) during the period specified in section 262(3)(a) during which the [<sup>F64</sup>decision of the creditors’ meeting][<sup>F64</sup>creditors’ decision] can be challenged by application under section 262,
  - (b) while an application under that section is pending, or
  - (c) while an appeal in respect of an application under that section is pending or may be brought.
- (4) Where this section applies the court may give such directions about the conduct of the bankruptcy and the administration of the bankrupt’s estate as it thinks appropriate for facilitating the implementation of the approved voluntary arrangement.]

*Status: Point in time view as at 16/06/2016.*

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### Textual Amendments

- F62** S. 261 substituted (1.4.2004) by 2002 c. 40, ss. 264(1), 279, Sch. 22 para. 1 (with s. 249(6)); S.I. 2003/2093, art. 2(2), Sch. 2 (subject to arts. 3-8 (as amended by S.I. 2003/2332, art. 2))
- F63** Words in s. 261(1)(a) substituted (26.5.2015 for specified purposes, 6.4.2017 for E.W. in so far as not already in force) by Small Business, Enterprise and Employment Act 2015 (c. 26), s. 164(1), Sch. 9 para. 68(2); S.I. 2015/1329, reg. 3(d); S.I. 2016/1020, reg. 4(e) (with reg. 5) (as amended by S.I. 2017/363, reg. 3)
- F64** Words in s. 261(3)(a) substituted (26.5.2015 for specified purposes, 6.4.2017 for E.W. in so far as not already in force) by Small Business, Enterprise and Employment Act 2015 (c. 26), s. 164(1), Sch. 9 para. 68(3); S.I. 2015/1329, reg. 3(d); S.I. 2016/1020, reg. 4(e) (with reg. 5) (as amended by S.I. 2017/363, reg. 3)

## 262 Challenge of [<sup>F65</sup>meeting's][<sup>F65</sup>creditors'] decision.

- (1) Subject to this section, an application to the court may be made, by any of the persons specified below, on one or both of the following grounds, namely—
- that a voluntary arrangement approved by [<sup>F66</sup>a creditors' meeting summoned under][<sup>F66</sup>a decision of the debtor's creditors pursuant to] section 257 unfairly prejudices the interests of a creditor of the debtor;
  - that there has been some material irregularity [<sup>F67</sup>at or in relation to such a meeting][<sup>F67</sup>in relation to a creditors' decision procedure instigated under that section] .
- (2) The persons who may apply under this section are—
- the debtor;
  - [<sup>F68</sup>(b) a person who—
    - was entitled, in accordance with the rules, to vote [<sup>F69</sup>at the creditors' meeting][<sup>F69</sup>in the creditors' decision procedure] , or
    - would have been so entitled if he had had notice of it]
  - the nominee (or his replacement under section [<sup>F70</sup>256(3), 256A(4)] or 258(3)); and
  - if the debtor is an undischarged bankrupt, the trustee of his estate or the official receiver.
- (3) An application under this section shall not be made
- [<sup>F71</sup>(a)] after the end of the period of 28 days beginning with the day on which [<sup>F72</sup>the creditors decided whether to approve the proposed voluntary arrangement or, where a report was required to be made to the court under section 259(1)(b), the day on which the report was made][<sup>F71</sup>or
  - (b) in the case of a person who was not given notice of the [<sup>F73</sup>creditors' meeting][<sup>F73</sup>creditors' decision procedure] , after the end of the period of 28 days beginning with the day on which he became aware that [<sup>F74</sup>the meeting had taken place][<sup>F74</sup>a decision as to whether to approve the proposed voluntary arrangement had been made] ,
- but (subject to that) an application made by a person within subsection (2)(b)(ii) on the ground that the arrangement prejudices his interests may be made after the arrangement has ceased to have effect, unless it has come to an end prematurely.]
- (4) Where on an application under this section the court is satisfied as to either of the grounds mentioned in subsection (1), it may do one or both of the following, namely—

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- (a) revoke or suspend any approval given by <sup>F75</sup>the meeting<sup>F75</sup> a decision of the debtor's creditors] ;
- <sup>F76</sup>(b) direct any person to seek a decision from the debtor's creditors (using a creditors' decision procedure) as to whether they approve—
- (i) any revised proposal the debtor may make, or
  - (ii) in a case falling within subsection (1)(b), the debtor's original proposal.]
- (5) Where at any time after giving a direction under subsection (4)(b) <sup>F77</sup>for the summoning of a meeting to consider<sup>F77</sup>in relation to] a revised proposal the court is satisfied that the debtor does not intend to submit such a proposal, the court shall revoke the direction and revoke or suspend any approval <sup>F78</sup>given at the previous meeting<sup>F78</sup>previously given by the debtor's creditors] .
- (6) Where the court gives a direction under subsection (4)(b), it may also give a direction continuing or, as the case may require, renewing, for such period as may be specified in the direction, the effect in relation to the debtor of any interim order.
- (7) In any case where the court, on an application made under this section with respect to a creditors' <sup>F79</sup>meeting<sup>F79</sup>decision] , gives a direction under subsection (4)(b) or revokes or suspends an approval under subsection (4)(a) or (5), the court may give such supplemental directions as it thinks fit and, in particular, directions with respect to—
- (a) things done since the <sup>F79</sup>meeting<sup>F79</sup>decision] under any voluntary arrangement approved by the meeting, and
  - (b) such things done since the <sup>F79</sup>meeting<sup>F79</sup>decision] as could not have been done if any interim order had been in force in relation to the debtor when they were done.
- (8) Except in pursuance of the preceding provisions of this section, <sup>F80</sup>an approval given at a creditors' meeting summoned under section 257 is not invalidated by any irregularity at or in relation to the meeting.]<sup>F80</sup>the approval of a voluntary arrangement by a decision of the debtor's creditors pursuant to section 257 is not invalidated by any irregularity in relation to the creditors' decision procedure by which the decision was made.]

### Textual Amendments

- F65** Word in s. 262 heading substituted (26.5.2015 for specified purposes, 6.4.2017 for E.W. in so far as not already in force) by [Small Business, Enterprise and Employment Act 2015 \(c. 26\), s. 164\(1\), Sch. 9 para. 69\(11\)](#); S.I. 2015/1329, reg. 3(d); S.I. 2016/1020, reg. 4(e) (with reg. 5) (as amended by S.I. 2017/363, reg. 3)
- F66** Words in s. 262(1)(a) substituted (26.5.2015 for specified purposes, 6.4.2017 for E.W. in so far as not already in force) by [Small Business, Enterprise and Employment Act 2015 \(c. 26\), s. 164\(1\), Sch. 9 para. 69\(2\)](#); S.I. 2015/1329, reg. 3(d); S.I. 2016/1020, reg. 4(e) (with reg. 5) (as amended by S.I. 2017/363, reg. 3)
- F67** Words in s. 262(1)(b) substituted (26.5.2015 for specified purposes, 6.4.2017 for E.W. in so far as not already in force) by [Small Business, Enterprise and Employment Act 2015 \(c. 26\), s. 164\(1\), Sch. 9 para. 69\(3\)](#); S.I. 2015/1329, reg. 3(d); S.I. 2016/1020, reg. 4(e) (with reg. 5) (as amended by S.I. 2017/363, reg. 3)
- F68** S. 262(2)(b) substituted (1.1.2003) by 2000 c. 39, s. 3, [Sch. 3 para. 11\(1\)\(a\)](#); S.I. 2002/2711, [art. 2](#) (subject to transitional provisions in [arts. 3-5](#))

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- F69** Words in s. 262(2)(b)(i) substituted (26.5.2015 for specified purposes, 6.4.2017 for E.W. in so far as not already in force) by [Small Business, Enterprise and Employment Act 2015 \(c. 26\), s. 164\(1\), Sch. 9 para. 69\(4\)](#); S.I. 2015/1329, reg. 3(d); S.I. 2016/1020, reg. 4(e) (with reg. 5) (as amended by S.I. 2017/363, reg. 3)
- F70** Words in s. 262(2)(c) substituted (1.1.2003) by 2000 c. 39, s. 3, [Sch. 3 para. 11\(1\)\(b\)](#); S.I. 2002/2711, [art. 2](#) (subject to transitional provisions in arts. 3-5)
- F71** Words in s. 262(3) inserted (1.1.2003) by 2000 c. 39, s. 3, [Sch. 3 para. 11\(2\)](#); S.I. 2002/2711, [art. 2](#) (subject to transitional provisions in arts. 3-5)
- F72** Words in s. 262(3)(a) substituted (26.5.2015) by [Small Business, Enterprise and Employment Act 2015 \(c. 26\), ss. 134, 164\(3\)\(i\)\(iv\)](#)
- F73** Words in s. 262(3)(b) substituted (26.5.2015 for specified purposes, 6.4.2017 for E.W. in so far as not already in force) by [Small Business, Enterprise and Employment Act 2015 \(c. 26\), s. 164\(1\), Sch. 9 para. 69\(5\)\(a\)](#); S.I. 2015/1329, reg. 3(d); S.I. 2016/1020, reg. 4(e) (with reg. 5) (as amended by S.I. 2017/363, reg. 3)
- F74** Words in s. 262(3)(b) substituted (26.5.2015 for specified purposes, 6.4.2017 for E.W. in so far as not already in force) by [Small Business, Enterprise and Employment Act 2015 \(c. 26\), s. 164\(1\), Sch. 9 para. 69\(5\)\(b\)](#); S.I. 2015/1329, reg. 3(d); S.I. 2016/1020, reg. 4(e) (with reg. 5) (as amended by S.I. 2017/363, reg. 3)
- F75** Words in s. 262(4)(a) substituted (26.5.2015 for specified purposes, 6.4.2017 for E.W. in so far as not already in force) by [Small Business, Enterprise and Employment Act 2015 \(c. 26\), s. 164\(1\), Sch. 9 para. 69\(6\)](#); S.I. 2015/1329, reg. 3(d); S.I. 2016/1020, reg. 4(e) (with reg. 5) (as amended by S.I. 2017/363, reg. 3)
- F76** S. 262(4)(b) substituted (26.5.2015 for specified purposes, 6.4.2017 for E.W. in so far as not already in force) by [Small Business, Enterprise and Employment Act 2015 \(c. 26\), s. 164\(1\), Sch. 9 para. 69\(7\)](#); S.I. 2015/1329, reg. 3(d); S.I. 2016/1020, reg. 4(e) (with reg. 5) (as amended by S.I. 2017/363, reg. 3)
- F77** Words in s. 262(5) substituted (26.5.2015 for specified purposes, 6.4.2017 for E.W. in so far as not already in force) by [Small Business, Enterprise and Employment Act 2015 \(c. 26\), s. 164\(1\), Sch. 9 para. 69\(8\)\(a\)](#); S.I. 2015/1329, reg. 3(d); S.I. 2016/1020, reg. 4(e) (with reg. 5) (as amended by S.I. 2017/363, reg. 3)
- F78** Words in s. 262(5) substituted (26.5.2015 for specified purposes, 6.4.2017 for E.W. in so far as not already in force) by [Small Business, Enterprise and Employment Act 2015 \(c. 26\), s. 164\(1\), Sch. 9 para. 69\(8\)\(b\)](#); S.I. 2015/1329, reg. 3(d); S.I. 2016/1020, reg. 4(e) (with reg. 5) (as amended by S.I. 2017/363, reg. 3)
- F79** Word in s. 262(7) substituted (26.5.2015 for specified purposes, 6.4.2017 for E.W. in so far as not already in force) by [Small Business, Enterprise and Employment Act 2015 \(c. 26\), s. 164\(1\), Sch. 9 para. 69\(9\)](#); S.I. 2015/1329, reg. 3(d); S.I. 2016/1020, reg. 4(e) (with reg. 5) (as amended by S.I. 2017/363, reg. 3)
- F80** Words in s. 262(8) substituted (26.5.2015 for specified purposes, 6.4.2017 for E.W. in so far as not already in force) by [Small Business, Enterprise and Employment Act 2015 \(c. 26\), s. 164\(1\), Sch. 9 para. 69\(10\)](#); S.I. 2015/1329, reg. 3(d); S.I. 2016/1020, reg. 4(e) (with reg. 5) (as amended by S.I. 2017/363, reg. 3)

#### **Modifications etc. (not altering text)**

- C14** Ss. 256–263 applied with modifications by S.I. 1986/1999, art. 3, [Sch. I Pt. III](#)
- C15** S. 262 amended (1.12.2001) by 2000 c. 8, [s. 357\(5\)\(a\)](#); S.I. 2001/3538, [art. 2\(1\)](#)

#### **[<sup>F81</sup>262A False representations etc.**

- (1) If for the purpose of obtaining the approval of his creditors to a proposal for a voluntary arrangement, the debtor—
- (a) makes any false representation, or
  - (b) fraudulently does, or omits to do, anything,

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he commits an offence.

- (2) Subsection (1) applies even if the proposal is not approved.
- (3) A person guilty of an offence under this section is liable to imprisonment or a fine, or both.]

#### Textual Amendments

**F81** S. 262A inserted (1.1.2003) by 2000 c. 39, s. 3, **Sch. 3 para. 12**; S.I. 2002/2711, **art. 2** (subject to transitional provisions in **arts. 3-5**)

#### <sup>F82</sup>**262B Prosecution of delinquent debtors.**

- (1) This section applies where a voluntary arrangement approved by a [<sup>F83</sup>creditors' meeting summoned under][<sup>F83</sup>decision of the debtor's creditors pursuant to] section 257 has taken effect.
- (2) If it appears to the nominee or supervisor that the debtor has been guilty of any offence in connection with the arrangement for which he is criminally liable, he shall forthwith—
  - (a) report the matter to the Secretary of State, and
  - (b) provide the Secretary of State with such information and give the Secretary of State such access to and facilities for inspecting and taking copies of documents (being information or documents in his possession or under his control and relating to the matter in question) as the Secretary of State requires.
- (3) Where a prosecuting authority institutes criminal proceedings following any report under subsection (2), the nominee or, as the case may be, supervisor shall give the authority all assistance in connection with the prosecution which he is reasonably able to give.

For this purpose, “prosecuting authority” means the Director of Public Prosecutions or the Secretary of State.

- (4) The court may, on the application of the prosecuting authority, direct a nominee or supervisor to comply with subsection (3) if he has failed to do so.

#### Textual Amendments

**F82** S. 262B inserted (1.1.2003) by 2000 c. 39, s. 3, **Sch. 3 para. 12**; S.I. 2002/2711, **art. 2** (subject to transitional provisions in **arts. 3-5**)

**F83** Words in s. 262B(1) substituted (26.5.2015 for specified purposes, 6.4.2017 for E.W. in so far as not already in force) by **Small Business, Enterprise and Employment Act 2015 (c. 26), s. 164(1), Sch. 9 para. 70**; S.I. 2015/1329, reg. 3(d); S.I. 2016/1020, reg. 4(e) (with reg. 5) (as amended by S.I. 2017/363, reg. 3)

#### <sup>F84</sup>**262C Arrangements coming to an end prematurely.**

For the purposes of this Part, a voluntary arrangement approved by a [<sup>F85</sup>creditors' meeting summoned under][<sup>F85</sup>decision of the debtor's creditors pursuant to] section 257 comes to an end prematurely if, when it ceases to have effect, it has not



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been fully implemented in respect of all persons bound by the arrangement by virtue of section 260(2)(b)(i).

#### Textual Amendments

- F84** S. 262C inserted (1.1.2003) by 2000 c. 39, s. 3, **Sch. 3 para. 12**; S.I. 2002/2711, **art. 2** (subject to transitional provisions in **arts. 3-5**)
- F85** Words in s. 262C substituted (26.5.2015 for specified purposes, 6.4.2017 for E.W. in so far as not already in force) by **Small Business, Enterprise and Employment Act 2015 (c. 26), s. 164(1), Sch. 9 para. 71**; S.I. 2015/1329, **reg. 3(d)**; S.I. 2016/1020, **reg. 4(e)** (with **reg. 5**) (as amended by S.I. 2017/363, **reg. 3**)

### 263 Implementation and supervision of approved voluntary arrangement.

- (1) This section applies where a voluntary arrangement approved by a [<sup>F86</sup>creditors' meeting summoned under][<sup>F86</sup>decision of the debtor's creditors pursuant to] section 257 has taken effect.
- (2) The person who is for the time being carrying out, in relation to the voluntary arrangement, the functions conferred by virtue of the approval on the nominee (or his replacement under section [<sup>F87</sup>256(3), 256A(4)] or 258(3)) shall be known as the supervisor of the voluntary arrangement.
- (3) If the debtor, any of his creditors or any other person is dissatisfied by any act, omission or decision of the supervisor, he may apply to the court; and on such an application the court may—
  - (a) confirm, reverse or modify any act or decision of the supervisor,
  - (b) give him directions, or
  - (c) make such other order as it thinks fit.
- (4) The supervisor may apply to the court for directions in relation to any particular matter arising under the voluntary arrangement.
- (5) The court may, whenever—
  - (a) it is expedient to appoint a person to carry out the functions of the supervisor, and
  - (b) it is inexpedient, difficult or impracticable for an appointment to be made without the assistance of the court, make an order appointing a person who is qualified to act as an insolvency practitioner [<sup>F88</sup>or authorised to act as supervisor, in relation to the voluntary arrangement], either in substitution for the existing supervisor or to fill a vacancy.

<sup>F89</sup> ...
- (6) The power conferred by subsection (5) is exercisable so as to increase the number of persons exercising the functions of the supervisor or, where there is more than one person exercising those functions, so as to replace one or more of those persons.

#### Textual Amendments

- F86** Words in s. 263(1) substituted (26.5.2015 for specified purposes, 6.4.2017 for E.W. in so far as not already in force) by **Small Business, Enterprise and Employment Act 2015 (c. 26), s. 164(1), Sch.**

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**9 para. 72**; S.I. 2015/1329, reg. 3(d); S.I. 2016/1020, reg. 4(e) (with reg. 5) (as amended by S.I. 2017/363, reg. 3)

**F87** Words in s. 263(2) substituted (1.1.2003) by 2000 c. 39, s. 3, **Sch. 3 para. 13(a)**; S.I. 2002/2711, **art. 2** (subject to transitional provisions in arts. 3-5)

**F88** Words in s. 263(5) substituted (1.1.2003) by 2000 c. 39, s. 3, **Sch. 3 para. 13(b)**; S.I. 2002/2711, **art. 2** (subject to transitional provisions in arts. 3-5)

**F89** Words in s. 263(5) omitted (1.10.2015) by virtue of Deregulation Act 2015 (c. 20), s. 115(7), **Sch. 6 para. 2(11)(b)** (with Sch. 6 para. 3); S.I. 2015/1732, art. 2(e)(i)

**Modifications etc. (not altering text)**

**C16** Ss. 256–263 applied with modifications by S.I. 1986/1999, art. 3, **Sch. I Pt. III**  
S. 263 amended (1.12.2001) by 2000 c. 8, s. 357(5)(b); S.I. 2001/3538, **art. 2(1)**

F90 ...

**Textual Amendments**

**F90** S. 263A-263G and crossheading omitted (26.5.2015) by virtue of Small Business, Enterprise and Employment Act 2015 (c. 26), **ss. 135(1)**, 164(3)(i)(iv) (with s. 135(4))

**F90 263A Availability**

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**F90 263B Decision**

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**F90 263C Result**

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**F90 263D Approval of voluntary arrangement**

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**F90 263E Implementation**

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**F90 263F Revocation**

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**F90 263G Offences**

.....

**Status:**

Point in time view as at 16/06/2016.

**Changes to legislation:**

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