



# Bankruptcy (Scotland) Act 1985

## 1985 CHAPTER 66

An Act to reform the law of Scotland relating to sequestration and personal insolvency; and for connected purposes. [30th October 1985]

Be it enacted by the Queen's most Excellent Majesty, by and with the advice and consent of the Lords Spiritual and Temporal, and Commons, in this present Parliament assembled, and by the authority of the same, as follows:—

### Modifications etc. (not altering text)

- C1 Act excluded (24.3.2003) by [Proceeds of Crime Act 2002 \(c. 29\)](#), **ss. 421(4)**, 458(1); S.I. 2003/333, **art. 2(1)**, **Sch.** (subject to transitional provisions and savings in [arts. 3-14](#)) (as amended by S.I. 2003/531, **art. 2**)
- C2 Act modified (24.3.2003) by [Proceeds of Crime Act 2002 \(c. 29\)](#), **ss. 420**, 458(1); S.I. 2003/333, **art. 2(1)**, **Sch.** (subject to transitional provisions and savings in [arts. 3-14](#)) (as amended by S.I. 2003/531 **art. 2**)
- C3 Act: restricted (11.12.1999) by S.I. 1999/2979, **reg. 14(2)**
- C4 Act modified by S.I. 1985/1925, **reg. 12** Act modified (E.W.S.) (31.3.1996) by 1995 c. 20, s. 110(1), **Sch. 4 para. 1**; S.I. 1996/517, **art. 3(2)** (which 1995 c. 20 was repealed (S.) (1.4.1996) by 1995 c. 40, s. 6, **Sch. 5** (with **Sch. 3 paras. 1, 3, 16**))
- C5 Act excluded (E.W.S.) by [Drug Trafficking Offences Act 1986 \(c. 32, SIF 39:1\)](#), **s. 16(1)(3)**
- C6 Act modified (E.W.S.) by [Drug Trafficking Offences Act 1986 \(c. 32, SIF 39:1\)](#), **s. 16(5)**  
Act modified (7.2.1994) by 1993 c. 48, **ss. 144(7)(b)**, 147(3) (with s. 6(8)); S.I. 1994/86, **art. 2**
- C7 Power to apply conferred by [Insolvency Act 1986 \(c. 45, SIF 66\)](#), **ss. 441, 443**, **Sch. 8 para. 14**
- C8 Act amended by [Social Security Pensions Act 1975 \(c. 60, SIF 113:1\)](#), **s. 59D(3)** (as inserted by [Social Security Act 1990 \(c.27, SIF 113:1\)](#), s. 12(1), **Sch. 3**)
- C9 Act amended (29.6.1992) by [Social Security Pensions Act 1975 \(c.60, SIF 113:1\)](#), **s. 58B(5)** (as inserted (29.6.1992) by [Social Security Act 1990 \(c.27, SIF 113:1\)](#), s. 14, **Sch. 4 Pt. I para. 2**); S.I. 1992/1532, **art.2**
- C10 Act amended (25.4.1991) by [Companies Act 1989 \(c. 40, SIF 27\)](#), **ss. 154, 155, 158(1), 174(1), 180(2), 190(6)**; S.I. 1991/878, **art. 2**, **Sch.**
- C11 Act excluded (25.4.1991) by [Companies Act 1989 \(c. 40, SIF 27\)](#), **ss. 154, 155, 159(2), 180(2), 182(4)**, **Sch. 22 para. 5(2)**; S.I. 1991/878, **art. 2**, **Sch.**  
Act excluded (E.W.S.) (3.2.1995) by 1994 c. 37, **ss. 33(1)(3)(5)**, 69(2)(with s. 66(2))

*Status: Point in time view as at 01/03/2016.*

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- Act excluded (E.W.S.) (31.3.1996) by 1995 c. 20, s. 110(1), **Sch. 4 para. 1(3)**; S.I. 1996/517, **art. 3(2)** (which 1995 c. 20 was repealed (S.) (1.4.1996) by 1995 c. 40, s. 6, Sch. 5 (with Sch. 3 paras. 1, 3, 16))
- Act excluded (E.W.S.) (1.4.1996) by 1995 c. 43, ss. 44(1), 50(2), **Sch. 2 para. 1(3)(4)**
- C12** Act restricted (25.4.1991) by Companies Act 1989 (c. 40, SIF 27), ss. 182(4), **Sch. 22 para. 4(2)**; S.I. 1991/878, **art. 2, Sch.**
- Act restricted (E.W.S.) (31.3.1996) by 1995 c. 20, s. 110(1), **Sch. 4 para. 1(2)(a)(4)**; S.I. 1996/517, **art. 3(2)** (which 1995 c. 20 was repealed (S.) (1.4.1996) by 1995 c. 40, s. 6, Sch. 5 (with Sch. 3 paras. 1, 3, 16))
- Act restricted (E.W.S.) (6.4.1996 for specified purposes and otherwise *prosp.*) by 1995 c. 26, **ss. 91(3), 180(1)** (with s. 121(5)); S.I. 1996/778, **art. 2(5)(a), Sch. Pt. V**
- Act restricted (E.W.S.) (1.4.1996) by 1995 c. 43, ss. 44(1), 50(2), **Sch. 2 para. 1(1)**
- Act restricted (E.W.S.) (7.10.1996) by 1992 c. 5, **s. 71(10B)** (as inserted (7.10.1996) by 1995 c. 18, **s. 32(1)**; S.I. 1996/2208, **art. 2(b)**))
- Act restricted (E.W.S.) 22(6.4.1996 for specified purposes and otherwise 6.4.1997) by 1995 c. 26, **s. 75(8)(b)** (with s. 121(5)); S.I. 1996/778, **art. 2(5)(a), Sch. Pt. V**; S.I. 1997/664, **art. 2(3), Sch. Pt. II**
- Act restricted (S.) (17.12.2001) by 2001 asp 13, s. 20, **Sch. 6 para. 8(4)** (with s. 29); S.S.I. 2001/456, **art. 2**
- Act excluded (S.) (17.12.2001) by 2001 asp 13, s. 20, **Sch. 6 para. 8(3)** (with s. 29); S.S.I. 2001/456, **art. 2**
- C13** Act excluded by Criminal Justice Act 1988 (c. 33, SIF 39:1), ss. 85(1)(3), 123, **Sch. 8 para. 16**
- C14** Act excluded by Criminal Justice (Scotland) Act 1987 (c. 41, SIF 39:1), **ss. 30(6), 33(3), 47(4)(a)**
- C15** Act: Definitions of "executor", "legatee", "disponee", "guardian", "curator bonis", "tutor", "permanent trustee", "interim trustee" and "assignee" applied (25.9.1991) by Agricultural Holdings (Scotland) Act 1991 (c. 55, SIF 2:3), **ss. 58(1), 89(2)** (with s. 45(3)).
- C16** Act modified (S.) (1.4.2008) by Bankruptcy (Scotland) Regulations 2008 (S.S.I. 2008/82), **reg. 9**
- C17** Act applied (with modifications) (1.4.2015) by The Bankruptcy (Scotland) Regulations 2014 (S.S.I. 2014/225), **reg. 8** (with reg. 24)

#### Commencement Information

- II** Act partly in force at Royal Assent see **s.78(2)**; Act wholly in force at 29.12.1986.

### *Administration of bankruptcy*

#### [<sup>F1</sup>1 Accountant in Bankruptcy.

- (1) The Accountant in Bankruptcy shall be appointed by the Scottish Ministers.

[ The Accountant in Bankruptcy shall be an officer of the court.]  
<sup>F2</sup>(1A)

- (2) The Scottish Ministers may appoint a member of the staff of the Accountant in Bankruptcy to be Depute Accountant in Bankruptcy to exercise all of the functions of the Accountant in Bankruptcy at any time when the Accountant in Bankruptcy is unable to do so.]

#### Textual Amendments

- F1** S. 1 and sidenote substituted (1.7.1999) by 1998 c. 46, s. 125(1), **Sch. 8 para. 22** (with s. 126(3)-(11)); S.I. 1998/3178, **art. 2(1)**

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**F2** S. 1(1A) inserted (1.4.2008) by [Bankruptcy and Diligence etc. \(Scotland\) Act 2007 \(asp 3\)](#), **ss. 22, 227(3)** (with s. 223); [S.S.I. 2008/115](#), **art. 3(1)(a)** (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by [S.S.I. 2011/31](#), art. 5))

## **1A** <sup>F3</sup>**Supervisory functions of the Accountant in Bankruptcy.**

(1) The Accountant in Bankruptcy shall have the following general functions in the administration of sequestration and personal insolvency—

- (a) the supervision of the performance by—
- (i) interim trustees (not being the Accountant in Bankruptcy);
  - (ii) [<sup>F4</sup>trustees (not being the Accountant in Bankruptcy)]; and
  - [<sup>F5</sup>(ia) trustees under protected trust deeds;]
  - (iii) commissioners, of the functions conferred on them by this Act or any other enactment (including an enactment contained in subordinate legislation) or any rule of law and the investigation of any complaints made against them;

[<sup>F6</sup>(aa) the determination of debtor applications;]

(b) the maintenance of a register (in this Act referred to as the “register of insolvencies”), in such form as may be prescribed by [<sup>F7</sup>regulations made by the Scottish Ministers], which shall contain particulars of—

[<sup>F8</sup>(ai) persons who are the subject of notices under section 4A(1) and 4B(1),]

(i) estates which have been sequestrated; [<sup>F9</sup> . . .

(ii) trust deeds which have been sent to him for registration [<sup>F10</sup> . . . ;

[<sup>F11</sup>(ia) bankruptcy restrictions orders, [<sup>F12</sup>and interim bankruptcy restrictions orders];][<sup>F13</sup>and

(iii) the winding up and receivership of business associations which the Court of Session has jurisdiction to wind up][<sup>F14</sup>, and

(iv) any other document as may be specified in regulations made under this subsection or any other enactment.]

(c) the preparation of an annual report which shall be presented to the Secretary of State and the Court of Session and shall contain—

(i) statistical information relating to the state of all sequestrations [<sup>F15</sup>and the winding up and receivership of business associations]of which particulars have been registered in the register of insolvencies during the year to which the report relates;

(ii) particulars of trust deeds registered as protected trust deeds in that year; and

(iii) particulars of the performance of the Accountant in Bankruptcy’s functions under this Act; [<sup>F16</sup> . . .

(d) such other functions as may from time to time be conferred on him by the Secretary of State; [<sup>F17</sup> and

(e) in this subsection “business association” has the meaning given in Section C2 of Part II of Schedule 5 to the Scotland Act 1998.]

(2) If it appears to the Accountant in Bankruptcy that a person mentioned in paragraph (a) of subsection (1) above has failed without reasonable excuse to perform a duty imposed on him by any provision of this Act or by any other enactment (including an enactment contained in subordinate legislation) or by any rule of law, he shall report

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the matter to the <sup>F18</sup>sheriff who], after hearing that person on the matter, may remove him from office or censure him or make such other order as the circumstances of the case may require.

(3) Where the Accountant in Bankruptcy has reasonable grounds to suspect that an offence has been committed—

- (a) by a person mentioned in paragraph (a) of subsection (1) above in the performance of his functions under this Act or any other enactment (including an enactment contained in subordinate legislation) or any rule of law; or
- (b) in relation to a sequestration, by the debtor in respect of his assets, his dealings with them or his conduct in relation to his business or financial affairs; or
- (c) in relation to a sequestration, by a person other than the debtor in that person's dealings with the debtor, the interim trustee or the <sup>F19</sup> . . . trustee in respect of the debtor's assets, business or financial affairs,

he shall report the matter to the Lord Advocate.

(4) The Accountant in Bankruptcy shall—

- (a) make the register of insolvencies, at all reasonable times, available for inspection; and
- (b) provide any person, on request, with a certified copy of any entry in the register.

<sup>F20</sup>(5) Regulations under subsection (1)(b) may in particular prescribe circumstances where information need not be included in the register of insolvencies, if in the opinion of the Accountant in Bankruptcy inclusion of the information would be likely to jeopardise the safety or welfare of any person.]

#### Textual Amendments

- F3** Ss. 1-1C substituted for s. 1 (1.4.1993, subject to savings in arts. 4, 5 of S.I. 1993/438) by 1993 c. 6, s. **1(1)** (with s. 12(6)); S.I. 1993/438, **art. 3**
- F4** Words in s. 1A(1)(a)(ii) substituted (1.4.2008) by *Bankruptcy and Diligence etc. (Scotland) Act 2007 (asp 3)*, ss. 36, 227(3), **Sch. 1 para. 2(a)** (with s. 223); S.S.I. 2008/115, **art. 3(1)(i)** (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))
- F5** S. 1A(1)(a)(iia) inserted (1.4.2008) by *Bankruptcy and Diligence etc. (Scotland) Act 2007 (asp 3)*, ss. **23(2)**, 227(3) (with s. 223); S.S.I. 2008/115, **art. 3(1)(a)** (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))
- F6** S. 1A(1)(aa) inserted (1.4.2008) by *Bankruptcy and Diligence etc. (Scotland) Act 2007 (asp 3)*, ss. **14(1)**, 227(3) (with s. 223); S.S.I. 2008/115, **art. 3(1)(a)** (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))
- F7** Words in s. 1A(1)(b) substituted (30.6.2014 for specified purposes, 1.4.2015 in so far as not already in force) by *Bankruptcy and Debt Advice (Scotland) Act 2014 (asp 11)*, ss. **22(a)(i)**, 57(2); S.S.I. 2014/172, **art. 2, sch.**; S.S.I. 2014/261, art. 3 (with arts. 4-7, 12) (as amended by S.S.I. 2015/54, art. 2)
- F8** S. 1A(1)(ai)(b) inserted (1.4.2015) by *Bankruptcy and Debt Advice (Scotland) Act 2014 (asp 11)*, s. 57(2), **sch. 3 para. 3(a)**; S.S.I. 2014/261, art. 3 (with arts. 4-7, 12) (as amended by S.S.I. 2015/54, art. 2)
- F9** Word after s. 1A(1)(b)(i) omitted (1.7.1999) by virtue of S.I. 1999/1820, art. 4, **Sch. 2 Pt. I para. 82(2)(a)** (with art. 5)
- F10** Words in s. 1A(1)(b)(ii) repealed (1.4.2008) by *Bankruptcy and Diligence etc. (Scotland) Act 2007 (asp 3)*, ss. 226, 227(3), **Sch. 6** (with s. 223); S.S.I. 2008/115, **art. 3(1)(h)(i)(2)(3)**, Sch. 2 (with arts. 4-6, 10) (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))

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- F11** S. 1A(1)(b)(iia) inserted (1.4.2008) by Bankruptcy and Diligence etc. (Scotland) Act 2007 (asp 3), **ss. 2(2), 227(3)** (with s. 223); S.S.I. 2008/115, **art. 3(1)(a)** (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))
- F12** Words in s. 1A(1)(b)(iia) substituted (1.4.2015) by Bankruptcy and Debt Advice (Scotland) Act 2014 (asp 11), s. 57(2), **sch. 3 para. 3(b)**; S.S.I. 2014/261, art. 3 (with arts. 4-7, 12) (as amended by S.S.I. 2015/54, art. 2)
- F13** Word and s. 1A(1)(b)(iii) inserted (1.7.1999) by S.I. 1999/1820, art. 4, **Sch. 2 Pt. I para. 82(2)(a)** (with art. 5)
- F14** S. 1A(1)(b)(iv) and word inserted (30.6.2014 for specified purposes, 1.4.2015 in so far as not already in force) by Bankruptcy and Debt Advice (Scotland) Act 2014 (asp 11), **ss. 22(a)(ii), 57(2)**; S.S.I. 2014/172, art. 2, **sch.**; S.S.I. 2014/261, art. 3 (with arts. 4-7, 12) (as amended by S.S.I. 2015/54, art. 2)
- F15** Words in s. 1A(1)(c)(i) inserted (1.7.1999) by S.I. 1999/1820, art. 4, **Sch. 2 Pt. I para. 82(2)(b)** (with art. 5)
- F16** Word after s. 1A(1)(c) omitted (1.7.1999) by virtue of S.I. 1999/1820, art. 4, **Sch. 2 Pt. I para. 82(2)(c)** (with art. 5)
- F17** Word and s. 1A(1)(e) inserted (1.7.1999) by S.I. 1999/1820, art. 4, **Sch. 2 Pt. I para. 82(2)(c)** (with art. 5)
- F18** Words in s. 1A(2) substituted (1.4.2008) by Bankruptcy and Diligence etc. (Scotland) Act 2007 (asp 3), **ss. 36, 227(3), Sch. 1 para. 2(b)** (with s. 223); S.S.I. 2008/115, **art. 3(1)(i)** (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))
- F19** Word in s. 1A(3)(c) repealed (1.4.2008) by Bankruptcy and Diligence etc. (Scotland) Act 2007 (asp 3), **ss. 226, 227(3), Sch. 6** (with s. 223); S.S.I. 2008/115, **art. 3(1)(h)(i)(2)(3)**, Sch. 2 (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))
- F20** S. 1A(5) inserted (30.6.2014 for specified purposes, 1.4.2015 in so far as not already in force) by Bankruptcy and Debt Advice (Scotland) Act 2014 (asp 11), **ss. 22(b), 57(2)**; S.S.I. 2014/172, art. 2, **sch.**; S.S.I. 2014/261, art. 3 (with arts. 4-7, 12) (as amended by S.S.I. 2015/54, art. 2)

## **1B** <sup>F21</sup>**Performance of certain functions of the Accountant in Bankruptcy.**

- (1) The functions of the Accountant in Bankruptcy, other than functions conferred by section 1A of this Act, may be carried out on his behalf by any member of his staff authorised by him to do so.
- (2) Without prejudice to subsection (1) above, the Accountant in Bankruptcy may appoint on such terms and conditions as he considers appropriate such persons as he considers fit to perform on his behalf any of his functions in respect of the sequestration of the estate of any debtor.
- (3) A person appointed under subsection (2) above shall comply with such general or specific directions as the Accountant in Bankruptcy may from time to time give to such person as to the performance of his functions in relation to any sequestration.
- (4) The Accountant in Bankruptcy may pay to a person appointed under subsection (2) above such fee as he may consider appropriate.

### **Textual Amendments**

- F21** Ss. 1-1C substituted for s. 1 (1.4.1993, subject to savings in arts. 4, 5 of S.I. 1993/438) by 1993 c. 6, **s. 1(1)** (with s. 12(6)); S.I. 1993/438, **art.3**

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## 1C <sup>F22</sup>Directions.

- (1) The Secretary of State may, after consultation with the Lord President of the Court of Session, give to the Accountant in Bankruptcy general directions as to the performance of his functions under this Act.
- (2) Directions under this section may be given in respect of all cases or any class or description of cases, but may not be given in respect of any particular case.
- (3) The Accountant in Bankruptcy shall comply with any directions given to him under this section.

### Textual Amendments

**F22** Ss. 1-1C substituted for s. 1 (1.4.1993, subject to savings in arts. 4, 5 of S.I. 1993/438) by 1993 c. 6, s. 1(1) (with s. 12(6)); S.I. 1993/438, art.3

## [<sup>F23</sup>1D Conduct of proceedings in the sheriff court

- (1) A person authorised by the Accountant in Bankruptcy may conduct civil proceedings in the sheriff court in relation to a function of the Accountant in Bankruptcy (including the functions listed in section 1A).
- (2) In subsection (1), “civil proceedings” are proceedings which are not in respect of an offence.]

### Textual Amendments

**F23** S. 1D inserted (30.6.2014) by Bankruptcy and Debt Advice (Scotland) Act 2014 (asp 11), ss. 44, 57(2); S.S.I. 2014/172, art. 2, sch.

## [2 <sup>F24</sup>[<sup>F25</sup>Appointment and functions of the trustee in the sequestration]

- (1) Where the [<sup>F26</sup>sheriff] awards sequestration of the debtor’s estate and the petition for the sequestration—
  - (a) nominates a person to be [<sup>F27</sup>the] trustee;
  - (b) states that the person satisfies the conditions mentioned in subsection (3) below; and
  - (c) has annexed to it a copy of the undertaking mentioned in subsection (3)(c) below,
 the [<sup>F26</sup>sheriff] may, if it appears to the [<sup>F26</sup>sheriff] that the person satisfies those conditions and if no interim trustee has been appointed in pursuance of subsection (5) below, appoint that person to be [<sup>F27</sup>the] trustee in the sequestration.

[ Subject to subsection [<sup>F29</sup>(1D)] below, where the Accountant in Bankruptcy awards <sup>F28</sup>(1A) sequestration of the debtor's estate and the debtor application—

- (a) nominates a person to be the trustee;
- (b) states that the person satisfies the conditions mentioned in subsection (3) below; and
- (c) has annexed to it a copy of the undertaking mentioned in subsection (3)(c) below,

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the Accountant in Bankruptcy may, if it appears to him that the person satisfies those conditions, appoint that person to be the trustee in the sequestration.

(1B) Where the Accountant in Bankruptcy awards sequestration of the debtor's estate and does not appoint a person to be the trustee in pursuance of subsection (1A) above, the Accountant in Bankruptcy shall be deemed to be appointed to be the trustee in the sequestration.

<sup>F30</sup>(1C) . . . . .]

[ The Accountant in Bankruptcy is not to make an appointment under subsection (1A) <sup>F31</sup>(1D) where—

- (a) the debtor application is made by a debtor to whom section 5(2ZA) applies, and
- (b) the Accountant in Bankruptcy awards sequestration of the debtor's estate.]

(2) Where the [<sup>F26</sup>sheriff] awards sequestration of the debtor's estate and—

- (a) [<sup>F32</sup>he] does not appoint a person to be [<sup>F33</sup>the] trustee in pursuance of subsection (1) above; and
- (b) no interim trustee has been appointed in pursuance of subsection (5) below, the [<sup>F26</sup>sheriff] shall appoint the Accountant in Bankruptcy to be [<sup>F33</sup>the] trustee in the sequestration.

[ Where the sheriff awards sequestration of the debtor's estate and an interim trustee has <sup>F34</sup>(2A) been appointed in pursuance of subsection (5) below, the sheriff may appoint—

- (a) the interim trustee; or
- (b) subject to subsection (2B) below, such other person as may be nominated by the petitioner,

to be the trustee in the sequestration.

(2B) A person nominated under subsection (2A)(b) above may be appointed to be the trustee in the sequestration only if—

- (a) it appears to the sheriff that the person satisfies the conditions mentioned in subsection (3) below; and
- (b) a copy of the undertaking mentioned in subsection (3)(c) below has been lodged with the sheriff.

(2C) Where the sheriff does not appoint a person to be trustee in pursuance of subsection (2A) above, the sheriff shall appoint the Accountant in Bankruptcy to be the trustee in the sequestration.]

(3) The conditions referred to in subsection (1) above are that the person—

- (a) <sup>F35</sup> . . . .
- (b) is qualified to act as an insolvency practitioner; and
- (c) has given an undertaking, in writing, that he will act [<sup>F36</sup> as the trustee] in the sequestration .

(4) <sup>F37</sup> . . . . .

(5) Where a petition for sequestration is presented by a creditor or a trustee acting under a trust deed, the [<sup>F26</sup>sheriff] may appoint an interim trustee before sequestration is awarded—

- (a) if the debtor consents; or

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- (b) if the trustee acting under the trust deed or any creditor shows cause.
- (6) For the purposes of the appointment of an interim trustee under subsection (5) above—
- (a) where a person is nominated as mentioned in subsection (1)(a) above and the provisions of that subsection apply, the [F26sheriff] may appoint that person; and
- (b) where such a person is not appointed, the [F26sheriff] shall appoint the Accountant in Bankruptcy.
- [ The interim trustee's general function shall be to safeguard the debtor's estate pending F38(6A) the determination of the petition for sequestration.
- (6B) Whether or not the interim trustee is still acting in the sequestration, the interim trustee shall supply the Accountant in Bankruptcy with such information as the Accountant in Bankruptcy considers necessary to enable him to discharge his functions under this Act.]
- (7) Where
- [F39(a) a trustee is appointed in a sequestration where the petition was presented by a creditor or the trustee acting under a trust deed; or
- (b) an interim trustee is appointed in pursuance of subsection (5) above, he] shall, as soon as practicable, notify the debtor of his appointment.]
- [F40(8) The trustee must at the same time as notifying the debtor under subsection (7)(a) or (b), send to the debtor, for signature by the debtor, a statement of undertakings in the form prescribed.]

#### Textual Amendments

- F24** S. 2 substituted (1.4.1993, subject to savings in arts. 4, 5 of S.I. 1993/438) by 1993 c. 6, s.2 (with s. 12(6)); S.I. 1993/438, **art.3**
- F25** S. 2 heading substituted (1.4.2008) by virtue of Bankruptcy and Diligence etc. (Scotland) Act 2007 (asp 3), **ss. 6(1)(c), 227(3)** (with s. 223); S.S.I. 2008/115, **art. 3(1)(a)** (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))
- F26** Words in s. 2 substituted (1.4.2008) by Bankruptcy and Diligence etc. (Scotland) Act 2007, ss. 36, 227(3), {Sch. 1 para. 3(2)} (with s. 223); S.S.I. 2008/115, **art. 3(1)(a)(i)** (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))
- F27** Words in s. 2(1) substituted (1.4.2008) by Bankruptcy and Diligence etc. (Scotland) Act 2007 (asp 3), ss. 36, 227(3), **Sch. 1 para. 3(3)** (with s. 223); S.S.I. 2008/115, **art. 3(1)(a)(i)** (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))
- F28** S. 2(1A)-(1C) inserted (1.4.2008) by Bankruptcy and Diligence etc. (Scotland) Act 2007 (asp 3), **ss. 14(2), 227(3)** (with s. 223); S.S.I. 2008/115, **art. 3(1)(a)** (with arts. 4-6, 10) (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5)
- F29** Word in s. 2(1A) substituted (1.4.2015) by Bankruptcy and Debt Advice (Scotland) Act 2014 (asp 11), **ss. 6(a), 57(2)**; S.S.I. 2014/261, art. 3 (with arts. 4-7, 12) (as amended by S.S.I. 2015/54, art. 2)
- F30** S. 2(1C) repealed (1.4.2015) by Bankruptcy and Debt Advice (Scotland) Act 2014 (asp 11), s. 57(2), **sch. 4**; S.S.I. 2014/261, art. 3 (with arts. 4-7, 12) (as amended by S.S.I. 2015/54, art. 2)
- F31** S. 2(1D) inserted (1.4.2015) by Bankruptcy and Debt Advice (Scotland) Act 2014 (asp 11), **ss. 6(b), 57(2)**; S.S.I. 2014/261, art. 3 (with arts. 4-7, 12) (as amended by S.S.I. 2015/54, art. 2)
- F32** Word in s. 2(2) substituted (1.4.2008) by Bankruptcy and Diligence etc. (Scotland) Act 2007 (asp 3), ss. 36, 227(3), **Sch. 1 para. 3(4)(a)** (with s. 223); S.S.I. 2008/115, **art. 3(1)(a)(i)** (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))



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- F33** Words in s. 2(2) substituted (1.4.2008) by Bankruptcy and Diligence etc. (Scotland) Act 2007 (asp 3), ss. 36, 227(3), **Sch. 1 para. 3(4)(b)** (with s. 223); S.S.I. 2008/115, **art. 3(1)(a)(i)** (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))
- F34** S. 2(2A)-(2C) inserted (1.4.2008) by Bankruptcy and Diligence etc. (Scotland) Act 2007 (asp 3), **ss. 6(1)(a), 227(3)** (with s. 223); S.S.I. 2008/115, **art. 3(1)(a)** (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))
- F35** S. 2(3)(a) repealed (1.4.2008) by Bankruptcy and Diligence etc. (Scotland) Act 2007 (asp 3), **ss. 7(1), 227(3)** (with s. 223); S.S.I. 2008/115, **art. 3(1)(a)** (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))
- F36** Words in s. 2(3)(c) substituted for s. 2(3)(c)(i)(ii) (1.4.2008) by the Bankruptcy and Diligence etc. (Scotland) Act 2007 (asp 3) ss. 36, 227(3), {Sch. 1 para. 3(5)} (with s. 223); S.S.I. 2008/115, **art. 3(1)(a)(i)** (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))
- F37** S. 2(4) repealed (1.4.2008) by Bankruptcy and Diligence etc. (Scotland) Act 2007 (asp 3), ss. 226, 227(3), **Sch. 6** (with s. 223); S.S.I. 2008/115, **art. 3(1)(h)(i)(2)(3)**, Sch. 2 (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))
- F38** S. 2(6A)(6B) inserted (1.4.2008) by Bankruptcy and Diligence etc. (Scotland) Act 2007 (asp 3), **ss. 6(1)(b), 227(3)** (with s. 223); S.S.I. 2008/115, **art. 3(1)(a)** (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))
- F39** Words in s. 2(7) substituted (1.4.2008) by Bankruptcy and Diligence etc. (Scotland) Act 2007 (asp 3), ss. 36, 227(3), **Sch. 1 para. 3(6)** (with s. 223); S.S.I. 2008/115, **art. 3(1)(a)(i)** (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))
- F40** S. 2(8) inserted (30.6.2014 for specified purposes, 1.4.2015 in so far as not already in force) by Bankruptcy and Debt Advice (Scotland) Act 2014 (asp 11), **ss. 9(1), 57(2)**; S.S.I. 2014/172, art. 2, sch.; S.S.I. 2014/261, art. 3 (with arts. 4-7, 12) (as amended by S.S.I. 2015/54, art. 2)

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

- C18** S. 2(3)(a) amendment to transitional provisions in earlier commencing S.S.I. 2008/115, arts. 5, 6 (4.10.2014) by The Bankruptcy and Diligence etc. (Scotland) Act 2007 (Commencement No. 9 and Savings Amendment) Order 2014 (S.S.I. 2014/173), arts. 1(2), **3**
- C19** S. 2(5) applied (with modifications) (6.6.2013) by The Collective Investment in Transferable Securities (Contractual Scheme) Regulations 2013 (S.I. 2013/1388), regs. 1, **19(2)(b)(i)** (with reg. 24)
- C20** S. 2(7) applied (with modifications) (6.6.2013) by The Collective Investment in Transferable Securities (Contractual Scheme) Regulations 2013 (S.I. 2013/1388), regs. 1, **19(2)(b)(i)** (with reg. 24)

### **3 [F41]Functions of the trustee]**

- (1) In every sequestration there shall be a <sup>F42</sup>. . . trustee whose general functions shall be—
- (a) to recover, manage and realise the debtor's estate, whether situated in Scotland or elsewhere;
  - (b) to distribute the estate among the debtor's creditors according to their respective entitlements;
  - (c) to ascertain the reasons for the debtor's insolvency and the circumstances surrounding it;
  - (d) to ascertain the state of the debtor's liabilities and assets;
  - (e) to maintain a sederunt book during his term of office for the purpose of providing an accurate record of the sequestration process;
  - (f) to keep regular accounts of his intromissions with the debtor's estate, such accounts being available for inspection at all reasonable times by the commissioners (if any), the creditors and the debtor; and

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- (g) whether or not he is still acting in the sequestration, to supply the Accountant in Bankruptcy with such information as the Accountant in Bankruptcy considers necessary to enable him to discharge his functions under this Act.
- (2) A <sup>F42</sup> . . . trustee in performing his functions under this Act shall have regard to advice offered to him by the commissioners (if any).
- (3) If the <sup>F42</sup> . . . trustee has reasonable grounds to suspect that an offence has been committed in relation to a sequestration—
- (a) by the debtor in respect of his assets, his dealings with them or his conduct in relation to his business or financial affairs; or
  - (b) by a person other than the debtor in that person's dealings with the debtor, the interim trustee or the <sup>F42</sup> . . . trustee in respect of the debtor's assets, business or financial affairs,
- he shall report the matter to the Accountant in Bankruptcy.
- [<sup>F43</sup>(3A) If the trustee has reasonable grounds to believe that any behaviour on the part of the debtor is of a kind that would result in a sheriff granting, under section 56B(1) of this Act, an application for a bankruptcy restrictions order, he shall report the matter to the Accountant in Bankruptcy.]
- (4) A report under subsection (3) [<sup>F44</sup>or (3A)] above shall be absolutely privileged.
- <sup>F45</sup>[(5) Paragraph (g) of subsection (1) above and [<sup>F46</sup>subsections (3) and (3A)] above shall not apply in any case where the <sup>F42</sup> . . . trustee is the Accountant in Bankruptcy.
- (6) [<sup>F47</sup>Where the Accountant in Bankruptcy is the trustee, the Accountant in Bankruptcy] may apply to the sheriff for directions in relation to any particular matter arising in the sequestration.
- (7) Where the debtor, a creditor or any other person having an interest is dissatisfied with any act, omission or decision of the <sup>F42</sup> . . . trustee, he may apply to the sheriff and, on such an application being made, the sheriff may confirm, annul or modify any act or decision of the <sup>F42</sup> . . . trustee or may give him directions or make such order as he thinks fit.]
- [<sup>F48</sup>(8) The trustee shall comply with the requirements of subsections (1)(a) to (d) and (2) above only in so far as, in his view, it would be of financial benefit to the estate of the debtor and in the interests of the creditors to do so.]

#### Textual Amendments

- F41** S. 3: heading substituted (1.4.2008) by virtue of [Bankruptcy and Diligence etc. \(Scotland\) Act 2007 \(asp 3\)](#), **ss. 6(2)**, 227 (with s. 223); S.S.I. 2008/115, **art. 3(1)(a)** (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))
- F42** Words in s. 3 repealed (1.4.2008) by [Bankruptcy and Diligence etc. \(Scotland\) Act 2007 \(asp 3\)](#), **ss. 226**, 227(3), **Sch. 6** (with s. 223); S.S.I. 2008/115, **art. 3(1)(h)(i)(2)(3)**, Sch. 2 (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))
- F43** S. 3(3A) inserted (1.4.2008) by [Bankruptcy and Diligence etc. \(Scotland\) Act 2007 \(asp 3\)](#), **ss. 8(1)(a)**, 227(3) (with s. 223); S.S.I. 2008/115, **art. 3(1)(a)** (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))
- F44** Words in S. 3(4) inserted (1.4.2008) by [Bankruptcy and Diligence etc. \(Scotland\) Act 2007 \(asp 3\)](#), **ss. 8(1)(b)**, 227(3) (with s. 223); S.S.I. 2008/115, **art. 3(1)(a)** (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))

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- F45** S. 3(5)-(7) added (1.4.1993, subject to savings in arts. 4, 5 of S.I. 1993/438) by 1993 c. 6, s. 11(3), **Sch. 1 para.1** (with s. 12(6)); S.I. 1993/438, **art.3**
- F46** Words in s. 3(5) substituted (1.4.2008) by Bankruptcy and Diligence etc. (Scotland) Act 2007 (asp 3), **ss. 8(1)(c), 227(3)** (with s. 223); S.S.I. 2008/115, **art. 3(1)(a)** (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))
- F47** Words in s. 3(6) substituted (1.4.2015) by Bankruptcy and Debt Advice (Scotland) Act 2014 (asp 11), **ss. 25(1), 57(2)**; S.S.I. 2014/261, art. 3 (with arts. 4-7, 9, 12) (as amended by S.S.I. 2015/54, art. 2)
- F48** S. 3(8) inserted (1.4.2008) by Bankruptcy and Diligence etc. (Scotland) Act 2007 (asp 3), **ss. 8(1)(d), 227(3)** (with s. 223); S.S.I. 2008/115, **art. 3(1)(a)** (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))

### [<sup>F49</sup>3A Application to Accountant in Bankruptcy for a direction

- (1) This section applies where the Accountant in Bankruptcy is not the trustee.
- (2) The trustee may apply to the Accountant in Bankruptcy for a direction in relation to any particular matter arising in the sequestration.
- (3) The Accountant in Bankruptcy may, before giving a direction on any particular matter under this section, refer the matter to the sheriff by making an application for a direction in relation to that matter.
- (4) The trustee may apply to the Accountant in Bankruptcy for a review of a direction given by the Accountant in Bankruptcy under this section.
- (5) An application for a review under subsection (4) may not be made—
  - (a) by an interim trustee,
  - (b) after the expiry of the period of 14 days beginning with the day on which notice of the direction by the Accountant in Bankruptcy is given to the trustee, or
  - (c) in relation to a matter on which the Accountant in Bankruptcy has applied to the sheriff for a direction under subsection (3).
- (6) If an application for a review under subsection (4) is made, the Accountant in Bankruptcy must—
  - (a) take into account any representations made by the trustee, the debtor, any creditor and any other person having an interest before the expiry of the period of 21 days beginning with the day on which the application is made, and
  - (b) confirm, amend or revoke the direction before the expiry of the period of 28 days beginning with the day on which the application is made.
- (7) The trustee may appeal to the sheriff against a decision by the Accountant in Bankruptcy under subsection (6)(b) before the expiry of the period of 14 days beginning with the day of the decision.]

#### Textual Amendments

- F49** S. 3A inserted (1.4.2015) by Bankruptcy and Debt Advice (Scotland) Act 2014 (asp 11), **ss. 25(2), 57(2)**; S.S.I. 2014/261, art. 3 (with arts. 4-7, 9, 12) (as amended by S.S.I. 2015/54, art. 2)

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#### 4 Commissioners.

In any sequestration <sup>F50</sup> . . . commissioners, whose general functions shall be to supervise the intromissions of the <sup>F50</sup> . . . trustee with the sequestrated estate and to advise him, may be elected in accordance with section 30 of this Act.

##### Textual Amendments

**F50** Words in s. 4 repealed (1.4.2008) by [Bankruptcy and Diligence etc. \(Scotland\) Act 2007 \(asp 3\)](#), ss. 226, 227(3), [Sch. 6](#) (with s. 223); S.S.I. 2008/115, [art. 3\(1\)\(h\)\(i\)\(2\)\(3\)](#), [Sch. 2](#) (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))

*[<sup>F51</sup>Moratorium on diligence*

##### Textual Amendments

**F51** Ss. 4A-4D and cross-heading inserted (1.4.2015) by [Bankruptcy and Debt Advice \(Scotland\) Act 2014 \(asp 11\)](#), ss. 8, 57(2); S.S.I. 2014/261, [art. 3](#) (with arts. 4-7, 12) (as amended by S.S.I. 2015/54, art. 2)

#### 4A Notice of intention to apply: debtor application etc.

- (1) A person may give written notice to the Accountant in Bankruptcy of the person's intention—
  - (a) to make a debtor application for sequestration under section 5,
  - (b) to seek to fulfil the conditions required in order for a trust deed granted by or on behalf of that person to be granted the status of protected trust deed,
  - (c) to apply for the approval of a debt payment programme in accordance with section 2 of the [Debt Arrangement and Attachment \(Scotland\) Act 2002 \(asp 17\)](#).
- (2) A person may not give a notice if that person has given a notice under subsection (1) in the immediately preceding period of 12 months.
- (3) The Accountant in Bankruptcy must, without delay after receipt of a notice under subsection (1), enter in the registers mentioned in subsection (4)—
  - (a) the name of the person who gave the notice, and
  - (b) such other information as the Accountant in Bankruptcy considers appropriate in relation to that person.
- (4) The registers are—
  - (a) the register of insolvencies, and
  - (b) the register of debt payment programmes established and maintained in accordance with section 7 of the [Debt Arrangement and Attachment \(Scotland\) Act 2002](#) (the “DAS register”).

#### 4B Notice of intention to apply: sequestration of estate under section 6

- (1) A person may give written notice to the Accountant in Bankruptcy of the person's intention to make a debtor application under section 6.

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- (2) A person may not give a notice in respect of an estate mentioned in section 6 if any person has given a notice under subsection (1) in respect of the same estate in the immediately preceding period of 12 months.
- (3) The Accountant in Bankruptcy must, without delay after receipt of a notice under subsection (1), enter in the register of insolvencies—
  - (a) the name of the person who is the subject of the notice, and
  - (b) such other information as the Accountant in Bankruptcy considers appropriate in relation to that person.

#### **4C Moratorium on diligence**

- (1) This section applies where a person gives notice to the Accountant in Bankruptcy in accordance with section 4A(1) or 4B(1).
- (2) A moratorium on diligence applies in relation to the person who is the subject of the notice for the moratorium period determined in accordance with section 4D.
- (3) While a moratorium on diligence applies in relation to the person it is not competent—
  - (a) to serve a charge for payment in respect of any debt owed by the person,
  - (b) to commence or execute any diligence to enforce payment of any debt owed by the person,
  - (c) to found on any debt owed by the person in presenting, or concurring in the presentation of, a petition for sequestration of the person's estate, or
  - (d) in the case where an arrestment mentioned in subsection (1) of section 73J of the [Debtors \(Scotland\) Act 1987 \(c.18\)](#) has been granted in respect of funds due to the person, to release funds to the creditor under subsection (2) of that section.
- (4) The moratorium period applying in relation to the person is to be disregarded for the purposes of determining the period mentioned in section 73J(3) of the [Debtors \(Scotland\) Act 1987 \(c.18\)](#).
- (5) Despite subsection (3)(b), it is competent to—
  - (a) auction an article which has been attached in accordance with the [Debt Arrangement and Attachment \(Scotland\) Act 2002 \(asp 17\)](#) where—
    - (i) notice has been given to the debtor under section 27(4) of that Act, or
    - (ii) the article has been removed, or notice of removal has been given, under section 53 of that Act,
  - (b) implement a decree of furthcoming,
  - (c) implement a decree or order for sale of a ship (or a share of it) or cargo,
  - (d) execute an earnings arrestment, a current maintenance arrestment or a conjoined arrestment order which came into effect before the day on which the moratorium period in relation to the person begins.

#### **4D Period of moratorium**

- (1) The moratorium period applying in relation to the person is the period which—
  - (a) begins on the day on which an entry is made in the register of insolvencies under section 4A(3) or 4B(3), and
  - (b) ends on—

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- (i) the day which is 6 weeks after that day,
  - (ii) such earlier day as is mentioned in subsection (2), or
  - (iii) if subsection (3), (5) or (7) applies, such later day as is determined in accordance with subsection (4), (6) or (8).
- (2) The earlier day is the day on which, in relation to the person who is the subject of the moratorium—
  - (a) an entry is made in the register of insolvencies recording the award of sequestration of the estate,
  - (b) an entry is made in the register of insolvencies recording that a trust deed granted by the person has been granted or refused protected status,
  - (c) an entry is made in the DAS register recording the approval of a debt payment programme in accordance with section 2 of the Debt Arrangement and Attachment (Scotland) Act 2002, or
  - (d) written notice is given to the Accountant in Bankruptcy—
    - (i) by the person withdrawing the notice given under section 4A(1), or
    - (ii) by or on behalf of the person withdrawing the notice given under section 4B(1).
- (3) This subsection applies if, on the day which is 6 weeks after the day on which the moratorium began under subsection (1)(a)—
  - (a) a person has made a debtor application for sequestration of the estate of the person who is the subject of the moratorium,
  - (b) the moratorium has not ended in accordance with subsection (2)(a), and
  - (c) no decision has been made by the Accountant in Bankruptcy under section 15(3C)(b).
- (4) Where subsection (3) applies, the moratorium period ends on—
  - (a) the day on which an entry is made in the register of insolvencies recording the award of sequestration of the estate,
  - (b) in the case of refusal to award sequestration—
    - (i) the day of the expiry of the period applying by virtue of section 15(3B) where no application for review is made under section 15(3A), or
    - (ii) the day on which a decision is made by the Accountant in Bankruptcy under section 15(3C)(b) where an application for review is made, or
  - (c) the day on which written notice is given to the Accountant in Bankruptcy—
    - (i) by the person withdrawing the notice given under section 4A(1), or
    - (ii) by or on behalf of the person withdrawing the notice given under section 4B(1).
- (5) This subsection applies if, on the day which is 6 weeks after the day on which the moratorium began under subsection (1)(a)—
  - (a) an entry has been made in the register of insolvencies recording an application for a trust deed granted by or on behalf of the person who is the subject of the moratorium to be granted the status of protected trust deed, and
  - (b) the moratorium has not ended in accordance with subsection (2)(b).
- (6) Where subsection (5) applies, the moratorium period ends on—
  - (a) the day on which an entry is made in the register of insolvencies recording that the trust deed granted by or on behalf of the person has been granted the status of protected trust deed,

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- (b) where such an entry is not made, the day which is 13 weeks after the day on which the moratorium began under subsection (1)(a), or
  - (c) the day on which written notice is given to the Accountant in Bankruptcy by the person withdrawing the notice given under section 4A(1).
- (7) This subsection applies if, on the day which is 6 weeks after the day on which the moratorium began under subsection (1)(a)—
- (a) the person who is the subject of the moratorium has applied for approval of a debt payment programme under section 2 of the Debt Arrangement and Attachment (Scotland) Act 2002,
  - (b) the moratorium has not ended in accordance with subsection (2)(c), and
  - (c) the application has not been determined.
- (8) Where subsection (7) applies, the moratorium period ends on—
- (a) the day on which an entry is made in the DAS register recording the approval of the debt payment programme in accordance with section 2 of the Debt Arrangement and Attachment (Scotland) Act 2002,
  - (b) in the case of a rejection of a debt payment programme, the day on which an entry is made in the DAS register recording the rejection, or
  - (c) the day on which written notice is given to the Accountant in Bankruptcy by the person withdrawing the notice given under section 4A(1).]

### *Petitions for sequestration*

## **5 Sequestration of the estate of living or deceased debtor.**

(1) The estate of a debtor may be sequestrated in accordance with the provisions of this Act.

<sup>F52</sup>[[<sup>F53</sup>(2) The sequestration of the estate of a living debtor shall be—

- (a) by debtor application made by the debtor, if [<sup>F54</sup>subsection][<sup>F55</sup>(2ZA) or] (2B) below applies to the debtor; or
- (b) on the petition of—
  - (i) subject to subsection (2D) below, a qualified creditor or qualified creditors, if the debtor is apparently insolvent;
  - (ii) a temporary administrator;
  - (iii) a member State liquidator appointed in main proceedings; or
  - (iv) the trustee acting under a trust deed if, and only if, one or more of the conditions in subsection (2C) below is satisfied.]

[ This subsection applies to the debtor where—

- <sup>F56</sup>(2ZA) (a) the debtor—
- (i) has been assessed by the common financial tool as requiring to make no debtor's contribution, or
  - (ii) has been in receipt of a prescribed payment for a period of at least 6 months ending with the day on which the application is made,
- (b) the total amount of the debtor's debts (including interest) at the date the debtor application is made is—
- (i) not less than £1500 or such other sum as may be prescribed, and
  - (ii) no more than £17000 or such other sum as may be prescribed,

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- (c) the total value of the debtor's assets (leaving out of account any liabilities) on the date the debtor application is made does not exceed £2000 or such other amount as may be prescribed,
- (d) the value of a single asset of the debtor does not exceed £1000 or such other amount as may be prescribed,
- (e) the debtor does not own land,
- (f) within the prescribed period, the debtor has been granted a certificate for sequestration of the debtor's estate in accordance with section 5B,
- (g) in the period of 10 years ending on the day before the day on which the debtor application is made or such other period as may be prescribed no award of sequestration has been made against the debtor in pursuance of an application made by the debtor by virtue of this subsection, and
- (h) in the period of 5 years ending on the day before the day on which the debtor application is made no award of sequestration has been made against the debtor in pursuance of—
  - (i) an application made by the debtor other than by virtue of this subsection, or
  - (ii) a petition.

(2ZB) For the purposes of subsection (2ZA)(c) and (d)—

- (a) any property of the debtor is not to be regarded as an asset if, under any provision of this or any other enactment, it would be excluded from vesting in the Accountant in Bankruptcy as trustee,
- (b) if the debtor reasonably requires the use of a vehicle, any vehicle owned by the debtor the value of which does not exceed £3000 or such other amount as may be prescribed is not to be regarded as an asset,
- (c) any other property of the debtor that is of a prescribed type is not to be regarded as an asset.

(2ZC) For the purposes of subsection (2ZA)(c) and (d), the Scottish Ministers may by regulations make provision about how the value of the debtor's assets is to be determined.

(2ZD) The Scottish Ministers may by regulations modify subsection (2ZA).

(2ZE) Schedule A1 to this Act makes further provision about the application of certain provisions of this Act in relation to a debtor to whom subsection (2ZA) applies.]

(2A) <sup>F57</sup>.....

(2B) This subsection applies to the debtor where—

- <sup>F58</sup>(a) the total amount of his debts (including interest) at the date [<sup>F59</sup>the debtor application is made] is not less than [<sup>F60</sup>£3,000 or such sum as may be prescribed] ;
- (b) an award of sequestration has not been made against him in the period of 5 years ending on the day before the date [<sup>F59</sup>the debtor application is made] ; and
  - [<sup>F61</sup>(ba) the debtor has obtained the advice of a money adviser in accordance with section 5C(1),]
  - [<sup>F62</sup>(bb) the debtor has given a statement of undertakings (including an undertaking to pay to the trustee after the award of sequestration of the debtor's estate an amount determined using the common financial tool),]



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- (c) the debtor <sup>F63</sup> . . . —
- (i) is apparently insolvent; <sup>F64</sup> ...
  - <sup>F64</sup>(ia) . . . . .
    - [ has, within the prescribed period, been granted a certificate for
  - <sup>F65</sup>(ib) sequestration of the debtor's estate in accordance with section 5B of this Act.]
  - (ii) has granted a trust deed [<sup>F66</sup> which is not a protected trust deed by reason of the creditors objecting, or not agreeing, in accordance with regulations under paragraph 5 of Schedule 5 to this Act, to the trust deed.]

and for the purposes of this paragraph a debtor shall not be apparently insolvent by reason only that he has granted a trust deed or that he has given notice to his creditors as mentioned in paragraph (b) of section 7(1) of this Act.

(2C) The conditions mentioned in subsection [<sup>F67</sup>(2)(b)(iv)] above are—

- (a) that the debtor has failed to comply—
  - (i) with any obligation imposed on him under the trust deed with which he could reasonably have complied; or
  - (ii) with any instruction or requirement reasonably given to or made of him by the trustee for the purposes of the trust deed; or
- (b) that the trustee avers in his petition that it would be in the best interests of the creditors that an award of sequestration be made.]

<sup>F68</sup>(2D) No petition may be presented under subsection (2)(b)(i) above unless the qualified creditor has provided, by such time prior to the presentation of the petition as may be prescribed, the debtor with a debt advice and information package.

(2E) In subsection (2D) above, “debt advice and information package” means the debt advice and information package referred to in section 10(5) of the Debt Arrangement and Attachment (Scotland) Act 2002 (asp 17).]

<sup>F69</sup>(2F) In subsection (2B)(c)(ib) above “the prescribed period” means such period, ending immediately before the debtor application is made, as may be prescribed under section 5B(5)(c) of this Act.]

<sup>F70</sup>(3) The sequestration of the estate of a deceased debtor is—

- (a) by debtor application made by the executor, or a person entitled to be appointed as executor, on the estate,
- (b) on the petition of a qualified creditor, or qualified creditors, of the deceased debtor,
- (c) on the petition of a temporary administrator,
- (d) on the petition of a member State liquidator appointed in main proceedings, or
- (e) on the petition of a trustee acting under a trust deed.]

<sup>F71</sup>(4) In this Act “qualified creditor” means a creditor who, at the date of the presentation of the petition [<sup>F72</sup> or, as the case may be, the date the debtor application is made] , is a creditor of the debtor in respect of liquid or illiquid debts (other than contingent or future debts [<sup>F73</sup> or amounts payable under a confiscation order]), whether secured or unsecured, which amount (or of one such debt which amounts) to not less than [<sup>F74</sup> [<sup>F75</sup> £3,000]] or such sum as may be prescribed; and “qualified creditors” means creditors who at the said date are creditors of the debtor in respect of such debts as aforesaid amounting in aggregate to not less than [<sup>F74</sup> [<sup>F76</sup> £3,000]] or such sum as may

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be prescribed [F77]; and in the foregoing provisions of this subsection “confiscation order”[F78 means a confiscation order under Part 2, 3 or 4 of the Proceeds of Crime Act 2002]].

F79[(4A) In this Act, “trust deed ” means [F80—

(a) a voluntary trust deed granted by or on behalf of the debtor whereby his estate (other than such of his estate as would not, under [F81 any provision of this or any other enactment] , vest in the F82 . . . trustee if his estate were sequestrated) is conveyed to the trustee for the benefit of his creditors generally [F83; and]

[ any other trust deed which would fall within paragraph (a) but for—  
F83(b) (i) the exclusion from the estate conveyed to the trustee of the whole or part of the debtor's dwellinghouse, where a secured creditor holds a security over it; and  
(ii) the fact that the debtor's estate is not conveyed to the trustee for the benefit of creditors generally because the secured creditor has, at the debtor's request, agreed before the trust deed is granted not to claim under the trust deed for any of the debt in respect of which the security is held.]]

[F84(4AA) In subsection (4A)(b) above “debtor's dwellinghouse” means a dwellinghouse (including any yard, garden, outbuilding or other pertinents) which, on the day immediately preceding the date the trust deed was granted—

- (a) the debtor (whether alone or in common with any other person)—
  - (i) owned; or
  - (ii) leased under a long lease (long lease having the same meaning as in section [F859(2) of the Land Registration etc. (Scotland) Act 2012 (asp 5)] ; and
- (b) was the sole or main residence of the debtor.

(4AB) For the purposes of subsection (4AA)(b) above, a dwellinghouse may be a sole or main residence irrespective of whether it is used, to any extent, by the debtor for the purposes of any profession, trade or business.]

[F86(4B) A debtor application shall—

- (a) be made to the Accountant in Bankruptcy; F87...
- F87(b) .....

[ A debtor application must—

F88(4BA) (a) include a declaration by the money adviser who provided the advice referred to in section 5C(1) that such advice has been given, and  
(b) specify the name and address of the money adviser.]

F89(4C) .....

(5) Paragraphs 1(1) and (3), 2(1)(a) and (2) and 6 of Schedule 1 to this Act shall apply in order to ascertain the amount of the debt or debts for the purposes of subsection (4) above as they apply in order to ascertain the amount which a creditor is entitled to claim, but as if for any reference to the date of sequestration there were substituted a reference to the date of presentation of the petition [F90 or, as the case may be, the date the debtor application is made] .

(6) The petitioner shall [F91, on the day the petition for sequestration is presented under this section, send a copy of the petition] to the Accountant in Bankruptcy.

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[<sup>F92</sup>[<sup>F93</sup>(6A) In the case of a debtor application, the debtor shall send a statement of assets and liabilities to the Accountant in Bankruptcy along with the application.]]

[<sup>F94</sup>(6B) In the case of a debtor application, the debtor must send a statement of undertakings to the Accountant in Bankruptcy along with the application.]

(7) Where, after a petition for sequestration has been presented but before the sequestration has been awarded, the debtor dies then—

- (a) <sup>F95</sup> .....
- (b) if the petitioner is a creditor, the proceedings shall continue in accordance with this Act so far as circumstances will permit.

[<sup>F96</sup>(7A) Where, after a debtor application is made but before the sequestration is awarded, the debtor dies, then the application shall fall.]

(8) Where, after a petition for sequestration has been presented under this section but before the sequestration has been awarded, a creditor who—

- (a) is the petitioner <sup>F97</sup> . . . ; or
- (b) has lodged answers to the petition,

withdraws or dies, there may be sisted in the place of—

- (i) the creditor mentioned in paragraph (a) above, any creditor who was a qualified creditor at the date when the petition was presented and who remains so qualified at the date of the sist;
- (ii) the creditor mentioned in paragraph (b) above, any other creditor.

[<sup>F98</sup>(8A) Where, after a debtor application is made but before the sequestration is awarded, a creditor who concurs in the application withdraws or dies, any other creditor who was a qualified creditor at the date the debtor application was made and who remains so qualified may notify the Accountant in Bankruptcy that he concurs in the application in place of the creditor who has withdrawn or died.]

<sup>F99</sup>[(9) If the debtor—

- <sup>F100</sup>(a) .....
- (b) fails to disclose any material fact in [<sup>F101</sup>a statement of assets and liabilities sent to the Accountant in Bankruptcy in accordance with subsection (6A)] ; or
- (c) makes a material misstatement in such statement of assets and liabilities,

he shall be guilty of an offence and liable on summary conviction to a fine not exceeding level 5 on the standard scale or to imprisonment for a term not exceeding 3 months or to both such fine and imprisonment.

(10) In any proceedings for an offence under subsection (9) above, it shall be a defence for the accused to show that he had a reasonable excuse for—

- <sup>F102</sup>(a) .....
- (b) failing to disclose a material fact; or
- (c) making a material misstatement.]

#### Textual Amendments

**F52** S. 5(2)(2A)-(2C) substituted for s. 5(2) (1.4.1993, subject to savings in arts. 4,5 of [S.I. 1993/438](#)) by [1993 c. 6, s. 3\(2\)](#) (with [s. 12\(6\)](#)); [S.I. 1993/438, art. 3](#)

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- F53** S. 5(2) substituted (1.4.2008) by Bankruptcy and Diligence etc. (Scotland) Act 2007 (asp 3), **ss. 14(3)(a)**, 227(3) (with s. 223); S.S.I. 2008/115, **art. 3(1)(a)** (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))
- F54** Words in s. 5(2)(a) substituted (15.11.2010) by Home Owner and Debtor Protection (Scotland) Act 2010 (asp 6), **ss. 9(1)(a)**, 17(3)(4) (with s. 14); S.S.I. 2010/314, art. 6 (subject to transitional provisions and savings in S.S.I. 2010/316, arts. 4-7)
- F55** Words in s. 5(2)(a) inserted (30.6.2014 for specified purposes, 1.4.2015 in so far as not already in force) by Bankruptcy and Debt Advice (Scotland) Act 2014 (asp 11), **ss. 5(1)(a)**, 57(2); S.S.I. 2014/172, art. 2, sch.; S.S.I. 2014/261, art. 3 (with arts. 4-7, 12) (as amended by S.S.I. 2015/54, art. 2)
- F56** S. 5(2ZA)-(2ZE) inserted (30.6.2014 for specified purposes, 1.4.2015 in so far as not already in force) by Bankruptcy and Debt Advice (Scotland) Act 2014 (asp 11), **ss. 5(1)(b)**, 57(2); S.S.I. 2014/172, art. 2, sch.; S.S.I. 2014/261, art. 3 (with arts. 4-7, 12) (as amended by S.S.I. 2015/54, art. 2)
- F57** S. 5(2A) repealed (15.11.2010) by Home Owner and Debtor Protection (Scotland) Act 2010 (asp 6), **ss. 9(1)(b)**, 17(3)(4) (with s. 14); S.S.I. 2010/314, art. 6 (subject to transitional provisions and savings in S.S.I. 2010/316, arts. 4-7)
- F58** Words in s. 5(2B)(a) substituted (1.4.2008 for specified purposes, 1.4.2015 in so far as not already in force) by Bankruptcy and Diligence etc. (Scotland) Act 2007 (asp 3), **ss. 25(a)**, 227(3) (with s. 223); S.S.I. 2008/115, art. 3(4), sch. 3 (with arts. 4-6, 10, 15) (as amended: (23.2.2009) by S.S.I. 2009/67, art. 7; (31.1.2011) by S.S.I. 2011/31, art. 5(a); and (4.10.2014) by S.S.I. 2014/173, arts. 1(2), 3); S.S.I. 2014/173, art. 2(a)
- F59** Words in s. 5(2B)(a)(b) substituted (1.4.2008) by Bankruptcy and Diligence etc. (Scotland) Act 2007 (asp 3), **ss. 36**, 227(3), **Sch. 1 para. 4(3)(a)** (with s. 223); S.S.I. 2008/115, **art. 3(1)(i)** (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))
- F60** Words in s. 5(2B)(a) substituted (1.4.2008 for certain purposes, otherwise prosp.) by Bankruptcy and Diligence etc. (Scotland) Act 2007 (asp 3), **ss. 25(a)**, 227(3), (with s. 223); S.S.I. 2008/115, art. 3(4), Sch. 3 (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))
- F61** S. 5(2B)(ba) inserted (1.4.2015) by Bankruptcy and Debt Advice (Scotland) Act 2014 (asp 11), **ss. 1(1)(a)**, 57(2); S.S.I. 2014/261, art. 3 (with arts. 4-7, 12) (as amended by S.S.I. 2015/54, art. 2)
- F62** S. 5(2B)(bb) inserted (1.4.2015) by Bankruptcy and Debt Advice (Scotland) Act 2014 (asp 11), **ss. 9(2)(a)**, 57(2); S.S.I. 2014/261, art. 3 (with arts. 4-7, 12) (as amended by S.S.I. 2015/54, art. 2)
- F63** Word in s. 5(2B)(c) repealed (1.4.2008) by Bankruptcy and Diligence etc. (Scotland) Act 2007 (asp 3), **ss. 15(1)(a)**, 227(3), (with s. 223); S.S.I. 2008/115, **art. 3(1)(a)** (with arts. 4-6, 10) (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))
- F64** S. 5(2B)(c)(ia) and word repealed (1.4.2015) by Bankruptcy and Debt Advice (Scotland) Act 2014 (asp 11), s. 57(2), **sch. 4**; S.S.I. 2014/261, art. 3 (with arts. 4-7, 12) (as amended by S.S.I. 2015/54, art. 2)
- F65** S. 5(2B)(c)(ib) inserted (15.11.2010) by Home Owner and Debtor Protection (Scotland) Act 2010 (asp 6), **ss. 9(1)(c)**, 17(3)(4) (with s. 14); S.S.I. 2010/314, art. 6 (subject to transitional provisions and savings in S.S.I. 2010/316, arts. 4-7)
- F66** Words in s. 5(2B)(c)(ii) substituted (1.4.2008) by Bankruptcy and Diligence etc. (Scotland) Act 2007 (asp 3), **ss. 36**, 227(3), **Sch. 1 para. 4(3)(b)** (with s. 223); S.S.I. 2008/115, **art. 3(1)(a)** (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))
- F67** Words in s. 5(2C) substituted (1.4.2008) by Bankruptcy and Diligence etc. (Scotland) Act 2007 (asp 3), **ss. 36**, 227(3), **Sch. 1 para. 4(4)** (with s. 223); S.S.I. 2008/115, **art. 3(1)(i)** (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))
- F68** S. 5(2D)(2E) inserted (1.4.2008) by Bankruptcy and Diligence etc. (Scotland) Act 2007 (asp 3), **ss. 26**, 227(3) (with s. 223); S.S.I. 2008/115, **art. 3(1)(a)** (with arts. 4-6, 8, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))
- F69** S. 5(2F) inserted (15.11.2010) by Home Owner and Debtor Protection (Scotland) Act 2010 (asp 6), **ss. 9(1)(d)**, 17(3)(4) (with s. 14); S.S.I. 2010/314, art. 6 (subject to transitional provisions and savings in S.S.I. 2010/316, arts. 4-7)
- F70** S. 5(3) substituted (1.4.2015) by Bankruptcy and Debt Advice (Scotland) Act 2014 (asp 11), **ss. 11(1)**, 57(2); S.S.I. 2014/261, art. 3 (with arts. 4-7, 12) (as amended by S.S.I. 2015/54, art. 2)

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- F71** Word in s. 5(4) substituted (1.4.2008 for specified purposes, 1.4.2015 in so far as not already in force) by Bankruptcy and Diligence etc. (Scotland) Act 2007 (asp 3), **ss. 25(b)**, 227(3) (with s. 223); S.S.I. 2008/115, art. 3(1)(a) (with arts. 4-6, 10, 15) (as amended: (23.2.2009) by S.S.I. 2009/67, art. 7; (31.1.2011) by S.S.I. 2011/31, art. 5(a); and (4.10.2014) by S.S.I. 2014/173, arts. 1(2), 3); S.S.I. 2014/173, art. 2(b)
- F72** Words in s. 5(4) inserted (1.4.2008) by Bankruptcy and Diligence etc. (Scotland) Act 2007 (asp 3), **ss. 36**, 227(3), **Sch. 1 para. 4(5)** (with s. 223); S.S.I. 2008/115, **art. 3(1)(i)** (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))
- F73** Words inserted by Criminal Justice (Scotland) Act 1987 (c.41, SIF 39:1), **ss. 45(5)(a)(i)**, 47(4)(a)
- F74** Words in s. 5(4) substituted (1.4.1993, subject to savings in arts. 4, 5 of S.I. 1993/438) by 1993 c. 6, **s. 3(3)** (with s. 12(6)); S.I. 1993/438, **art. 3**
- F75** Words in s. 5(4) substituted (1.4.2008 for certain purposes, otherwise prosp.) by Bankruptcy and Diligence etc. (Scotland) Act 2007 (asp 3), **ss. 25(b)**, 227(3) (with s. 223); S.S.I. 2008/115, **art. 3(1)(a)(iii)(ab)** (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))
- F76** Words in s. 5(4) substituted (1.4.2008 for certain purposes, otherwise prosp.) by Bankruptcy and Diligence etc. (Scotland) Act 2007 (asp 3), **ss. 25(b)**, 227(3) (with s. 223); S.S.I. 2008/115, **art. 3(1)(a)(iii)(ab)** (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))
- F77** Words added by Criminal Justice (Scotland) Act 1987 (c. 41, 39:1), **ss. 45(5)(ii)**, 47(4)(a)
- F78** Words in s. 5(4) substituted (24.3.2003) by Proceeds of Crime Act 2002 (c. 29), **ss. 456**, 458(1)(3), **Sch. 11 para. 15(2)**; S.I. 2003/333, **art. 2(1)**, Sch. (subject to transitional provisions in arts. 3-14) (as amended by S.I. 2003/531); S.S.I. 2003/210, **art. 2(1)(b)**, Sch. (subject to transitional provisions in arts. 3-7)
- F79** S. 5(4A) inserted (1.4.1993, subject to savings in arts. 4, 5 of S.I. 1993/438) by 1993 c. 6, **s. 3(4)** (with s. 12(6)); S.I. 1993/438, **art. 3**
- F80** Word in s. 5(4A) inserted (15.11.2010) by Home Owner and Debtor Protection (Scotland) Act 2010 (asp 6), **ss. 10(1)(a)**, 17(3)(4) (with s. 14); S.S.I. 2010/314, art. 6 (subject to transitional provisions and savings in S.S.I. 2010/316, arts. 4-7)
- F81** Words in s. 5(4A)(a) substituted (1.4.2015) by Bankruptcy and Debt Advice (Scotland) Act 2014 (asp 11), s. 57(2), **sch. 3 para. 4(b)**; S.S.I. 2014/261, art. 3 (with arts. 4-7, 12) (as amended by S.S.I. 2015/54, art. 2)
- F82** Word in s. 5(4A) repealed (1.4.2008) by Bankruptcy and Diligence etc. (Scotland) Act 2007 (asp 3), **ss. 226**, 227(3), **Sch. 6 Pt. 1** (with s. 223); S.S.I. 2008/115, {art. 3(1)(h)(2)(3), Sch. 2} (with arts. 4-6, 10) (as amended by S.S.I. 2011/31, art. 5)
- F83** S. 5(4A)(b) and preceding word inserted (15.11.2010) by Home Owner and Debtor Protection (Scotland) Act 2010 (asp 6), **ss. 10(1)(b)**, 17(3)(4) (with s. 14); S.S.I. 2010/314, art. 6 (subject to transitional provisions and savings in S.S.I. 2010/316, arts. 4-7)
- F84** S. 5(4AA)(4AB) inserted (15.11.2010) by Home Owner and Debtor Protection (Scotland) Act 2010 (asp 6), **ss. 10(2)**, 17(3)(4) (with s. 14); S.S.I. 2010/314, art. 6 (subject to transitional provisions and savings in S.S.I. 2010/316, arts. 4-7)
- F85** Words in s. 5(4AA)(a)(ii) substituted (8.12.2014) by Land Registration etc. (Scotland) Act 2012 (asp 5), **ss. 122**, 123, **sch. 5 para. 28(2)** (with s. 121, sch. 4 paras. 13, 16); S.S.I. 2014/127, art. 2
- F86** S. 5(4B)(4C) inserted (1.4.2008) by Bankruptcy and Diligence etc. (Scotland) Act 2007 (asp 3), **ss. 14(3)(b)**, 227(3) (with s. 223); S.S.I. 2008/115, **art. 3(1)(a)** (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))
- F87** S. 5(4B)(b) and word repealed (1.4.2015) by Bankruptcy and Debt Advice (Scotland) Act 2014 (asp 11), s. 57(2), **sch. 4**; S.S.I. 2014/261, art. 3 (with arts. 4-7, 12) (as amended by S.S.I. 2015/54, art. 2)
- F88** S. 5(4BA) inserted (1.4.2015) by Bankruptcy and Debt Advice (Scotland) Act 2014 (asp 11), **ss. 1(1)(b)**, 57(2); S.S.I. 2014/261, art. 3 (with arts. 4-7, 12) (as amended by S.S.I. 2015/54, art. 2)
- F89** S. 5(4C) repealed (1.4.2015) by Bankruptcy and Debt Advice (Scotland) Act 2014 (asp 11), s. 57(2), **sch. 4**; S.S.I. 2014/261, art. 3 (with arts. 4-7, 12) (as amended by S.S.I. 2015/54, art. 2)
- F90** Words in s. 5(5) inserted (1.4.2008) by Bankruptcy and Diligence etc. (Scotland) Act 2007 (asp 3), **ss. 36**, 227(3), **Sch. 1 para. 4(6)** (with s. 223); S.S.I. 2008/115, **art. 3(1)(i)** (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))

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- F91** Words in s. 5(6) substituted (1.4.1993, subject to savings in arts. 4, 5 of S.I. 1993/438) by 1993 c. 6, s. **3(5)** (with s. 12(6)); S.I. 1993/438, **art. 3**
- F92** S. 5(6A) inserted (1.4.1993, subject to savings in arts. 4, 5 of S.I. 1993/438) by 1993 c. 6, s. **3(6)** (with s. 12(6)); S.I. 1993/438, **art. 3**
- F93** S. 5(6A) substituted (1.4.2.2008) by Bankruptcy and Diligence etc. (Scotland) Act 2007 (asp 3), ss. 36, 227(3), **Sch. 1 para. 4(7)** (with s. 223); S.S.I. 2008/115, **art. 3(1)(i)** (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))
- F94** S. 5(6B) inserted (1.4.2015) by Bankruptcy and Debt Advice (Scotland) Act 2014 (asp 11), **ss. 9(2)(b), 57(2)**; S.S.I. 2014/261, **art. 3** (with arts. 4-7, 12) (as amended by S.S.I. 2015/54, art. 2)
- F95** S. 5(7)(a) repealed (1.4.2008) by Bankruptcy and Diligence etc. (Scotland) Act 2007 (asp 3), ss. 226, 227(3), **Sch. 6 Pt. 1** (with s. 223); S.S.I. 2008/115, **art. 3(1)(h)(i)(2)(3)**, Sch. 2 (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))
- F96** S. 5(7A) inserted (1.4.2008) by Bankruptcy and Diligence etc. (Scotland) Act 2007 (asp 3), ss. 36, 227(3), **Sch. 1 para. 4(8)** (with s. 223); S.S.I. 2008/115, **art. 3(1)(i)** (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))
- F97** Words in s. 5(8)(a) repealed (1.4.2008) by Bankruptcy and Diligence etc. (Scotland) Act 2007 (asp 3), ss. 226, 227(3), **Sch. 6 Pt. 1** (with s. 223); S.S.I. 2008/115, {art. 3(1)(h)(i)(2)(3), Sch. 2} (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))
- F98** S. 5(8A) inserted (1.4.2008) by Bankruptcy and Diligence etc. (Scotland) Act 2007 (asp 3), ss. 36, 227(3), **Sch. 1 para. 4(9)** (with s. 223); S.S.I. 2008/115, **art. 3(1)(i)** (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))
- F99** S. 5(9)(10) inserted (1.4.1993, subject to savings in arts. 4, 5 of S.I. 1993/438) by 1993 c. 6, s. **3(7)** (with s. 12(6)); S.I. 1993/438, **art. 3**
- F100** S. 5(9)(a) and word repealed (1.4.2015) by Bankruptcy and Debt Advice (Scotland) Act 2014 (asp 11), **ss. 45(1)(a)(i), 57(2)**; S.S.I. 2014/261, **art. 3** (with arts. 4-7, 12) (as amended by S.S.I. 2015/54, art. 2)
- F101** Words in s. 5(9)(b) substituted (1.4.2015) by Bankruptcy and Debt Advice (Scotland) Act 2014 (asp 11), **ss. 45(1)(a)(ii), 57(2)**; S.S.I. 2014/261, **art. 3** (with arts. 4-7, 12) (as amended by S.S.I. 2015/54, art. 2)
- F102** S. 5(10)(a) and word repealed (1.4.2015) by Bankruptcy and Debt Advice (Scotland) Act 2014 (asp 11), **ss. 45(1)(b), 57(2)**; S.S.I. 2014/261, **art. 3** (with arts. 4-7, 12) (as amended by S.S.I. 2015/54, art. 2)

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

- C21** S. 5 amended (20.7.2001 for certain purposes and otherwise 1.12.2001) by 2000 c. 8, s. **372(1)(b)**; S.I. 2001/2632, **art. 2, Sch. Pt. I**; S.I. 2001/3538, **art. 2(1)**
- C22** S. 5(2D) modified (1.4.2008) by Bankruptcy (Scotland) Regulations 2008 (S.S.I. 2008/82), **reg. 12(2)**

**<sup>F103</sup>5A Debtor applications by low income, low asset debtors**

.....

**Textual Amendments**

- F103** S. 5A repealed (1.4.2015) by Bankruptcy and Debt Advice (Scotland) Act 2014 (asp 11), s. 57(2), **sch. 4**; S.S.I. 2014/261, **art. 3** (with arts. 4-7, 12) (as amended by S.S.I. 2015/54, art. 2)

**[<sup>F104</sup>5B Certificate for sequestration**

- (1) A certificate for sequestration of a debtor's estate is a certificate granted by [<sup>F105</sup>a money adviser] certifying that the debtor is unable to pay debts as they become due.

*Status: Point in time view as at 01/03/2016.*

*Changes to legislation: Bankruptcy (Scotland) Act 1985 (repealed) is up to date with all changes known to be in force on or before 25 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)*

- (2) A certificate may be granted only on the application of the debtor.
- (3) [<sup>F106</sup>A money adviser] must grant a certificate if, and only if, the debtor can demonstrate that the debtor is unable to pay debts as they become due.
- <sup>F107</sup>(4) .....
- (5) The Scottish Ministers may by regulations—
  - <sup>F108</sup>(a) .....
  - (b) make provision about certification by [<sup>F109</sup>a money adviser], including—
    - (i) the form and manner in which a certification must be made;
    - (ii) the fee, if any, which [<sup>F109</sup>a money adviser] is entitled to charge for or in connection with granting a certificate;
  - (c) prescribe a period for the purpose of section 5(2B)(c)(ib) of this Act;
  - <sup>F110</sup>(d) .....]

#### Textual Amendments

- F104** S. 5B inserted (S.) (15.11.2010) by [Home Owner and Debtor Protection \(Scotland\) Act 2010 \(asp 6\), ss. 9\(2\), 17\(3\)\(4\)](#) (with s. 14); S.S.I. 2010/314, art. 6 (subject to transitional provisions and savings in S.S.I. 2010/316, arts. 4-7)
- F105** Words in s. 5B(1) substituted (1.4.2015) by [Bankruptcy and Debt Advice \(Scotland\) Act 2014 \(asp 11\), s. 57\(2\), sch. 3 para. 5](#); S.S.I. 2014/261, art. 3 (with arts. 4-7, 12) (as amended by S.S.I. 2015/54, art. 2)
- F106** Words in s. 5B(3) substituted (1.4.2015) by [Bankruptcy and Debt Advice \(Scotland\) Act 2014 \(asp 11\), s. 57\(2\), sch. 3 para. 5](#); S.S.I. 2014/261, art. 3 (with arts. 4-7, 12) (as amended by S.S.I. 2015/54, art. 2)
- F107** S. 5B(4) repealed (1.4.2015) by [Bankruptcy and Debt Advice \(Scotland\) Act 2014 \(asp 11\), s. 57\(2\), sch. 4](#); S.S.I. 2014/261, art. 3 (with arts. 4-7, 12) (as amended by S.S.I. 2015/54, art. 2)
- F108** S. 5B(5)(a) repealed (1.4.2015) by [Bankruptcy and Debt Advice \(Scotland\) Act 2014 \(asp 11\), s. 57\(2\), sch. 4](#); S.S.I. 2014/261, art. 3 (with arts. 4-7, 12) (as amended by S.S.I. 2015/54, art. 2)
- F109** Words in s. 5B(5)(b) substituted (1.4.2015) by [Bankruptcy and Debt Advice \(Scotland\) Act 2014 \(asp 11\), s. 57\(2\), sch. 3 para. 5](#); S.S.I. 2014/261, art. 3 (with arts. 4-7, 12) (as amended by S.S.I. 2015/54, art. 2)
- F110** S. 5B(5)(d) repealed (30.6.2014) by [Bankruptcy and Debt Advice \(Scotland\) Act 2014 \(asp 11\), s. 57\(2\), sch. 4](#); S.S.I. 2014/172, art. 2, sch.

#### [<sup>F111</sup>5C Money advice

- (1) An application for the sequestration of a living debtor’s estate may not be made unless the debtor has obtained from a money adviser—
  - (a) advice on the debtor’s financial circumstances,
  - (b) advice on the effect of the proposed sequestration of the debtor’s estate,
  - (c) advice on the preparation of the application, and
  - (d) advice on such other matters as may be prescribed.
- (2) In this Act, “money adviser” means a person who—
  - (a) is not an associate of the debtor, and
  - (b) is of a prescribed description or falls within a prescribed class.]

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#### Textual Amendments

**F111** S. 5C inserted (30.6.2014 for specified purposes, 1.4.2015 in so far as not already in force) by [Bankruptcy and Debt Advice \(Scotland\) Act 2014 \(asp 11\)](#), **ss. 1(2)**, 57(2); S.S.I. 2014/172, art. 2, sch.; S.S.I. 2014/261, art. 3 (with arts. 4-7, 12) (as amended by S.S.I. 2015/54, art. 2)

#### [<sup>F112</sup>5D Assessment of debtor's contribution

- (1) The Scottish Ministers may by regulations specify a method (the “common financial tool”) to be used to assess an appropriate amount of a living debtor’s income to be paid to a trustee after the sequestration of the debtor’s estate (the “debtor’s contribution”).
- (2) Regulations under subsection (1) may in particular—
  - (a) prescribe a method for assessing a debtor’s financial circumstances (including the debtor’s assets, income, liabilities and expenditure),
  - (b) prescribe a method for determining a reasonable amount of expenditure for a debtor after the sequestration of the debtor’s estate,
  - (c) prescribe the proportion of a debtor’s income that is to constitute the debtor’s contribution,
  - (d) prescribe that a method determined by another person is to be used (with or without modification in accordance with regulations made under subsection (1)) as the common financial tool.
- (3) The common financial tool must ensure that the amount of reasonable expenditure for a debtor is not less than the total amount of any income received by the debtor by way of guaranteed minimum pension (within the meaning of the [Pension Schemes Act 1993 \(c.48\)](#)).
- (4) The common financial tool must ensure that an amount is allowed for—
  - (a) aliment for the debtor,
  - (b) the debtor’s relevant obligations.
- (5) The “debtor’s relevant obligations” are—
  - (a) any obligation of aliment owed by the debtor (“obligation of aliment” having the same meaning as in the [Family Law \(Scotland\) Act 1985 \(c.37\)](#)),
  - (b) any obligation of the debtor to make a periodical allowance to a former spouse or former civil partner, and
  - (c) any obligation of the debtor to pay child support maintenance under the [Child Support Act 1991 \(c.48\)](#).
- (6) The amount allowed for the debtor’s relevant obligations referred to in paragraphs (a) and (b) of subsection (5) need not be sufficient for compliance with a subsisting order or agreement as regards the aliment or periodical allowance.]

#### Textual Amendments

**F112** S. 5D inserted (30.6.2014) by [Bankruptcy and Debt Advice \(Scotland\) Act 2014 \(asp 11\)](#), **ss. 3(1)**, 57(2); S.S.I. 2014/172, art. 2, sch.



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## 6 Sequestration of other estates.

- (1) Subject to subsection (2) below, the estate belonging to or held for or jointly by the members of any of the following entities may be sequestrated—
  - (a) a trust in respect of debts incurred by it;
  - (b) a partnership, including a dissolved partnership;
  - (c) a body corporate or an unincorporated body;
  - (d) a limited partnership (including a dissolved partnership) within the meaning of the <sup>M1</sup>Limited Partnerships Act 1907.
- (2) It shall not be competent to sequester the estate of any of the following entities—
  - <sup>F113</sup>(a) a company registered under the Companies Act 2006; or]
  - <sup>F114</sup>(aa) a limited liability partnership,]
    - (b) an entity in respect of which an enactment provides, expressly or by implication, that sequestration is incompetent.
- (3) The sequestration of a trust estate in respect of debts incurred by the trust shall be
  - <sup>F115</sup>(a) by debtor application made by a majority of trustees, with the concurrence of a qualified creditor or qualified creditors; or
  - (b) on the petition of—
    - (i) a temporary administrator;
    - (ii) a member State liquidator appointed in main proceedings; or
    - (iii) a qualified creditor or qualified creditors, if the trustees as such are apparently insolvent.]
- (4) The sequestration of the estate of a partnership shall be
  - <sup>F116</sup>(za) by debtor application made by the partnership where the partnership is apparently insolvent,]
  - <sup>F117</sup>(a) by debtor application made by the partnership with the concurrence of a qualified creditor or qualified creditors; or
  - (b) on the petition of—
    - (i) a temporary administrator;
    - (ii) a member State liquidator appointed in main proceedings;
    - (iii) a trustee acting under a trust deed; or
    - (iv) a qualified creditor or qualified creditors, if the partnership is apparently insolvent.]
- <sup>F118</sup>(4A) For the purposes of an application under subsection (4)(za), section 7(3)(a) is to be read as if—
  - (a) the word “either” were omitted, and
  - (b) the words “or if any of the partners is apparently insolvent for a debt of the partnership” were omitted.]
- (5) A petition under [<sup>F119</sup><sup>F120</sup>subsection (4)(b)] above may be combined with a petition for the sequestration of the estate of any of the partners as an individual where that individual is apparently insolvent.
- (6) The sequestration of the estate of a body corporate or of an unincorporated body shall be
  - <sup>F121</sup>(a) by debtor application made by a person authorised to act on behalf of the body, with the concurrence of a qualified creditor or qualified creditors; or

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- (b) on the petition of—
- (i) a temporary administrator;
  - (ii) a member State liquidator appointed in main proceedings; or
  - (iii) a qualified creditor or qualified creditors, if the body is apparently insolvent.]
- (7) The application of this Act to the sequestration of the estate of a limited partnership shall be subject to such modifications as may be prescribed.
- (8) Subsections (6) [<sup>F122</sup>, (6A), (8) and (8A)] [<sup>F123</sup> (but not (9) or (10))] of section 5 of this Act shall apply for the purposes of this section as they apply for the purposes of that section.

### Textual Amendments

- F113** S. 6(2)(a) substituted (1.10.2009) by [The Companies Act 2006 \(Consequential Amendments, Transitional Provisions and Savings\) Order 2009 \(S.I. 2009/1941\)](#), arts. 1(2), 2(1), **Sch. 1 para. 60** (with art. 10).
- F114** S. 6(2)(aa) inserted (1.4.2015) by [Bankruptcy and Debt Advice \(Scotland\) Act 2014 \(asp 11\)](#), s. 57(2), **sch. 3 para. 6(a)**; S.S.I. 2014/261, art. 3 (with arts. 4-7, 12) (as amended by S.S.I. 2015/54, art. 2)
- F115** S. 6(3)(a)(b) substituted (1.4.2008) for words in s. 6(3) by [Bankruptcy and Diligence etc. \(Scotland\) Act 2007 \(asp 3\)](#), **ss. 14(4)(a)**, 227(3) (with s. 223); S.S.I. 2008/115, **art. 3(1)(a)** (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))
- F116** S. 6(4)(za) inserted (1.4.2015) by [Bankruptcy and Debt Advice \(Scotland\) Act 2014 \(asp 11\)](#), s. 57(2), **sch. 3 para. 6(b)**; S.S.I. 2014/261, art. 3 (with arts. 4-7, 12) (as amended by S.S.I. 2015/54, art. 2)
- F117** S. 6(4)(a)(b) substituted (1.4.2008) for words in s. 6(4) by [Bankruptcy and Diligence etc. \(Scotland\) Act 2007 \(asp 3\)](#), **ss. 14(4)(b)**, 227(3) (with s. 223); S.S.I. 2008/115, **art. 3(1)(a)** (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))
- F118** S. 6(4A) inserted (1.4.2015) by [Bankruptcy and Debt Advice \(Scotland\) Act 2014 \(asp 11\)](#), s. 57(2), **sch. 3 para. 6(c)**; S.S.I. 2014/261, art. 3 (with arts. 4-7, 12) (as amended by S.S.I. 2015/54, art. 2)
- F119** Words in s. 6(5) substituted (8.9.2003) by [The Insolvency \(Scotland\) Regulations 2003 \(S.I. 2003/2109\)](#), **reg. 6(2)**
- F120** Words in s. 6(5) substituted (1.4.2008) by [Bankruptcy and Diligence etc. \(Scotland\) Act 2007 \(asp 3\)](#), **ss. 36**, 227(3), **Sch. 1 para. 5** (with s. 223); S.S.I. 2008/115, **art. 3(1)(a)(i)** (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))
- F121** S. 6(6)(a)(b) substituted (1.4.2008) for words in s. 6(6) by [Bankruptcy and Diligence etc. \(Scotland\) Act 2007 \(asp 3\)](#), **ss. 14(4)(c)**, 227(3) (with s. 223); S.S.I. 2008/115, **art. 3(1)(a)** (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))
- F122** Words in s. 6(8) substituted (1.4.2008) by [Bankruptcy and Diligence etc. \(Scotland\) Act 2007 \(asp 3\)](#), **ss. 14(4)(d)**, 227(3) (with s. 223); S.S.I. 2008/115, **art. 3(1)(a)** (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))
- F123** Words in s. 6(8) inserted (1.4.2015) by [Bankruptcy and Debt Advice \(Scotland\) Act 2014 \(asp 11\)](#), s. 57(2), **sch. 3 para. 6(d)**; S.S.I. 2014/261, art. 3 (with arts. 4-7, 12) (as amended by S.S.I. 2015/54, art. 2)

### Modifications etc. (not altering text)

- C23** S. 6 applied (with modifications) (6.6.2013) by [The Collective Investment in Transferable Securities \(Contractual Scheme\) Regulations 2013 \(S.I. 2013/1388\)](#), **regs. 1**, **19(2)(a)** (with reg. 24)

### Marginal Citations

- M1** 1907 c. 24.

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## [<sup>F124</sup>6A Petition for sequestration of estate: provision of information

- (1) A petitioner for sequestration of a debtor's estate shall, insofar as it is within the petitioner's knowledge, state in the petition—
  - (a) whether or not the debtor's centre of main interests is situated—
    - (i) in the United Kingdom; or
    - (ii) in another member State; and
  - (b) whether or not the debtor possesses an establishment—
    - (i) in the United Kingdom; or
    - (ii) in any other member State.
- (2) If, to the petitioner's knowledge, there is a member State liquidator appointed in main proceedings in relation to the debtor, the petitioner shall, as soon as reasonably practicable, send a copy of the petition to that member State liquidator.]

### Textual Amendments

**F124** S. 6A inserted (8.9.2003) by [The Insolvency \(Scotland\) Regulations 2003 \(S.I. 2003/2109\)](#), **reg. 7**

## [<sup>F125</sup>6B Debtor application: provision of information

- (1) Where a debtor application [<sup>F126</sup>, other than an application under section 5(3)(a),] is made, the debtor shall state in the application—
  - (a) whether or not the debtor's centre of main interests is situated—
    - (i) in the United Kingdom; or
    - (ii) in another member State; and
  - (b) whether not the debtor possesses an establishment—
    - (i) in the United Kingdom; or
    - (ii) in any other member State.
- (2) If, to the debtor's knowledge, there is a member State liquidator appointed in main proceedings in relation to the debtor, the debtor shall, as soon as reasonably practicable, send a copy of the debtor application to that member State liquidator.]

[<sup>F127</sup>(2A) Where a debtor application is made by an executor under section 5(3)(a) the executor must—

- (a) state in the application whether or not the debtor's centre of main interests was situated in the United Kingdom or in another member State, and
- (b) state in the application whether or not the debtor possessed an establishment in the United Kingdom or in another member State.]

### Textual Amendments

**F125** S. 6B inserted (S.) (1.4.2008) by [Bankruptcy and Diligence etc. \(Scotland\) Act 2007 \(asp 3\)](#), **ss. 14(5), 227(3)** (with s. 223); S.S.I. 2008/115, **art. 3(1)(a)** (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))

**F126** Words in s. 6B(1) inserted (1.4.2015) by [Bankruptcy and Debt Advice \(Scotland\) Act 2014 \(asp 11\)](#), **ss. 11(2)(a), 57(2)**; S.S.I. 2014/261, **art. 3** (with arts. 4-7, 12) (as amended by S.S.I. 2015/54, art. 2)

**F127** S. 6B(2A) inserted (1.4.2015) by [Bankruptcy and Debt Advice \(Scotland\) Act 2014 \(asp 11\)](#), **ss. 11(2)(b), 57(2)**; S.S.I. 2014/261, **art. 3** (with arts. 4-7, 12) (as amended by S.S.I. 2015/54, art. 2)

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## 7 Meaning of apparent insolvency.

(1) A debtor's apparent insolvency shall be constituted (or, where he is already apparently insolvent, constituted anew) whenever—

- (a) his estate is sequestered, or he is adjudged bankrupt in England or Wales or Northern Ireland; or
- (b) [<sup>F128</sup>not being a person whose property is for the time being affected by a restraint order [<sup>F129</sup>, detained under or by virtue of a relevant detention power] or subject to a confiscation, or charging, order,] he gives written notice to his creditors that he has ceased to pay his debts in the ordinary course of business;
- [<sup>F130</sup>(ba) he becomes subject to main proceedings in a member State other than the United Kingdom;] or
- [<sup>F131</sup>(c) the debtor grants a trust deed,
  - (ca) following the service on the debtor of a duly executed charge for payment of a debt, the days of charge expire without payment (unless the circumstances are shown to be such as are mentioned in subsection (1A)),
  - (cb) a decree of adjudication of any part of the debtor's estate is granted, either for payment or in security (unless the circumstances are shown to be such as are mentioned in subsection (1A)),
  - (cc) a debt constituted by a decree or document of debt (as defined in section 10 of the Debt Arrangement and Attachment (Scotland) Act 2002) is being paid by the debtor under a debt payment programme under Part 1 of that Act and the programme is revoked (unless the circumstances are shown to be such as are mentioned in subsection (1A)),]
  - (d) a creditor of the debtor, in respect of a liquid debt which amounts (or liquid debts which in aggregate amount) to not less than £750 or such sum as may be prescribed, has served on the debtor, by personal service by an officer of court, a demand in the prescribed form requiring him either to pay the debt (or debts) or to find security for its (or their) payment, and within 3 weeks after the date of service of the demand the debtor has not—
    - (i) complied with the demand; or
    - (ii) intimated to the creditor, by recorded delivery, that he denies that there is a debt or that the sum claimed by the creditor as the debt is immediately payable.

[<sup>F132</sup>In paragraph (d) above, “liquid debt” does not include a sum payable under a confiscation order; and in the foregoing provisions of this subsection—

“charging order” has the meaning assigned <sup>F133</sup> . . . <sup>F133</sup>[<sup>F134</sup> . . . by section 78(2) of the Criminal Justice Act 1988][<sup>F135</sup>or by section 27(2) of the Drug Trafficking Act 1994];

[<sup>F136</sup>“relevant detention power” means section 44A, 47J, 47K, 47M, 47P, 122A, 127J, 127K, 127M, 127P, 193A, 195J, 195K, 195M or 195P of the Proceeds of Crime Act 2002;]

<sup>F137</sup> . . . [<sup>F138</sup> “confiscation order” and “restraint order” mean a confiscation order or a restraint order made under Part 2, 3 or 4 of the Proceeds of Crime Act 2002]].

[<sup>F139</sup>(1A) The circumstances are—

- (a) that, at the time of the occurrence, the debtor was able and willing to pay the debtor's debts as they became due, or

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- (b) that, but for the debtor's property being affected by a restraint order or being subject to a confiscation order or charging order, the debtor would at that time have been able to pay those debts as they became due.]
- (2) A debtor's apparent insolvency shall continue, if constituted under—
  - (a) subsection (1)(a) above, until his discharge; <sup>F140</sup> . . .
  - (b) subsection (1)(b), (c) or (d) above, until he becomes able to pay his debts and pays them as they become due <sup>F141</sup>; or
  - (c) subsection (1)(ba), <sup>F142</sup>until] main proceedings have ended].
- (3) The apparent insolvency of—
  - (a) a partnership shall be constituted <sup>F143</sup>(or, as the case may be, again constituted)] either in accordance with the foregoing provisions of this section or if any of the partners is apparently insolvent for a debt of the partnership;
  - (b) an unincorporated body shall be constituted <sup>F144</sup>(or, as the case may be, again constituted)] if a person representing the body is apparently insolvent, or a person holding property of the body in a fiduciary capacity is apparently insolvent, for a debt of the body.
- (4) Notwithstanding subsection (2) of section 6 of this Act, the apparent insolvency of an entity such as is mentioned in paragraph (a) or (b) of that subsection may be constituted (or as the case may be constituted anew) under subsection (1) above; and any reference in the foregoing provisions of this section to a debtor shall, except where the context otherwise requires, be construed as including a reference to such an entity.

#### Textual Amendments

- F128** Words inserted by [Criminal Justice \(Scotland\) Act 1987 \(c. 41, SIF 39:1\)](#), **ss. 45(5)(b)(i)**, 47(4)(a)
- F129** Words in s. 7(1)(b) inserted (1.6.2015) by [Policing and Crime Act 2009 \(c. 26\)](#), s. 116(1), **Sch. 7 para. 47(a)**; S.I. 2015/983, arts. 2(2)(e), 3(b)
- F130** S. 7(1)(ba) inserted (8.9.2003) by [The Insolvency \(Scotland\) Regulations 2003 \(S.I. 2003/2109\)](#), **reg. 8(1)**
- F131** S. 7(1)(c)-(cc) substituted for s. 7(1)(c) (1.4.2015) by [Bankruptcy and Debt Advice \(Scotland\) Act 2014 \(asp 11\)](#), s. 57(2), **sch. 3 para. 7(a)**; S.S.I. 2014/261, art. 3 (with arts. 4-7, 12) (as amended by S.S.I. 2015/54, art. 2)
- F132** Words added by [Criminal Justice \(Scotland\) Act 1987 \(c. 41, SIF 39:1\)](#), **ss. 45(5)(b)(iii)**, 47(4)(a)
- F133** S. 7(1): words in the definition of charging order omitted (3.2.1995) by 1994 c. 37, ss. 65(1), 69(2), **Sch. 1 para. 10(2)(a)**
- F134** Words inserted by [Criminal Justice Act 1988 \(c. 33, SIF 39:1\)](#), ss. 123, 170, Sch. 8 para. 16, **Sch. 15 para. 108(a)**
- F135** S. 7(1): words in the definition of charging order inserted (3.2.1995) by 1994 c. 37, ss. 65(1), 69(2), **Sch. 1 para. 10(2)(a)**
- F136** Words in s. 7(1) inserted (1.6.2015 for specified purposes, 1.3.2016 in so far as not already in force) by [Policing and Crime Act 2009 \(c. 26\)](#), s. 116(1), **Sch. 7 para. 47(b)**; S.I. 2015/983, arts. 2(2)(e), 3(b); S.I. 2016/147, art. 3(i)
- F137** Words in s. 7(1) repealed (1.4.2008) by [Bankruptcy and Diligence etc. \(Scotland\) Act 2007 \(asp 3\)](#), ss. 226, 227(3), **Sch. 6 Pt. 1** (with s. 223); S.S.I. 2008/115, art. 3(2)(3), Sch. 2 (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))
- F138** Words in s. 7(1) substituted (24.3.2003) by virtue of [Proceeds of Crime Act 2002 \(c. 29\)](#), ss. 456, 458(1)(3), **Sch. 11 para. 15(3)**; S.I. 2003/333, **art. 2(1)**, Sch. (subject to transitional provisions in arts. 3-14) (as amended by S.I. 2003/531); S.S.I. 2003/210, **art. 2(1)(b)**, Sch. (subject to transitional provisions in arts. 3-7)

*Status: Point in time view as at 01/03/2016.*

*Changes to legislation: Bankruptcy (Scotland) Act 1985 (repealed) is up to date with all changes known to be in force on or before 25 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)*

- F139** S. 7(1A) inserted (1.4.2015) by [Bankruptcy and Debt Advice \(Scotland\) Act 2014 \(asp 11\)](#), s. 57(2), [sch. 3 para. 7\(b\)](#); S.S.I. 2014/261, art. 3 (with arts. 4-7, 12) (as amended by S.S.I. 2015/54, art. 2)
- F140** Word in s. 7(2) repealed (8.9.2003) by [The Insolvency \(Scotland\) Regulations 2003 \(S.I. 2003/2109\)](#), [reg. 8\(2\)\(a\)](#)
- F141** S. 7(2)(c) and word inserted (8.9.2003) by [The Insolvency \(Scotland\) Regulations 2003 \(S.I. 2003/2109\)](#), [reg. 8\(2\)\(b\)](#)
- F142** Word in s. 7(2)(c) substituted (1.4.2008) by [Bankruptcy and Diligence etc. \(Scotland\) Act 2007 \(asp 3\)](#), ss. 36, 227(3), [Sch. 1 para. 6](#) (with s. 223)); S.S.I. 2008/115, [art. 3\(1\)\(i\)](#) (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))
- F143** Words in s. 7(3)(a) inserted (1.4.2015) by [Bankruptcy and Debt Advice \(Scotland\) Act 2014 \(asp 11\)](#), s. 57(2), [sch. 3 para. 7\(c\)](#); S.S.I. 2014/261, art. 3 (with arts. 4-7, 12) (as amended by S.S.I. 2015/54, art. 2)
- F144** Words in s. 7(3)(b) inserted (1.4.2015) by [Bankruptcy and Debt Advice \(Scotland\) Act 2014 \(asp 11\)](#), s. 57(2), [sch. 3 para. 7\(c\)](#); S.S.I. 2014/261, art. 3 (with arts. 4-7, 12) (as amended by S.S.I. 2015/54, art. 2)

## 8 Further provisions relating to presentation of petitions.

(1) Subject to subsection (2) below, a petition for the sequestration of a debtor's estate (other than a deceased debtor's estate) may be presented—

- [<sup>F145</sup>(a) at any time by—
- (i) <sup>F146</sup>.....
  - (ii) a trustee acting under a trust deed;
  - (iii) a temporary administrator; or
  - (iv) a member State liquidator appointed in main proceedings;]
- (b) by a qualified creditor or qualified creditors, only if the apparent insolvency founded on in the petition was constituted within 4 months before the petition is presented.

[<sup>F147</sup>(2) A petition for the sequestration of the estate of a limited partnership may be presented—

- (a) by a qualified creditor or qualified creditors only if the apparent insolvency founded on in the petition was constituted within 4 months (or such other period as may be prescribed) before the date of presentation of the petition, or
- (b) at any time by—
  - (i) a temporary administrator,
  - (ii) a member State liquidator appointed in main proceedings, or
  - (iii) a trustee acting under a trust deed.]

(3) A petition for the sequestration of the estate of a deceased debtor may be presented—

- [<sup>F148</sup>(a) at any time by—
- <sup>F149</sup>(i) .....
  - (ii) a person entitled to be appointed as executor of the estate;
  - (iii) a trustee acting under a trust deed;
  - (iv) a temporary administrator; or
  - (v) a member State liquidator appointed in main proceedings;]
- (b) by a qualified creditor or qualified creditors of the deceased debtor—
- (i) in a case where the apparent insolvency of the debtor was constituted within 4 months before his death, at any time;

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(ii) in any other case (whether or not apparent insolvency has been constituted), not earlier than 6 months after the debtor's death.

<sup>F150</sup>(4) . . . . .

(5) The presentation of [<sup>F151</sup>, or the concurring in,] a petition for sequestration shall bar the effect of any enactment or rule of law relating to the limitation of actions in any part of the United Kingdom.

(6) Where before sequestration is awarded it becomes apparent that a petitioning <sup>F152</sup>. . . creditor was ineligible so to petition <sup>F152</sup>. . . he shall withdraw, or as the case may be withdraw from, the petition but another creditor may be sisted in his place.

#### Textual Amendments

**F145** S. 8(1)(a) substituted (8.9.2003) by [The Insolvency \(Scotland\) Regulations 2003 \(S.I. 2003/2109\)](#), **reg. 9(1)**

**F146** S. 8(1)(a)(i) repealed (1.4.2008) by [Bankruptcy and Diligence etc. \(Scotland\) Act 2007 \(asp 3\)](#), ss. 226, 227(3), **Sch. 6** (with s. 223); S.S.I. 2008/115, art. 3(2)(3), **Sch. 2** (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))

**F147** S. 8(2) substituted (30.6.2014 for specified purposes, 1.4.2015 in so far as not already in force) by [Bankruptcy and Debt Advice \(Scotland\) Act 2014 \(asp 11\)](#), ss. 46(1), 57(2); S.S.I. 2014/172, art. 2, sch.; S.S.I. 2014/261, art. 3 (with arts. 4-7, 12) (as amended by S.S.I. 2015/54, art. 2)

**F148** S. 8(3)(a) substituted (8.9.2003) by [The Insolvency \(Scotland\) Regulations 2003 \(S.I. 2003/2109\)](#), **reg. 9(2)**

**F149** S. 8(3)(a)(i) repealed (1.4.2015) by [Bankruptcy and Debt Advice \(Scotland\) Act 2014 \(asp 11\)](#), s. 57(2), **sch. 4**; S.S.I. 2014/261, art. 3 (with arts. 4-7, 12) (as amended by S.S.I. 2015/54, art. 2)

**F150** S. 8(4) repealed (1.4.2015) by [Bankruptcy and Debt Advice \(Scotland\) Act 2014 \(asp 11\)](#), s. 57(2), **sch. 4**; S.S.I. 2014/261, art. 3 (with arts. 4-7, 12) (as amended by S.S.I. 2015/54, art. 2)

**F151** Words in s. 8(5) repealed (S.) (1.4.2008) by [Bankruptcy and Diligence etc. \(Scotland\) Act 2007 \(asp 3\)](#), ss. 226, 227(3), **Sch. 6** (with s. 223); S.S.I. 2008/115, art. 3(2)(3), **Sch. 2** (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))

**F152** Words in s. 8(6) repealed (1.4.2008) by [Bankruptcy and Diligence etc. \(Scotland\) Act 2007 \(asp 3\)](#), ss. 226, 227(3), **Sch. 6** (with s. 223); S.S.I. 2008/115, art. 3(2)(3), **Sch. 2** (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))

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

**C24** S. 8(5) applied with modifications by [S.I. 1986/1915](#), **Rule 4.76**.

### <sup>F153</sup>8A Further provisions relating to debtor applications

(1) Subject to [<sup>F154</sup>subsections (2) and (2A)] below, a debtor application may be made at any time.

<sup>F155</sup>(2) A petition for the sequestration of the estate of a limited partnership may be presented—

(a) by a qualified creditor or qualified creditors only if the apparent insolvency founded on in the petition was constituted within 4 months (or such other period as may be prescribed) before the date of presentation of the petition, or

(b) at any time by—

(i) a temporary administrator,

(ii) a member State liquidator appointed in main proceedings, or

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(iii) a trustee acting under a trust deed.]

- <sup>F156</sup> [ Any intromission by an executor with the deceased debtor's estate after the period mentioned in subsection (2B) is deemed an intromission without a title unless, within that period, the executor—
- (a) makes a debtor application under section 5(3)(a), or
  - (b) petitions for the appointment of a judicial factor to administer the estate.
- (2B) The period referred to in subsection (2A) is the period of 12 months following the day on which the executor knew or ought to have known that the estate was absolutely insolvent and likely to remain so.]
- (3) The making of, or the concurring in, a debtor application shall bar the effect of any enactment or rule of law relating to the limitation of actions.
  - (4) Where, before sequestration is awarded, it becomes apparent that a creditor concurring in a debtor application was ineligible to so concur the Accountant in Bankruptcy shall withdraw him from the application but another creditor may concur in the place of the ineligible creditor and that other creditor shall notify the Accountant in Bankruptcy of that fact.]

#### Textual Amendments

- F153** S. 8A inserted (1.4.2008) by [Bankruptcy and Diligence etc. \(Scotland\) Act 2007 \(asp 3\)](#), **ss. 14(6), 227(3)** (with s. 223); S.S.I. 2008/115, **art. 3(1)(a)** (with arts. 4-6, 10) (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))
- F154** Words in s. 8A(1) substituted (1.4.2015) by [Bankruptcy and Debt Advice \(Scotland\) Act 2014 \(asp 11\)](#), **ss. 11(3)(a), 57(2)**; S.S.I. 2014/261, **art. 3** (with arts. 4-7, 12) (as amended by S.S.I. 2015/54, art. 2)
- F155** S. 8A(2) substituted (30.6.2014 for specified purposes, 1.4.2015 in so far as not already in force) by [Bankruptcy and Debt Advice \(Scotland\) Act 2014 \(asp 11\)](#), **ss. 46(2), 57(2)**; S.S.I. 2014/172, **art. 2**, sch.; S.S.I. 2014/261, **art. 3** (with arts. 4-7, 12) (as amended by S.S.I. 2015/54, art. 2)
- F156** S. 8A(2A)(2B) inserted (1.4.2015) by [Bankruptcy and Debt Advice \(Scotland\) Act 2014 \(asp 11\)](#), **ss. 11(3)(b), 57(2)**; S.S.I. 2014/261, **art. 3** (with arts. 4-7, 12) (as amended by S.S.I. 2015/54, art. 2)

## 9 Jurisdiction.

- (1) [<sup>F157</sup>Where a petition is presented for the sequestration of an estate,] the [<sup>F158</sup>sheriff] shall have jurisdiction in respect of the sequestration of the estate of a living debtor or of a deceased debtor if the debtor had an established place of business in [<sup>F159</sup>the sheriffdom], or was habitually resident there, at the relevant time.
- <sup>F160</sup>(1A) The Accountant in Bankruptcy may determine a debtor application for the sequestration of the estate of a living [<sup>F161</sup>or deceased] debtor if the debtor had an established place of business in Scotland, or was habitually resident there, at the relevant time.]
- (2) [<sup>F162</sup>Where a petition is presented for the sequestration of an estate,] the [<sup>F163</sup>sheriff] shall have jurisdiction in respect of the sequestration of the estate of any entity which may be sequestrated by virtue of section 6 of this Act, if the entity—
  - (a) had an established place of business in [<sup>F164</sup>the sheriffdom] at the relevant time; or



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(b) was constituted or formed under Scots law, and at any time carried on business in <sup>F164</sup>the sheriffdom] .

<sup>F165</sup>(2A) The Accountant in Bankruptcy may determine a debtor application for the sequestration of the estate of any entity which may be sequestrated by virtue of section 6 of this Act, if the entity—

- (a) had an established place of business in Scotland at the relevant time; or
- (b) was constituted or formed under Scots law, and at any time carried on business in Scotland.]

(3) Notwithstanding that the partner of a firm, whether alive or deceased, does not fall within subsection (1) above, the <sup>F166</sup>sheriff shall have jurisdiction in respect of the sequestration of his estate if a petition has been presented for the sequestration of the estate of the firm of which he is, or was at the relevant time before his decease, a partner and the process of that sequestration is still current.

<sup>F167</sup>(3A) Any proceedings under this Act which—

- (a) relate to—
    - (i) a debtor application; or
    - (ii) the sequestration of a debtor's estate awarded following such an application; and
  - (b) may be brought before a sheriff,
- shall be brought before the sheriff who would, under subsection (1) or (2) above, have had jurisdiction in respect of a petition for sequestration of the debtor's estate.]

(4) <sup>F168</sup> .....

(5) In this section “the relevant time” means at any time in the year immediately preceding the date of presentation of the petition <sup>F169</sup>, the date the debtor application is made] or the date of death, as the case may be.

<sup>F170</sup>(6) This section is subject to Article 3 of the EC Regulation.]

#### Textual Amendments

**F157** Words in s. 9(1) inserted (1.4.2008) by Bankruptcy and Diligence etc. (Scotland) Act 2007 (asp 3), **ss. 14(7)(a), 227(3)** (with s. 223); S.S.I. 2008/115, **art. 3(1)(a)** (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))

**F158** Word in s. 9(1) substituted (1.4.2008) by Bankruptcy and Diligence etc. (Scotland) Act 2007 (asp 3), **ss. 16(1)(a)(i), 227(3)** (with s. 223); S.S.I. 2008/115, **art. 3(1)(a)** (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))

**F159** Words in s. 9(1) substituted (1.4.2008) by Bankruptcy and Diligence etc. (Scotland) Act 2007 (asp 3), **ss. 16(1)(a)(ii), 227(3)** (with s. 223); S.S.I. 2008/115, **art. 3(1)(a)** (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))

**F160** S. 9(1A) inserted (1.4.2008) by Bankruptcy and Diligence etc. (Scotland) Act 2007 (asp 3), **ss. 14(7)(b), 227(3)** (with s. 223); S.S.I. 2008/115, **art. 3(1)(a)** (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))

**F161** Words in s. 9(1A) inserted (1.4.2015) by Bankruptcy and Debt Advice (Scotland) Act 2014 (asp 11), s. 57(2), **sch. 3 para. 8**; S.S.I. 2014/261, art. 3 (with arts. 4-7, 12) (as amended by S.S.I. 2015/54, art. 2)

**F162** Words in s. 9(2) inserted (1.4.2008) by Bankruptcy and Diligence etc. (Scotland) Act 2007 (asp 3), **ss. 14(7)(c), 227(3)** (with s. 223); S.S.I. 2008/115, **art. 3(1)(a)** (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))

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*Changes to legislation: Bankruptcy (Scotland) Act 1985 (repealed) is up to date with all changes known to be in force on or before 25 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)*

- F163** Word in s. 9(2) substituted (1.4.2008) by Bankruptcy and Diligence etc. (Scotland) Act 2007 (asp 3), **ss. 16(1)(b)(i)**, 227(3) (with s. 223); S.S.I. 2008/115, **art. 3(1)(a)** (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))
- F164** Words in s. 9(2) substituted (1.4.2008) by Bankruptcy and Diligence etc. (Scotland) Act 2007 (asp 3), **ss. 16(1)(b)(ii)**, 227(3) (with s. 223); S.S.I. 2008/115, **art. 3(1)(a)** (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))
- F165** S. 9(2A) inserted (1.4.2008) by Bankruptcy and Diligence etc. (Scotland) Act 2007 (asp 3), **ss. 14(7)(d)**, 227(3) (with s. 223); S.S.I. 2008/115, **art. 3(1)(a)** (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))
- F166** Word in s. 9(3) substituted (1.4.2008) by Bankruptcy and Diligence etc. (Scotland) Act 2007 (asp 3), **ss. 16(1)(c)**, 227(3) (with s. 223); S.S.I. 2008/115, **art. 3(1)(a)** (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))
- F167** S. 9(3A) inserted (1.4.2008) by Bankruptcy and Diligence etc. (Scotland) Act 2007 (asp 3), **ss. 14(7)(e)**, 227(3) (with s. 223); S.S.I. 2008/115, **art. 3(1)(a)** (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))
- F168** S. 9(4) repealed (1.4.2008) by Bankruptcy and Diligence etc. (Scotland) Act 2007 (asp 3), **ss. 16(1)(d)**, 227(3) (with s. 223); S.S.I. 2008/115, **art. 3(1)(a)** (with arts. 4-6, 10) (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5)
- F169** Words in s. 9(5) inserted (1.4.2008) by Bankruptcy and Diligence etc. (Scotland) Act 2007 (asp 3), **ss. 36**, 227(3), **Sch. 1 para. 7** (with s. 223); S.S.I. 2008/115, **art. 3(1)(i)** (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))
- F170** S. 9(6) inserted (8.9.2003) by The Insolvency (Scotland) Regulations 2003 (S.I. 2003/2109), **reg. 10**

## [<sup>F171</sup>10] **Duty to notify existence of concurrent proceedings for sequestration or analogous remedy**

- (1) If, in the course of sequestration proceedings (referred to in this section and in section 10A of this Act as the “instant proceedings”)—
- (a) a petitioner for sequestration;
  - (b) the debtor; or
  - (c) a creditor concurring in a debtor application,
- is, or becomes, aware of any of the circumstances mentioned in subsection (2) below, he shall as soon as possible take the action mentioned in subsection (3) below.
- (2) Those circumstances are that, notwithstanding the instant proceedings—
- (a) a petition for sequestration of the debtor's estate is before a sheriff or such sequestration has been awarded;
  - (b) a debtor application has been made in relation to the debtor's estate or sequestration has been awarded by virtue of such an application;
  - (c) a petition for the appointment of a judicial factor on the debtor's estate is before a court or such a judicial factor has been appointed;
  - (d) a petition is before a court for the winding up of the debtor under Part IV or V of the Insolvency Act 1986 (c. 45) or section 372 of the Financial Services and Markets Act 2000 (c. 8); or
  - (e) an application for an analogous remedy in respect of the debtor's estate is proceeding or such an analogous remedy is in force.
- (3) The action referred to in subsection (1) above is—
- (a) in a case where the instant proceedings are by petition for sequestration, to notify the sheriff to whom that petition was presented; and

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- (b) in a case where the instant proceedings are by debtor application, to notify the Accountant in Bankruptcy, of the circumstance referred to in subsection (2) above.
- (4) If a petitioner fails to comply with subsection (1) above, he may be made liable for the expenses of presenting the petition for sequestration.
- (5) If a creditor concurring in a debtor application fails to comply with subsection (1) above, he may be made liable for the expenses of making the debtor application.
- (6) If a debtor fails to comply with subsection (1) above, he shall be guilty of an offence and liable, on summary conviction, to a fine not exceeding level 5 on the standard scale.
- (7) In this section and in section 10A of this Act “analogous remedy” means <sup>F172</sup>... an individual voluntary arrangement or bankruptcy order under the Insolvency Act 1986 (c. 45) or an administration order under section 112 of the County Courts Act 1984 (c. 28) in England and Wales or under any enactment having the like effect in Northern Ireland or a remedy analogous to any of the aforesaid remedies, or to sequestration, in any other country (including England, Wales and Northern Ireland).]

#### Textual Amendments

- F171** Ss. 10, 10A substituted (1.4.2008) for s. 10 by [Bankruptcy and Diligence etc. \(Scotland\) Act 2007 \(asp 3\)](#), ss. 36, 227(3), [Sch. 1 para. 8](#) (with s. 223); S.S.I. 2008/115, [art. 3\(1\)\(i\)](#) (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))
- F172** Words in s. 10(7) repealed (1.4.2015) by [Bankruptcy and Debt Advice \(Scotland\) Act 2014 \(asp 11\)](#), s. 57(2), [sch. 4](#); S.S.I. 2014/261, [art. 3](#) (with arts. 4-7, 12) (as amended by S.S.I. 2015/54, art. 2)

#### [<sup>F173</sup> 10A Powers in relation to concurrent proceedings for sequestration or analogous remedy

- (1) Where, in the course of instant proceedings which are by petition, any of the circumstances mentioned in paragraphs (a) to (d) of section 10(2) of this Act exists, the sheriff to whom the petition in the instant proceedings was presented may, on his own motion or at the instance of the debtor or any creditor or other person having an interest, allow that petition to proceed or may sist or dismiss it.
- (2) Without prejudice to subsection (1) above, where, in the course of instant proceedings which are by petition, any of the circumstances mentioned in paragraphs (a), (c) or (d) of section 10(2) of this Act exists, the Court of Session may, on its own motion or on the application of the debtor or any creditor or other person having an interest, direct the sheriff before whom the petition in the instant proceedings is pending, or the sheriff before whom the other petition is pending, to sist or dismiss the petition in the instant proceedings or, as the case may be, the other petition, or may order the petitions to be heard together.
- (3) Without prejudice to subsection (1) above, where, in the course of instant proceedings which are by petition, the circumstance mentioned in paragraph (b) of section 10(2) of this Act exists, the sheriff to whom the petition in the instant proceedings was presented may, on his own motion or at the instance of the debtor or any creditor or other person having an interest, direct the Accountant in Bankruptcy to dismiss the debtor application.

*Status: Point in time view as at 01/03/2016.*

*Changes to legislation: Bankruptcy (Scotland) Act 1985 (repealed) is up to date with all changes known to be in force on or before 25 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)*

- [ The Accountant in Bankruptcy must grant a recall of an award of sequestration if—
- <sup>F174</sup>(3A) (a) sequestration has been awarded by virtue of a debtor application, and  
(b) the sheriff directs the Accountant in Bankruptcy to dismiss the debtor application.
- (3B) The effect of the recall of an award of sequestration is, so far as practicable, to restore the debtor and any other person affected by the sequestration to the position the debtor or, as the case may be, the other person would have been in if the sequestration had not been awarded.
- (3C) A recall of an award of sequestration does not—  
(a) affect the interruption of prescription caused by—  
(i) the presentation of the petition for sequestration,  
(ii) the making of the debtor application, or  
(iii) the submission of a claim under section 22 or 48,  
(b) invalidate any transaction entered into before such recall by the interim trustee, or by the trustee, with a person acting in good faith, or  
(c) affect a bankruptcy restrictions order which has not been annulled under section 56J(1)(a).
- (3D) Without delay after granting a recall of an award of sequestration under subsection (3A), the Accountant in Bankruptcy must send a certified copy of the decision to the Keeper of the Register of Inhibitions for recording in that register.]
- (4) Where, in the course of instant proceedings which are by debtor application, any of the circumstances mentioned in paragraphs (a) to (d) of section 10(2) of this Act exists, the Accountant in Bankruptcy may dismiss the debtor application in the instant proceedings.
- (5) Where, in respect of the same estate—  
(a) a petition for sequestration is pending before a sheriff; and  
(b) an application for an analogous remedy is proceeding or an analogous remedy is in force,  
the sheriff, on his own motion or at the instance of the debtor or any creditor or other person having an interest, may allow the petition for sequestration to proceed or may sist or dismiss it.
- (6) Where, in respect of the same estate—  
(a) a debtor application has been made and has not been determined; and  
(b) an application for an analogous remedy is proceeding or an analogous remedy is in force,  
the Accountant in Bankruptcy may proceed to determine the application or may dismiss it.]

#### Textual Amendments

**F173** Ss. 10, 10A substituted (1.4.2008) for s. 10 by [Bankruptcy and Diligence etc. \(Scotland\) Act 2007 \(asp 3\)](#), ss. 36, 227(3), Sch. 1 para. 8 (with s. 223); S.S.I. 2008/115, [art. 3\(1\)\(i\)](#) (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))

**F174** S. 10A(3A)-(3D) inserted (1.4.2015) by [Bankruptcy and Debt Advice \(Scotland\) Act 2014 \(asp 11\)](#), ss. 12, 57(2); S.S.I. 2014/261, [art. 3](#) (with arts. 4-7, 12) (as amended by S.S.I. 2015/54, art. 2)

*Status: Point in time view as at 01/03/2016.*

*Changes to legislation: Bankruptcy (Scotland) Act 1985 (repealed) is up to date with all changes known to be in force on or before 25 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)*

## 11 Creditor's oath.

- (1) Every creditor, being a petitioner for sequestration, a creditor who concurs in a [<sup>F175</sup>debtor application] or a qualified creditor who becomes sisted under subsection (8) (i) of section 5 of this Act or under that subsection as applied by section 6(8) of this Act, shall produce an oath in the prescribed form made by him or on his behalf.
- (2) The oath may be made—
  - (a) in the United Kingdom, before any person entitled to administer an oath there;
  - (b) outwith the United Kingdom, before a British diplomatic or consular officer or any person authorised to administer an oath or affirmation under the law of the place where the oath is made.
- (3) The identity of the person making the oath and the identity of the person before whom the oath is made and their authority to make and to administer the oath respectively shall be presumed to be correctly stated, and any seal or signature on the oath shall be presumed to be authentic, unless the contrary is established.
- (4) If the oath contains any error or has omitted any fact, the [<sup>F176</sup>sheriff to whom] the petition for sequestration was presented [<sup>F177</sup>or, in the case of a creditor concurring in a debtor application, the Accountant in Bankruptcy] may, at any time before sequestration is awarded, allow another oath to be produced rectifying the original oath; and this section shall apply to the making of that other oath as it applies to the making of the original oath.
- (5) Every creditor must produce along with the oath an account or voucher (according to the nature of the debt) which constitutes *prima facie* evidence of the debt; and a petitioning creditor shall in addition produce such evidence as is available to him to show the apparent insolvency of the debtor.

### Textual Amendments

- F175** Words in s. 11(1) substituted (1.4.2008) by [Bankruptcy and Diligence etc. \(Scotland\) Act 2007 \(asp 3\)](#), ss. 36, 227(3), [Sch. 1 para. 9\(a\)](#) (with s. 223); S.S.I. 2008/115, [art. 3\(1\)\(i\)](#) (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))
- F176** Words in s. 11(4) substituted (1.4.2008) by [Bankruptcy and Diligence etc. \(Scotland\) Act 2007 \(asp 3\)](#), ss. 36, 227(3), [Sch. 1 para. 9\(b\)\(i\)](#) (with s. 223); S.S.I. 2008/115, [art. 3\(1\)\(i\)](#) (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))
- F177** Words in s. 11(4) inserted (1.4.2008) by [Bankruptcy and Diligence etc. \(Scotland\) Act 2007 \(asp 3\)](#), ss. 36, 227(3), [Sch. 1 para. 9\(b\)\(ii\)](#) (with s. 223); S.S.I. 2008/115, [art. 3\(1\)\(i\)](#) (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))

*Award of sequestration and appointment and resignation of interim trustee*

### [<sup>F178</sup>11A Debtor application: incomplete application

- (1) This section applies where a debtor application is made and the Accountant in Bankruptcy considers that—
  - (a) the application is incomplete,
  - (b) further information is required in relation to the application,
  - (c) further evidence is required to substantiate any fact relevant to the application,or

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- (d) any fee or charge applicable to the application is outstanding.
- (2) The Accountant in Bankruptcy must specify by notice in writing to the debtor—
  - (a) any further information which is to be provided,
  - (b) any further evidence which is to be provided, and
  - (c) any fee or charge to be paid.
- (3) Any information, evidence, fee or charge to be provided or paid under subsection (2) must be provided or paid within 21 days or such longer period as may be specified by the Accountant in Bankruptcy.
- (4) The Accountant in Bankruptcy may refuse to award sequestration if, after the expiry of the period referred to in subsection (3), the Accountant in Bankruptcy considers that—
  - (a) the application remains incomplete,
  - (b) the debtor has provided insufficient information or evidence under subsection (2)(a) or (b), or
  - (c) any fee or charge applicable to the application remains outstanding.

#### Textual Amendments

**F178** Ss. 11A, 11B inserted (1.4.2015) by [Bankruptcy and Debt Advice \(Scotland\) Act 2014 \(asp 11\)](#), **ss. 10, 57(2)**; [S.S.I. 2014/261](#), **art. 3** (with **arts. 4-7, 12**) (as amended by [S.S.I. 2015/54](#), **art. 2**)

### 11B Refusal of debtor application: inappropriate application

- (1) This section applies where a debtor application is made and the Accountant in Bankruptcy considers that an award of sequestration may not be appropriate in the circumstances of the case.
- (2) The Accountant in Bankruptcy must specify by notice in writing to the debtor—
  - (a) the reason why the Accountant in Bankruptcy considers the application may not be appropriate, and
  - (b) any further information which is to be provided within 21 days or such longer period as may be specified by the Accountant in Bankruptcy.
- (3) The Accountant in Bankruptcy may refuse to award sequestration if, after the expiry of the period referred to in subsection (2), the Accountant in Bankruptcy remains of the view that an award of sequestration would be inappropriate in the circumstances of the case.]

#### Textual Amendments

**F178** Ss. 11A, 11B inserted (1.4.2015) by [Bankruptcy and Debt Advice \(Scotland\) Act 2014 \(asp 11\)](#), **ss. 10, 57(2)**; [S.S.I. 2014/261](#), **art. 3** (with **arts. 4-7, 12**) (as amended by [S.S.I. 2015/54](#), **art. 2**)

### 12 When sequestration is awarded.

- <sup>F179</sup>[(1) Where a <sup>F180</sup>debtor application<sup>F181</sup>, other than an application under section 5(3)(a),] is made <sup>F182</sup>[and sections 11A and 11B do not apply], the Accountant in Bankruptcy shall award sequestration forthwith if he is satisfied—

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- (a) that the application has been made in accordance with the provisions of this Act and any provisions made under this Act;]
- (b) that [<sup>F183</sup>subsection] (2B) of section 5 of this Act applies to the debtor; and
- (c) that the provisions of [<sup>F184</sup>subsection] (6A) of that section have been complied with.]

[<sup>F185</sup>(1B) Where a debtor application is made under section 5(3)(a) the Accountant in Bankruptcy must award sequestration forthwith if the Accountant is satisfied—

- (a) that the application has been made in accordance with the provisions of this Act and any provision made under this Act, and
- (b) that the provisions of subsection (6A) of section 5 have been complied with.]

[(1A) <sup>F186</sup>.....]

(2) Where a petition for sequestration of a debtor's estate is presented by a creditor or a trustee acting under a trust deed, the [<sup>F187</sup>sheriff to whom] the petition is presented shall grant warrant to cite the debtor to appear before [<sup>F188</sup>him] on such date as shall be specified in the warrant, being a date not less than 6 nor more than 14 days after the date of citation, to show cause why sequestration should not be awarded.

<sup>F189</sup>[(3) Where, on a petition for sequestration presented by a creditor or a trustee acting under a trust deed, the [<sup>F190</sup>sheriff] is satisfied—

- (a) that, if the debtor has not appeared, proper citation has been made of the debtor;
- (b) that the petition has been presented in accordance with the provisions of this Act;
- (c) that the provisions of subsection (6) of section 5 of this Act have been complied with;
- (d) that, in the case of a petition by a creditor [<sup>F191</sup>or the Financial Conduct Authority], the requirements of this Act relating to apparent insolvency have been fulfilled; and

- [<sup>F192</sup>(e) that, in the case of a petition by a trustee—
  - (i) one or more of the conditions in section 5(2C)(a) applies, or
  - (ii) the petition includes an averment in accordance with section 5(2C)(b),]

[<sup>F193</sup>he] shall, subject to [<sup>F194</sup>subsections (3A) to (3C)] below, award sequestration forthwith.

(3A) Sequestration shall not be awarded in pursuance of subsection (3) above if—

- (a) cause is shown why sequestration cannot competently be awarded; or
- (b) the debtor forthwith pays or satisfies, or produces written evidence of the payment or satisfaction of <sup>F195</sup>...—
  - (i) the debt in respect of which he became apparently insolvent; and
  - (ii) any other debt due by him to the petitioner and any creditor concurring in the petition.]

[<sup>F196</sup>(3B) Where the sheriff is satisfied that the debtor shall, before the expiry of the period of 42 days beginning with the day on which the debtor appears before the sheriff, pay or satisfy—

- (a) the debt in respect of which the debtor became apparently insolvent; and
- (b) any other debt due by the debtor to the petitioner and any creditor concurring in the petition,

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the sheriff may continue the petition for a period of no more than 42 days.

(3C) Where the sheriff is satisfied—

- (a) that a debt payment programme (within the meaning of Part 1 of the Debt Arrangement and Attachment (Scotland) Act 2002 (asp 17)) relating to—
  - (i) the debt in respect of which the debtor became apparently insolvent; and
  - (ii) any other debt due by the debtor to the petitioner and any creditor concurring in the petition,

has been applied for and has not yet been approved or rejected; or

- (b) that such a debt payment programme will be applied for,

the sheriff may continue the petition for such period as he thinks fit.]

<sup>F179</sup>(4) In this Act “the date of sequestration” means—

- (a) where [<sup>F197</sup>a debtor application is made] , the date on which sequestration is awarded;
- (b) where the petition for sequestration is presented by a creditor or a trustee acting under a trust deed [<sup>F198</sup>and sequestration is awarded] —
  - (i) the date on which the [<sup>F199</sup>sheriff] grants warrant under subsection (2) above to cite the debtor; or
  - (ii) where more than one such warrant is granted, the date on which the first such warrant is granted.]

#### Textual Amendments

- F179** S. 12(1) substituted (1.4.1993, subject to savings in arts. 4, 5 of S.I. 1993/438) by 1993 c. 6, s. 4(2) (with s. 12(6)); S.I. 1993/438, art.3
- S. 12(4) substituted (1.4.1993, subject to savings in arts. 4, 5 of S.I. 1993/438) by 1993 c. 6, s. 4(5) (with s. 12(6)); S.I. 1993/438, art.3
- F180** Words in s. 12(1) substituted (1.4.2008) by Bankruptcy and Diligence etc. (Scotland) Act 2007 (asp 3), ss. 14(8), 227(3) (with s. 223); S.S.I. 2008/115, art. 3(1)(a) (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))
- F181** Words in s. 12(1) inserted (1.4.2015) by Bankruptcy and Debt Advice (Scotland) Act 2014 (asp 11), ss. 11(4)(a), 57(2); S.S.I. 2014/261, art. 3 (with arts. 4-7, 12) (as amended by S.S.I. 2015/54, art. 2)
- F182** Words in s. 12(1) inserted (1.4.2015) by Bankruptcy and Debt Advice (Scotland) Act 2014 (asp 11), s. 57(2), sch. 3 para. 9(a); S.S.I. 2014/261, art. 3 (with arts. 4-7, 12) (as amended by S.S.I. 2015/54, art. 2)
- F183** Words in s. 12(1)(b) substituted (15.11.2010) by Home Owner and Debtor Protection (Scotland) Act 2010 (asp 6), ss. 9(3), 17(3)(4) (with s. 14); S.S.I. 2010/314, art. 6 (subject to transitional provisions and savings in S.S.I. 2010/316, arts. 4-7)
- F184** Words in s. 12(1)(c) substituted (1.4.2008) by Bankruptcy and Diligence etc. (Scotland) Act 2007 (asp 3), ss. 36, 227(3), Sch. 1 para. 10(a) (with s. 223); S.S.I. 2008/115, art. 3(1)(i) (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))
- F185** S. 12(1B) inserted (1.4.2015) by Bankruptcy and Debt Advice (Scotland) Act 2014 (asp 11), ss. 11(4)(b), 57(2); S.S.I. 2014/261, art. 3 (with arts. 4-7, 12) (as amended by S.S.I. 2015/54, art. 2)
- F186** S. 12(1A) repealed (1.4.2008) by Bankruptcy and Diligence etc. (Scotland) Act 2007 (asp 3), ss. 226, 227(3), Sch. 6 Pt. 1 (with s. 223); S.S.I. 2008/115, art. 3(1)(i) (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))
- F187** Words in s. 12(2) substituted (1.4.2008) by Bankruptcy and Diligence etc. (Scotland) Act 2007 (asp 3), ss. 36, 227(3), Sch. 1 para. 10(b)(i) (with s. 223); S.S.I. 2008/115, art. 3(1)(i) (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))



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- F188** Word in s. 12(2) substituted (1.4.2008) by Bankruptcy and Diligence etc. (Scotland) Act 2007 (asp 3), ss. 36, 227(3), **Sch. 1 para. 10(b)(ii)** (with s. 223); S.S.I. 2008/115, **art. 3(1)(i)** (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))
- F189** S. 12(3)(3A) substituted for s. 12(3) (1.4.1993, subject to savings in arts. 4, 5 of S.I. 1993/438) by 1993 c. 6, **s. 4(4)** (with s. 12(6)); S.I. 1993/438, **art. 3**
- F190** Word in s. 12(3) substituted (1.4.2008) by Bankruptcy and Diligence etc. (Scotland) Act 2007 (asp 3), ss. 36, 227(3), **Sch. 1 para. 10(c)(i)** (with s. 223); S.S.I. 2008/115, **art. 3(1)(i)** (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))
- F191** Words in s. 12(3)(d) inserted (6.6.2013) by The Collective Investment in Transferable Securities (Contractual Scheme) Regulations 2013 (S.I. 2013/1388), regs. 1, **19(2)(c)** (with reg. 24)
- F192** S. 12(3)(e) substituted (1.4.2015) by Bankruptcy and Debt Advice (Scotland) Act 2014 (asp 11), ss. 47, 57(2); S.S.I. 2014/261, art. 3 (with arts. 4-7, 12) (as amended by S.S.I. 2015/54, art. 2)
- F193** Word in s. 12(3) substituted (1.4.2008) by Bankruptcy and Diligence etc. (Scotland) Act 2007 (asp 3), ss. 36, 227(3), **Sch. 1 para. 10(c)(ii)** (with s. 223); S.S.I. 2008/115, **art. 3(1)(i)** (with arts. 4-6, 10) (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))
- F194** Words in s. 12(3) substituted (1.4.2008) by Bankruptcy and Diligence etc. (Scotland) Act 2007 (asp 3), ss. 27(2), 227(3) (with s. 223); S.S.I. 2008/115, **art. 3(1)(a)** (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))
- F195** Words in s. 12(3A)(b) repealed (1.4.2015) by Bankruptcy and Debt Advice (Scotland) Act 2014 (asp 11), s. 57(2), **sch. 4**; S.S.I. 2014/261, art. 3 (with arts. 4-7, 12) (as amended by S.S.I. 2015/54, art. 2)
- F196** S. 12(3B)(3C) inserted (1.4.2008) by Bankruptcy and Diligence etc. (Scotland) Act 2007 (asp 3), ss. 27(3), 227(3) (with s. 223); S.S.I. 2008/115, **art. 3(1)(a)** (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))
- F197** Words in s. 12(4)(a) substituted (1.4.2008) by Bankruptcy and Diligence etc. (Scotland) Act 2007 (asp 3), ss. 36, 227(3), **Sch. 1 para. 10(d)(i)** (with s. 223); S.S.I. 2008/115, **art. 3(1)(i)** (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))
- F198** Words in s. 12(4)(b) inserted (1.4.2015) by Bankruptcy and Debt Advice (Scotland) Act 2014 (asp 11), s. 57(2), **sch. 3 para. 9(b)**; S.S.I. 2014/261, art. 3 (with arts. 4-7, 12) (as amended by S.S.I. 2015/54, art. 2)
- F199** Word in s. 12(4)(b)(i) substituted (1.4.2008) by Bankruptcy and Diligence etc. (Scotland) Act 2007 (asp 3), ss. 36, 227(3), **Sch. 1 para. 10(d)(ii)** (with s. 223); S.S.I. 2008/115, **art. 3(1)(i)** (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))

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

- C25** S. 12(2)(3) applied (with modifications) (6.6.2013) by The Collective Investment in Transferable Securities (Contractual Scheme) Regulations 2013 (S.I. 2013/1388), regs. 1, **19(2)(b)(ii)** (with reg. 24)
- C26** S. 12(4)(b) applied (with modifications) (6.6.2013) by The Collective Investment in Transferable Securities (Contractual Scheme) Regulations 2013 (S.I. 2013/1388), regs. 1, **19(2)(b)(ii)** (with reg. 24)

### [13] <sup>F200</sup>Resignation, removal etc. of interim trustee.

[ This section applies where an interim trustee is appointed under section 2(5) of this <sup>F201</sup>(A1) Act and the petition for sequestration has not been determined.]

- (1) Where, under section 1A(2) of this Act, the [<sup>F202</sup>sheriff] removes from office an interim trustee, the [<sup>F202</sup>sheriff] shall, on the application of the Accountant in Bankruptcy, appoint a new interim trustee.
- (2) Without prejudice to section 1A(2) of this Act or to subsection (1) above, where the [<sup>F202</sup>sheriff] is satisfied that an interim trustee—
  - (a) is unable to act [<sup>F203</sup>for any reason mentioned in subsection (2A) below or] by, under or by virtue of [<sup>F204</sup>any other] provision of this Act <sup>F205</sup>. . . ; or

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(b) has so conducted himself that he should no longer continue to act <sup>F206</sup> . . . , the [<sup>F202</sup>sheriff] , on the application of the debtor, a creditor or the Accountant in Bankruptcy, shall remove from office the interim trustee and appoint a new interim trustee.

- [ The reasons referred to in subsection (2)(a) above are that the interim trustee—
- <sup>F207</sup>(2A) (a) is incapable within the meaning of section 1(6) of the Adults with Incapacity (Scotland) Act 2000 (asp 4); or
- (b) has some other incapacity by virtue of which he is unable to act as interim trustee.]
- (3) An interim trustee (not being the Accountant in Bankruptcy) may apply to the [<sup>F202</sup>sheriff] for authority to resign office; and if the [<sup>F202</sup>sheriff] is satisfied that the grounds mentioned in paragraph (a) or (b) of subsection (2) above apply in relation to the interim trustee, [<sup>F208</sup>the sheriff] shall grant the application.
- (4) Where, following an application under subsection (3) above, the interim trustee resigns office, the [<sup>F202</sup>sheriff] shall appoint a new interim trustee.
- (5) Where the interim trustee has died, the [<sup>F202</sup>sheriff] , on the application of the debtor, a creditor or the Accountant in Bankruptcy, shall appoint a new interim trustee.
- (6) No one (other than the Accountant in Bankruptcy) shall act as interim trustee in a sequestration if he would, by virtue of section 24(2) of this Act, be [<sup>F209</sup>ineligible to be elected as replacement] trustee in that sequestration; but where an interim trustee is, by virtue of this subsection, prohibited from so acting, he shall forthwith make an application under subsection (3) above.
- (7) Subsections (1) and (2) of section 2 of this Act shall apply as regards the appointment of an interim trustee under this section as if for any reference to—
- (a) the [<sup>F202</sup>sheriff] awarding sequestration of the debtor's estate, there was substituted a reference to the [<sup>F202</sup>sheriff] appointing a new interim trustee; and
- (b) the petition for sequestration there was substituted a reference to the application under this section for the appointment of a new interim trustee.]

### Textual Amendments

- F200** S. 13 substituted (1.4.1993, subject to savings in arts. 4, 5 of S.I. 1993/438) by 1993 c. 6, s. 11(3), **Sch. 1 para.2** (with s. 12(6)); S.I. 1993/438, **art.3**
- F201** S. 13(A1) inserted (1.4.2008) by **Bankruptcy and Diligence etc. (Scotland) Act 2007 (asp 3)**, ss. 36, 227(3), **Sch. 1 para. 11(2)** (with s. 223); S.S.I. 2008/115, **art. 3(1)(i)** (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))
- F202** Words in s. 13 substituted (1.4.2008) by **Bankruptcy and Diligence etc. (Scotland) Act 2007 (asp 3)**, ss. 36, 227(3), **Sch. 1 para. 11(3)** (with s. 223); S.S.I. 2008/115, **art. 3(1)(i)** (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))
- F203** Words in s. 13(2)(a) substituted (1.4.2008) by **Bankruptcy and Diligence etc. (Scotland) Act 2007 (asp 3)**, **ss. 9(a)(i)**, 227(3) (with s. 223); S.S.I. 2008/115, **art. 3(1)(a)** (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))
- F204** Words in s. 13(2)(a) substituted (1.4.2008) by **Bankruptcy and Diligence etc. (Scotland) Act 2007 (asp 3)**, **ss. 9(a)(ii)**, 227(3) (with s. 223); S.S.I. 2008/115, **art. 3(1)(a)** (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))

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- F205** Words in s. 13(2)(a) repealed (1.4.2008) by Bankruptcy and Diligence etc. (Scotland) Act 2007 (asp 3), ss. 9(a)(iii), 227(3) (with s. 223); S.S.I. 2008/115, art. 3(1)(a) (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))
- F206** Words in s. 13(2)(b) repealed (1.4.2008) by Bankruptcy and Diligence etc. (Scotland) Act 2007 (asp 3), ss. 226, 227(3), Sch. 6 Pt. 1 (with s. 223); S.S.I. 2008/115, art. 3(2)(3), Sch. 2 (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))
- F207** S. 13(2A) inserted (1.4.2008) by Bankruptcy and Diligence etc. (Scotland) Act 2007 (asp 3), ss. 9(1)(b), 227(3) (with s. 223); S.S.I. 2008/115, art. 3(1)(a) (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))
- F208** Words in s. 13(3) substituted (1.4.2008) by Bankruptcy and Diligence etc. (Scotland) Act 2007 (asp 3), ss. 36, 227(3), Sch. 1 para. 11(4) (with s. 223); S.S.I. 2008/115, art. 3(1)(i) (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))
- F209** Words in s. 13(6) substituted (1.4.2008) by Bankruptcy and Diligence etc. (Scotland) Act 2007 (asp 3), ss. 36, 227(3), Sch. 1 para. 11(5) (with s. 223); S.S.I. 2008/115, art. 3(1)(i) (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))

### [<sup>F210</sup> 13A Termination of interim trustee's functions where not appointed as trustee

- (1) This section applies where an interim trustee (not being the Accountant in Bankruptcy) is appointed under section 2(5) of this Act and the sheriff—
  - (a) awards sequestration and appoints another person as trustee under subsection (2A) or (2C) of section 2 of this Act; or
  - (b) refuses to award sequestration.
- (2) Where the sheriff awards sequestration and appoints another person as trustee, the interim trustee shall hand over to the trustee everything in his possession which relates to the sequestration and shall thereupon cease to act in the sequestration.
- (3) The sheriff may make such order in relation to liability for the outlays and remuneration of the interim trustee as may be appropriate.
- (4) Within 3 months of the sheriff awarding or, as the case may be, refusing to award sequestration, the interim trustee shall—
  - (a) submit to the Accountant in Bankruptcy—
    - (i) his accounts of his intromissions (if any) with the debtor's estate; and
    - (ii) a claim for outlays reasonably incurred, and for remuneration for work reasonably undertaken, by him; and
  - (b) send a copy of his accounts and the claim to—
    - (i) the debtor;
    - (ii) the petitioner; and
    - (iii) in a case where sequestration is awarded, the trustee and all creditors known to the interim trustee.
- (5) On a submission being made to him under subsection (4)(a) above, the Accountant in Bankruptcy shall—
  - (a) audit the accounts;
  - (b) issue a determination fixing the amount of the outlays and remuneration payable to the interim trustee;
  - (c) send a copy of the determination to—
    - (i) the interim trustee; and
    - (ii) the persons mentioned in subsection (4)(b) above; and

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- (d) where a trustee (not being the Accountant in Bankruptcy) has been appointed in the sequestration, send a copy of the audited accounts and of the determination to the trustee <sup>F211</sup>....
- <sup>F212</sup>(6) .....
- (7) The interim trustee or any person mentioned in subsection (4)(b) above may, within 14 days after the issuing of the determination under subsection (5)(b) above, appeal to the sheriff against the determination.
- (8) On receiving a copy of the Accountant in Bankruptcy's determination sent under subsection (5)(c)(i) above the interim trustee may apply to him for a certificate of discharge.
- (9) The interim trustee shall send notice of an application under subsection (8) above to the persons mentioned in subsection (4)(b) above and shall inform them—
- (a) that they may make written representations relating to the application to the Accountant in Bankruptcy within the period of 14 days after such notification; and
  - (b) of the effect mentioned in subsection (16) below.
- (10) On the expiry of the period mentioned in subsection (9)(a) above the Accountant in Bankruptcy, after considering any representations duly made to him, shall—
- (a) grant or refuse to grant the certificate of discharge; and
  - (b) notify the persons mentioned in subsection (4)(b) above accordingly.
- [ The interim trustee or any person mentioned in subsection (4)(b) may apply to the
- <sup>F213</sup>(10A) Accountant in Bankruptcy for a review of a determination under subsection (10).
- (10B) An application under subsection (10A) must be made before the expiry of the period of 14 days beginning with the day on which the determination is issued under subsection (10).
- (10C) If an application under subsection (10A) is made, the Accountant in Bankruptcy must—
- (a) take into account any representations made by an interested person before the expiry of the period of 21 days beginning with the day on which the application is made, and
  - (b) confirm, amend or revoke the determination under subsection (10) before the expiry of the period of 28 days beginning with the day on which the application is made.]

[<sup>F214</sup>(11) The interim trustee or any person mentioned in subsection (4)(b) may appeal to the sheriff against a decision by the Accountant in Bankruptcy under subsection (10C)(b) before the expiry of the period of 14 days beginning with the day of the decision.]

(12) If, following an appeal under subsection (11) above, the sheriff determines that a certificate of discharge which has been refused should be granted he shall order the Accountant in Bankruptcy to grant it.

(13) If, following an appeal under subsection (11) above, the sheriff determines that a certificate of discharge which has been granted should have been refused he shall revoke the certificate.

(14) The sheriff clerk shall send a copy of the decree of the sheriff following an appeal under subsection (11) above to the Accountant in Bankruptcy.

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- (15) The decision of the sheriff in an appeal under subsection (7) or (11) above shall be final.
- (16) The grant of a certificate of discharge under this section by the Accountant in Bankruptcy shall have the effect of discharging the interim trustee from all liability (other than any liability arising from fraud) to the debtor, to the petitioner or to the creditors in respect of any act or omission of the interim trustee in exercising the functions conferred on him by this Act.

#### Textual Amendments

- F210** Ss. 13A, 13B inserted (1.4.2008) by *Bankruptcy and Diligence etc. (Scotland) Act 2007* (asp 3), **ss. 10, 227(3)** (with s. 223); S.S.I. 2008/115, **art. 3(1)(a)** (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))
- F211** Words in s. 13A(5)(d) repealed (1.4.2015) by *Bankruptcy and Debt Advice (Scotland) Act 2014* (asp 11), s. 57(2), **sch. 4**; S.S.I. 2014/261, **art. 3** (with arts. 4-7, 12) (as amended by S.S.I. 2015/54, art. 2)
- F212** S. 13A(6) repealed (1.4.2015) by *Bankruptcy and Debt Advice (Scotland) Act 2014* (asp 11), s. 57(2), **sch. 4**; S.S.I. 2014/261, **art. 3** (with arts. 4-7, 12) (as amended by S.S.I. 2015/54, art. 2)
- F213** Ss. 13A(10A)-(10C) inserted (1.4.2015) by *Bankruptcy and Debt Advice (Scotland) Act 2014* (asp 11), **ss. 38(1)(a), 57(2)**; S.S.I. 2014/261, **art. 3** (with arts. 4-7, 10, 12) (as amended by S.S.I. 2015/54, art. 2)
- F214** S. 13A(11) substituted (1.4.2015) by *Bankruptcy and Debt Advice (Scotland) Act 2014* (asp 11), **ss. 38(1)(b), 57(2)**; S.S.I. 2014/261, **art. 3** (with arts. 4-7, 10, 12) (as amended by S.S.I. 2015/54, art. 2)

### **13B Termination of Accountant in Bankruptcy's functions as interim trustee where not appointed as trustee**

- (1) This section applies where the Accountant in Bankruptcy is appointed as interim trustee under section 2(5) of this Act and the sheriff —
- (a) awards sequestration and appoints another person as trustee under section 2(2A) of this Act; or
  - (b) refuses to award sequestration.
- (2) Where the sheriff awards sequestration and appoints another person as trustee, the Accountant in Bankruptcy shall hand over to the trustee everything in his possession which relates to the sequestration and shall thereupon cease to act in the sequestration.
- (3) The sheriff may make such order in relation to liability for the outlays and remuneration of the Accountant in Bankruptcy as may be appropriate.
- (4) Within 3 months of the sheriff awarding or, as the case may be, refusing to award sequestration, the Accountant in Bankruptcy shall—
- (a) send to the debtor and the petitioner—
    - (i) his accounts of his intromissions (if any) with the debtor's estate;
    - (ii) a determination of his fees and outlays calculated in accordance with regulations made under section 69A of this Act; and
    - (iii) the notice mentioned in subsection (5) below; and
  - (b) in a case where sequestration is awarded, send a copy of his accounts, the [F215 determination] and the notice to all creditors known to him.
- (5) The notice referred to in subsection (4)(a)(iii) above is a notice in writing stating—

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- (a) that the Accountant in Bankruptcy has commenced procedure under this Act leading to discharge in respect of his actings as interim trustee;
- [<sup>F216</sup>(aa) that an application for a review may be made under subsection (6A)]
- (b) that an appeal may be made to the sheriff under subsection (7) below; and
- [<sup>F217</sup>(c) that, in the circumstances mentioned in subsection (9), the Accountant in Bankruptcy is discharged from any liability incurred while acting as interim trustee.]
- <sup>F218</sup>(6) .....
- [<sup>F219</sup>(6A) The debtor, the petitioner or any creditor may apply to the Accountant in Bankruptcy for a review of the discharge of the Accountant in Bankruptcy in respect of the Accountant in Bankruptcy's actings as interim trustee.
- (6B) An application under subsection (6A) must be made before the expiry of the period of 14 days beginning with the day on which notice is sent under subsection (4)(a)(iii) or (b).
- (6C) If an application for a review under subsection (6A) is made, the Accountant in Bankruptcy must—
- (a) take into account any representations made by an interested person before the expiry of the period of 21 days beginning with the day on which the application is made, and
- (b) confirm or revoke the discharge before the expiry of the period of 28 days beginning with the day on which the application is made.]
- [<sup>F220</sup>(7) The debtor, the petitioner or any creditor may appeal to the sheriff against—
- (a) the determination of the Accountant in Bankruptcy mentioned in subsection (4)(a)(ii) before the expiry of the period of 14 days beginning with the day on which notice is sent under subsection (4)(a)(iii) or (b),
- (b) a decision by the Accountant in Bankruptcy under subsection (6C)(b) before the expiry of the period of 14 days beginning with the day of the decision.
- (7A) The sheriff clerk must, following an appeal, send a copy of the decree to the Accountant in Bankruptcy.]
- (8) The decision of the sheriff in an appeal under subsection (7) above shall be final.
- (9) Where—
- (a) the requirements of this section have been complied with; and
- (b) no appeal is made to the sheriff under subsection (7) above or such an appeal is made but is refused as regards the discharge of the Accountant in Bankruptcy, the Accountant in Bankruptcy shall be discharged from all liability (other than any liability arising from fraud) to the debtor, to the petitioner or to the creditors in respect of any act or omission of the Accountant in Bankruptcy in exercising the functions of interim trustee conferred on him by this Act.]

#### Textual Amendments

**F210** Ss. 13A, 13B inserted (1.4.2008) by [Bankruptcy and Diligence etc. \(Scotland\) Act 2007 \(asp 3\)](#), ss. 10, 227(3) (with s. 223); S.S.I. 2008/115, art. 3(1)(a) (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))

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- F215** Word in s. 13B(4)(b) substituted (1.4.2015) by [Bankruptcy and Debt Advice \(Scotland\) Act 2014 \(asp 11\)](#), s. 57(2), [sch. 3 para. 10\(a\)](#); S.S.I. 2014/261, art. 3 (with arts. 4-7, 12) (as amended by S.S.I. 2015/54, art. 2)
- F216** S. 13B(5)(aa) inserted (1.4.2015) by [Bankruptcy and Debt Advice \(Scotland\) Act 2014 \(asp 11\)](#), [ss. 38\(2\)\(a\)](#), 57(2); S.S.I. 2014/261, art. 3 (with arts. 4-7, 10, 12) (as amended by S.S.I. 2015/54, art. 2)
- F217** S. 13B(5)(c) substituted (1.4.2015) by [Bankruptcy and Debt Advice \(Scotland\) Act 2014 \(asp 11\)](#), s. 57(2), [sch. 3 para. 10\(b\)](#); S.S.I. 2014/261, art. 3 (with arts. 4-7, 12) (as amended by S.S.I. 2015/54, art. 2)
- F218** S. 13B(6) repealed (1.4.2015) by [Bankruptcy and Debt Advice \(Scotland\) Act 2014 \(asp 11\)](#), s. 57(2), [sch. 4](#); S.S.I. 2014/261, art. 3 (with arts. 4-7, 12) (as amended by S.S.I. 2015/54, art. 2)
- F219** Ss. 13B(6A)-(6C) inserted (1.4.2015) by [Bankruptcy and Debt Advice \(Scotland\) Act 2014 \(asp 11\)](#), [ss. 38\(2\)\(b\)](#), 57(2); S.S.I. 2014/261, art. 3 (with arts. 4-7, 10, 12) (as amended by S.S.I. 2015/54, art. 2)
- F220** S. 13B(7)(7A) substituted for s. 13B(7) (1.4.2015) by [Bankruptcy and Debt Advice \(Scotland\) Act 2014 \(asp 11\)](#), [ss. 38\(2\)\(c\)](#), 57(2); S.S.I. 2014/261, art. 3 (with arts. 4-7, 10, 12) (as amended by S.S.I. 2015/54, art. 2)

**14** [F221 **Registration of warrant or determination of debtor application**]

- (1) The [F222 sheriff clerk] shall forthwith after the [F223 sheriff grants warrant under section 12(2)] send—
  - (a) a certified copy of the [F224 order of the sheriff granting warrant under [F225 that section]] to the keeper of the register of inhibitions and adjudications for recording in that register; and
  - (b) a copy of the order to the Accountant in Bankruptcy[F226; and
  - F227(c) .....]
- [F228(1A) Where the Accountant in Bankruptcy awards sequestration on a debtor application he shall forthwith after the date of sequestration send a certified copy of his determination of the application to the keeper of the register of inhibitions for recording in that register.]
- (2) Recording under subsection (1)(a) [F229 or (1A)] above shall have the effect as from the date of sequestration of an inhibition and of a citation in an adjudication of the debtor’s heritable estate at the instance of the creditors who subsequently have claims in the sequestration accepted under section 49 of this Act.
- (3) The effect mentioned in subsection (2) above shall expire—
  - (a) on the recording under section 15(5)(a) or 17(8)(a) of F230... this Act or a certified copy of an order;
  - [F231(ab) on the recording under section 10A(3D), 17D(6) or 17E(8) of a certified copy of a decision,]
  - F232(aa) .....
  - (b) subject to subsection (4) below, if the effect has not expired by virtue of [F233 paragraphs (a) and (aa)] above, at the end of the period of 3 years beginning with the date of sequestration.
- [F234(4) The trustee may, if not discharged, send a memorandum in a form prescribed by the Court of Session by act of sederunt to the Keeper of the Register of Inhibitions for recording in that register before the expiry of—
  - (a) the period of 3 years mentioned in subsection (3)(b), or
  - (b) a period for which the effect mentioned in subsection (2) has been renewed by virtue of subsection (4A).

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- (4A) The recording of a memorandum sent in accordance with subsection (4) renews the effect mentioned in subsection (2) for a period of 3 years beginning with the expiry of—
- (a) the period mentioned in subsection (3)(b), or
  - (b) as the case may be, the period mentioned in subsection (4)(b).
- (4B) The trustee may, if appointed or reappointed under section 58B, send a memorandum in a form prescribed by the Court of Session by act of sederunt to the Keeper of the Register of Inhibitions for recording in that register before the expiry of that appointment.
- (4C) The recording of a memorandum sent in accordance with subsection (4B) imposes the effect mentioned in subsection (2) for a period of 3 years beginning with the day of notification in accordance with section 58C(1).]
- (5) <sup>F235</sup> .....

#### Textual Amendments

- F221** S. 14 heading substituted (1.4.2008) by virtue of the [Bankruptcy and Diligence etc. \(Scotland\) Act 2007](#) (asp 3), ss. 36, 227(3), **Sch. 1 para 12(6)** (with s. 223); S.S.I. 2008/115, **art. 3(1)(i)** (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))
- F222** Words in s. 14(1) substituted (1.4.2008) by [Bankruptcy and Diligence etc. \(Scotland\) Act 2007](#), ss. 36, 227(3), {Sch. 1 para. 12(2)(a)} (with s. 223); S.S.I. 2008/115, **art. 3(1)(i)** (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))
- F223** Words in s. 14(1) substituted (1.4.2015) by [Bankruptcy and Debt Advice \(Scotland\) Act 2014](#) (asp 11), s. 57(2), **sch. 3 para. 11(a)**; S.S.I. 2014/261, art. 3 (with arts. 4-7, 12) (as amended by S.S.I. 2015/54, art. 2)
- F224** Words in s. 14(1)(a) substituted (1.4.2008) by [Bankruptcy and Diligence etc. \(Scotland\) Act 2007](#), ss. 36, 227(3), {Sch. 1 para. 12(2)(b)} (with s. 223); S.S.I. 2008/115, **art. 3(1)(i)** (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))
- F225** Words in s. 14(1) substituted (1.4.2015) by [Bankruptcy and Debt Advice \(Scotland\) Act 2014](#) (asp 11), s. 57(2), **sch. 3 para. 11(b)**; S.S.I. 2014/261, art. 3 (with arts. 4-7, 12) (as amended by S.S.I. 2015/54, art. 2)
- F226** S. 14(1)(c) and preceding word substituted (1.7.2011) for s. 14(1)(c) by virtue of [The Debt Arrangement Scheme \(Scotland\) Regulations 2011](#) (S.S.I. 2011/141), regs. 6, 48, Sch. 2 para. 1, **Sch. 5**
- F227** S. 14(1)(c) omitted (2.7.2013) by virtue of [The Debt Arrangement Scheme \(Scotland\) Amendment Regulations 2013](#) (S.S.I. 2013/225), regs. 1(2), **19(3)(b)**
- F228** S. 14(1A) inserted (1.4.2008) by [Bankruptcy and Diligence etc. \(Scotland\) Act 2007](#), ss. 36, 227(3), {Sch. 1 para. 12(3)} (with s. 223); S.S.I. 2008/115, **art. 3(1)(i)** (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))
- F229** Words in s. 14(2) inserted (1.4.2008) by [Bankruptcy and Diligence etc. \(Scotland\) Act 2007](#), ss. 36, 227(3), {Sch. 1 para. 12(4)} (with s. 223); S.S.I. 2008/115, **art. 3(1)(i)** (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))
- F230** Words in s. 14(3)(a) repealed (1.4.2015) by [Bankruptcy and Debt Advice \(Scotland\) Act 2014](#) (asp 11), s. 57(2), **sch. 4**; S.S.I. 2014/261, art. 3 (with arts. 4-7, 12) (as amended by S.S.I. 2015/54, art. 2)
- F231** S. 14(3)(ab) inserted (1.4.2015) by [Bankruptcy and Debt Advice \(Scotland\) Act 2014](#) (asp 11), s. 57(2), **sch. 3 para. 12**; S.S.I. 2014/261, art. 3 (with arts. 4-7, 12) (as amended by S.S.I. 2015/54, art. 2)
- F232** S. 14(3)(aa) repealed (1.4.2015) by [Bankruptcy and Debt Advice \(Scotland\) Act 2014](#) (asp 11), s. 57(2), **sch. 4**; S.S.I. 2014/261, art. 3 (with arts. 4-7, 12) (as amended by S.S.I. 2015/54, art. 2)
- F233** Words in s. 14(3)(b) substituted (1.4.2008) by [Bankruptcy and Diligence etc. \(Scotland\) Act 2007](#), ss. 36, 227(3), {Sch. 1 para. 12(5)(b)} (with s. 223); S.S.I. 2008/115, **art. 3(1)(i)** (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))



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- F234** S. 14(4)-(4C) substituted for s. 14(4) (30.6.2014 for specified purposes, 1.4.2015 in so far as not already in force) by [Bankruptcy and Debt Advice \(Scotland\) Act 2014 \(asp 11\)](#), ss. 48, 57(2); S.S.I. 2014/172, art. 2, sch.; S.S.I. 2014/261, art. 3 (with arts. 4-7, 12) (as amended by S.S.I. 2015/54, art. 2)
- F235** S. 14(5) repealed (22.4.2009) by [Bankruptcy and Diligence etc. \(Scotland\) Act 2007 \(asp 3\)](#), ss. 226, 227(3), [Sch. 6 Pt. 1](#) (with s. 223); S.S.I. 2009/67, art. 3(2)(3), Sch. 2

## 15 Further provisions relating to award of sequestration.

(1) <sup>F236</sup> .....

(2) The [<sup>F237</sup>sheriff] may at any time after sequestration has been awarded, on application being made to [<sup>F238</sup>him and subject to subsection (2A) below], transfer the sequestration <sup>F239</sup> . . . to any other sheriff.

[<sup>F240</sup>(2A) The debtor may, with leave of the sheriff, appeal to the sheriff principal against a transfer under subsection (2) above.]

(3) Where the [<sup>F241</sup>sheriff] makes an order refusing to award sequestration, the petitioner <sup>F242</sup> . . . may appeal against the order within 14 days of the date of making of the order.

[<sup>F243</sup>(3A) If, following a debtor application, the Accountant in Bankruptcy refuses to award sequestration, the debtor or a creditor concurring in the application may apply to the Accountant in Bankruptcy for a review of the refusal.

(3B) An application under subsection (3A) must be made before the expiry of the period of 14 days beginning with the day on which the Accountant in Bankruptcy refuses to award sequestration.

(3C) If an application under subsection (3A) is made, the Accountant in Bankruptcy must—  
(a) take into account any representations made by an interested person before the expiry of the period of 21 days beginning with the day on which the application is made, and  
(b) confirm the refusal or award sequestration before the expiry of the period of 28 days beginning with the day on which the application is made.

(3D) If the Accountant in Bankruptcy confirms the refusal to award sequestration under subsection (3C)(b), the debtor or a creditor concurring in the application may, before the expiry of the period of 14 days beginning with the day of that confirmation, appeal to the sheriff.]

(4) Without prejudice to any right to bring an action of reduction of an award of sequestration, such an award shall not be subject to review otherwise than by recall under sections [<sup>F244</sup>10A(3A), 16, 17, 17D and 17E] of this Act.

(5) Where a petition for sequestration is presented by a creditor or a trustee acting under a trust deed, the [<sup>F245</sup>sheriff clerk] shall—

(a) on the final determination or abandonment of any appeal under subsection (3) above in relation to the petition, or if there is no such appeal on the expiry of the 14 days mentioned in that subsection, send a certified copy of an order refusing to award sequestration to the keeper of the register of inhibitions and adjudications for recording in that register;

[<sup>F246</sup>(b) forthwith send a copy of the order refusing or awarding sequestration—  
(i) to the Accountant in Bankruptcy; and

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- (ii) where the debtor is taking part in a debt payment programme under Part 1 of the Debt Arrangement and Attachment (Scotland) Act 2002, to the DAS Administrator (as defined in regulation 2(1) of the Debt Arrangement Scheme (Scotland) Regulations 2011).]
- (6) <sup>F247</sup> .....
- (7) Where sequestration has been awarded, the process of sequestration shall not fall asleep.
- (8) Where a debtor learns, whether before or after the date of sequestration, that he may derive benefit from another estate, he shall as soon as practicable after that date inform—
- (a) the <sup>F248</sup> . . . trustee of that fact; and
  - (b) the person who is administering that other estate of the sequestration.
- (9) If the debtor fails to comply with subsection (8) above, he shall be guilty of an offence and liable, on summary conviction, to a fine not exceeding level 5 on the standard scale.

#### Textual Amendments

- F236** S. 15(1) repealed (1.4.2008) by [Bankruptcy and Diligence etc. \(Scotland\) Act 2007 \(asp 3\)](#), **ss. 16(2)(a)**, 227(3), (with s. 223); S.S.I. 2008/115, **art. 3(1)(a)** (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))
- F237** Words in s. 15(2) substituted (1.4.2008) by [Bankruptcy and Diligence etc. \(Scotland\) Act 2007 \(asp 3\)](#), **ss. 16(2)(b)(i)**, 227(3) (with s. 223); S.S.I. 2008/115, **art. 3(1)(a)** (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))
- F238** Words in s. 15(2) substituted (1.4.2008) by [Bankruptcy and Diligence etc. \(Scotland\) Act 2007 \(asp 3\)](#), **ss. 16(2)(b)(ii)**, 227(3), (with s. 223); S.S.I. 2008/115, **art. 3(1)(a)** (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))
- F239** Words in s. 15(2) repealed (1.4.2008) by [Bankruptcy and Diligence etc. \(Scotland\) Act 2007 \(asp 3\)](#), **ss. 16(2)(b)(iii)**, 227(3) (with s. 223); S.S.I. 2008/115, **art. 3(1)(a)** (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))
- F240** S. 15(2A) inserted (1.4.2008) by [Bankruptcy and Diligence etc. \(Scotland\) Act 2007 \(asp 3\)](#), **ss. 16(2)(c)**, 227(3), (with s. 223); S.S.I. 2008/115, **art. 3(1)(a)** (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))
- F241** Word in s. 15(3) substituted (1.4.2008) by [Bankruptcy and Diligence etc. \(Scotland\) Act 2007 \(asp 3\)](#), **ss. 16(2)(d)**, 227(3) (with s. 223); S.S.I. 2008/115, **art. 3(1)(a)** (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))
- F242** Words in s. 15(3) repealed (1.4.2008) by [Bankruptcy and Diligence etc. \(Scotland\) Act 2007 \(asp 3\)](#), **ss. 226**, 227(3) {Sch. 6 Pt. 1} (with s. 223); S.S.I. 2008/115, **art. 3(2)(3)**, Sch. 2 (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))
- F243** S. 15(3A)-(3D) substituted for s. 15(3A) (1.4.2015) by [Bankruptcy and Debt Advice \(Scotland\) Act 2014 \(asp 11\)](#), **ss. 39**, 57(2); S.S.I. 2014/261, **art. 3** (with arts. 4-7, 10, 12) (as amended by S.S.I. 2015/54, art. 2)
- F244** Words in s. 15(4) substituted (1.4.2015) by [Bankruptcy and Debt Advice \(Scotland\) Act 2014 \(asp 11\)](#), **s. 57(2)**, **sch. 3 para. 13**; S.S.I. 2014/261, **art. 3** (with arts. 4-7, 12) (as amended by S.S.I. 2015/54, art. 2)
- F245** Words in s. 15(5) substituted (1.4.2008) by [Bankruptcy and Diligence etc. \(Scotland\) Act 2007 \(asp 3\)](#), **ss. 16(2)(e)**, 227(3) (with s. 223); S.S.I. 2008/115, **art. 3(1)(a)** (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))

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- F246** S. 15(5)(b) substituted (1.7.2011) by [The Debt Arrangement Scheme \(Scotland\) Regulations 2011 \(S.S.I. 2011/141\)](#), reg. 6, **Sch. 2 para. 2**
- F247** S. 15(6) repealed (15.11.2010) by [Home Owner and Debtor Protection \(Scotland\) Act 2010 \(asp 6\)](#), ss. 12, 17(3)(4) (with s. 14); S.S.I. 2010/314, art. 6 (subject to transitional provisions and savings in S.S.I. 2010/316, arts. 4-7)
- F248** Words in s. 15(8)(a) repealed (1.4.2008) by [Bankruptcy and Diligence etc. \(Scotland\) Act 2007 \(asp 3\)](#), ss. 226, 227(3) {Sch. 6 Pt. 1} (with s. 223); S.S.I. 2008/115, art. 3(2)(3), Sch. 2 (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))

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

- C27** S. 15(5) applied (with modifications) (6.6.2013) by [The Collective Investment in Transferable Securities \(Contractual Scheme\) Regulations 2013 \(S.I. 2013/1388\)](#), regs. 1, **19(2)(b)(iii)** (with reg. 24)

**16 Petitions for recall of sequestration.**

- (1) A petition for recall of an award of sequestration may be presented to the <sup>F249</sup>sheriff by—
  - (a) the debtor, any creditor or any other person having an interest (notwithstanding that he was a petitioner, or concurred in the <sup>F250</sup>debtor application], for the sequestration);
  - (b) the <sup>F251</sup>... trustee, or the Accountant in Bankruptcy.
- <sup>F252</sup>(1A) A petition for recall of an award of sequestration may not be presented to the sheriff if the only ground is that the debtor has paid or is able to pay the debtor's debts in full.
- (1B) Subsection (1A) does not apply where—
  - (a) sequestration was awarded following a petition of a qualified creditor or qualified creditors, and
  - (b) a petition for recall of the award of sequestration includes the ground that the debtor was not apparently insolvent.]
- (2) The petitioner shall serve upon the debtor, any person who was a petitioner, or concurred in the <sup>F253</sup>debtor application], for the sequestration, the <sup>F254</sup>... trustee and the Accountant in Bankruptcy, a copy of the petition along with a notice stating that the recipient of the notice may lodge answers to the petition within 14 days of the service of the notice.
- <sup>F255</sup>(3) On service of a copy of the petition under subsection (2), the Accountant in Bankruptcy must enter particulars of the petition in the register of insolvencies.]
- (4) Subject to <sup>F256</sup>sections 41(1)(b) and 41A(1)(b)] of this Act, a petition under this section may be presented <sup>F257</sup>at any time] —
  - <sup>F258</sup>(a) .....
  - <sup>F258</sup>(b) .....
- (5) Notwithstanding that a petition has been presented under this section, the proceedings in the sequestration shall continue (subject to section 17(6) of this Act) as if that petition had not been presented until the recall is granted.
- (6) Where—
  - (a) a petitioner under this section; or
  - (b) a person who has lodged answers to the petition,

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withdraws or dies, any person entitled to present or, as the case may be, lodge answers to a petition under this section may be sisted in his place.

### Textual Amendments

- F249** Words in s. 16(1) substituted (1.4.2008) by [Bankruptcy and Diligence etc. \(Scotland\) Act 2007 \(asp 3\), ss. 16\(3\), 227\(3\)](#) (with s. 223); S.S.I. 2008/115, [art. 3\(1\)\(a\)](#) (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))
- F250** Words in s. 16(1)(a) substituted (1.4.2008) by [Bankruptcy and Diligence etc. \(Scotland\) Act 2007 \(asp 3\), ss. 36, 227\(3\), Sch. 1 para. 14\(a\)](#) (with s. 223); S.S.I. 2008/115, [art. 3\(1\)\(i\)](#) (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))
- F251** Words in s. 16(1)(b) repealed (1.4.2008) by [Bankruptcy and Diligence etc. \(Scotland\) Act 2007 \(asp 3\), ss. 226, 227\(3\), Sch. 6 Pt. 1](#) (with s. 223); S.S.I. 2008/115, [art. 3\(2\)\(3\)](#), Sch. 2 (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))
- F252** S. 16(1A)(1B) inserted (1.4.2015) by [Bankruptcy and Debt Advice \(Scotland\) Act 2014 \(asp 11\), ss. 26\(1\)\(a\), 57\(2\)](#); S.S.I. 2014/261, [art. 3](#) (with arts. 4-7, 12) (as amended by S.S.I. 2015/54, art. 2)
- F253** Words in s. 16(2) substituted (1.4.2008) by [Bankruptcy and Diligence etc. \(Scotland\) Act 2007 \(asp 3\), ss. 36, 227\(3\), Sch. 1 para. 14\(b\)](#) (with s. 223); S.S.I. 2008/115, [art. 3\(1\)\(i\)](#) (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))
- F254** Words in s. 16(2) repealed (1.4.2008) by [Bankruptcy and Diligence etc. \(Scotland\) Act 2007 \(asp 3\), ss. 226, 227\(3\), Sch. 6 Pt. 1](#) (with s. 223); S.S.I. 2008/115, {[art. 3\(2\)\(3\)](#)}, Sch. 2 (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))
- F255** S. 16(3) substituted (1.4.2015) by [Bankruptcy and Debt Advice \(Scotland\) Act 2014 \(asp 11\), ss. 24\(1\), 57\(2\)](#); S.S.I. 2014/261, [art. 3](#) (with arts. 4-8, 12) (as amended by S.S.I. 2015/54, art. 2)
- F256** Words in s. 16(4) substituted (5.12.2005) by [Civil Partnership Act 2004 \(c. 33\), ss. 261\(2\), 263, Sch. 28 para. 31](#); S.S.I. 2005/604, [art. 2\(c\)](#)
- F257** Words in s. 16(4) inserted (1.4.2015) by [Bankruptcy and Debt Advice \(Scotland\) Act 2014 \(asp 11\), ss. 26\(1\)\(b\)\(i\), 57\(2\)](#); S.S.I. 2014/261, [art. 3](#) (with arts. 4-7, 12) (as amended by S.S.I. 2015/54, art. 2)
- F258** S. 16(4)(a)(b) repealed (1.4.2015) by [Bankruptcy and Debt Advice \(Scotland\) Act 2014 \(asp 11\), ss. 26\(1\)\(b\)\(ii\), 57\(2\)](#); S.S.I. 2014/261, [art. 3](#) (with arts. 4-7, 12) (as amended by S.S.I. 2015/54, art. 2)

## 17 <sup>F259</sup>Recall of sequestration by sheriff.]

- (1) The <sup>F260</sup>sheriff] may recall an award of sequestration if <sup>F261</sup>he] is satisfied that in all the circumstances of the case (including those arising after the date of the award of sequestration) it is appropriate to do so and, without prejudice to the foregoing generality, may recall the award if <sup>F261</sup>he] is satisfied that—
- (a) the debtor has paid his debts in full <sup>F262</sup>...;
  - (b) a majority in value of the creditors reside in a country other than Scotland and that it is more appropriate for the debtor's estate to be administered in that other country; or
  - (c) one or more other awards of sequestration of the estate or analogous remedies (as defined in <sup>F263</sup>section 10(7)] of this Act) have been granted.
- (2) Where one or more <sup>F264</sup>other] awards of sequestration of the debtor's estate have been granted, the <sup>F265</sup>sheriff] may, after such intimation as <sup>F266</sup>he] considers necessary, recall an award whether or not the one in respect of which the petition for recall was presented.

<sup>F267</sup>(2A) Where the sheriff intends to recall an award of sequestration on the ground that the debtor has paid the debtor's debts in full, the order recalling the award may not—

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- (a) be made before the payment in full of the outlays and remuneration of the interim trustee and the trustee,
  - (b) be subject to any conditions which are to be fulfilled before the order takes effect.]
- (3) On [F268 or before] recalling an award of sequestration, the [F269 sheriff]—
- (a) shall make provision for the payment of the outlays and remuneration of [F270 any] interim trustee and [F271 the] trustee by directing that such payment shall be made out of the debtor's estate or by requiring any person who was a party to the petition for sequestration [F272 or, as the case may be, the debtor application] to pay the whole or any part of the said outlays and remuneration;
  - (b) without prejudice to subsection (7) below, may direct that payment of the expenses of a creditor who was a petitioner, or concurred in the [F273 debtor application], for sequestration shall be made out of the debtor's estate;
  - (c) may make any further order that [F274 he] considers necessary or reasonable in all the circumstances of the case.
- (4) Subject to subsection (5) below, the effect of the recall of an award of sequestration shall be, so far as practicable, to restore the debtor and any other person affected by the sequestration to the position he would have been in if the sequestration had not been awarded.
- (5) A recall of an award of sequestration shall not—
- (a) affect the interruption of prescription caused by the presentation of the petition for sequestration [F275, the making of the debtor application] or the submission of a claim under section 22 or 48 of this Act;
  - (b) invalidate any transaction entered into before such recall by the interim trustee or [F276 the] trustee with a person acting in good faith.
- [F277 (c) affect a bankruptcy restrictions order which has not been annulled under section 56J(1)(a) of this Act.]
- (6) Where the [F278 sheriff] considers that it is inappropriate to recall or to refuse to recall an award of sequestration forthwith, [F279 he] may order that the proceedings in the sequestration shall continue but shall be subject to such conditions as [F279 he] may think fit.
- (7) The [F280 sheriff] may make such order in relation to the expenses in a petition for recall as [F281 he] thinks fit.
- (8) The [F282 sheriff clerk] shall send—
- (a) a certified copy of any order recalling an award of sequestration to the keeper of the register of inhibitions and adjudications for recording in that register; and
  - (b) a copy of any order recalling or refusing to recall an award of sequestration, or of any [F283 interim or final] order under section 41(1)(b)(ii) [F284 or 41A(1)(b)(ii)] of this Act, to—
    - (i) the Accountant in Bankruptcy; and
    - (ii) [F285 if the Accountant in Bankruptcy is not the trustee in the sequestration, the trustee in the sequestration] [F286] ....

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### Textual Amendments

- F259** S. 17 heading substituted (1.4.2015) by [Bankruptcy and Debt Advice \(Scotland\) Act 2014 \(asp 11\)](#), [ss. 26\(2\)](#), [57\(2\)](#); [S.S.I. 2014/261](#), [art. 3](#) (with arts. 4-7, 12) (as amended by [S.S.I. 2015/54](#), [art. 2](#))
- F260** Words in s. 17(1) substituted (1.4.2008) by [Bankruptcy and Diligence etc. \(Scotland\) Act 2007 \(asp 3\)](#), [ss. 16\(4\)\(a\)\(i\)](#), [227\(3\)](#) (with s. 223); [S.S.I. 2008/115](#), [art. 3\(1\)\(a\)](#) (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by [S.S.I. 2011/31](#), [art. 5](#)))
- F261** Words in s. 17(1) substituted (1.4.2008) by [Bankruptcy and Diligence etc. \(Scotland\) Act 2007 \(asp 3\)](#), [ss. 16\(4\)\(a\)\(ii\)](#), [227\(3\)](#) (with s. 223); [S.S.I. 2008/115](#), [art. 3\(1\)\(a\)](#) (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by [S.S.I. 2011/31](#), [art. 5](#)))
- F262** Words in s. 17(1)(a) repealed (1.4.2015) by [Bankruptcy and Debt Advice \(Scotland\) Act 2014 \(asp 11\)](#), [ss. 26\(3\)\(a\)](#), [57\(2\)](#); [S.S.I. 2014/261](#), [art. 3](#) (with arts. 4-7, 12) (as amended by [S.S.I. 2015/54](#), [art. 2](#))
- F263** Words in s. 17(1)(c) substituted (1.4.2008) by [Bankruptcy and Diligence etc. \(Scotland\) Act 2007 \(asp 3\)](#), [ss. 36](#), [227\(3\)](#), [Sch. 1 para. 15\(a\)](#) (with s. 223); [S.S.I. 2008/115](#), [art. 3\(1\)\(i\)](#) (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by [S.S.I. 2011/31](#), [art. 5](#)))
- F264** Word in s. 17(2) inserted (1.4.2015) by [Bankruptcy and Debt Advice \(Scotland\) Act 2014 \(asp 11\)](#), [s. 57\(2\)](#), [sch. 3 para. 14\(a\)](#); [S.S.I. 2014/261](#), [art. 3](#) (with arts. 4-7, 12) (as amended by [S.S.I. 2015/54](#), [art. 2](#))
- F265** Word in s. 17(2) substituted (1.4.2008) by [Bankruptcy and Diligence etc. \(Scotland\) Act 2007 \(asp 3\)](#), [ss. 16\(4\)\(b\)\(i\)](#), [227\(3\)](#) (with s. 223); [S.S.I. 2008/115](#), [art. 3\(1\)\(a\)](#) (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by [S.S.I. 2011/31](#), [art. 5](#)))
- F266** Word in s. 17(2) substituted (1.4.2008) by [Bankruptcy and Diligence etc. \(Scotland\) Act 2007 \(asp 3\)](#), [ss. 16\(4\)\(b\)\(ii\)](#), [227\(3\)](#) (with s. 223); [S.S.I. 2008/115](#), [art. 3\(1\)\(a\)](#) (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by [S.S.I. 2011/31](#), [art. 5](#)))
- F267** S. 17(2A) inserted (1.4.2015) by [Bankruptcy and Debt Advice \(Scotland\) Act 2014 \(asp 11\)](#), [ss. 26\(3\)\(b\)](#), [57\(2\)](#); [S.S.I. 2014/261](#), [art. 3](#) (with arts. 4-7, 12) (as amended by [S.S.I. 2015/54](#), [art. 2](#))
- F268** Words in s. 17(3) inserted (1.4.2015) by [Bankruptcy and Debt Advice \(Scotland\) Act 2014 \(asp 11\)](#), [ss. 26\(3\)\(c\)](#), [57\(2\)](#); [S.S.I. 2014/261](#), [art. 3](#) (with arts. 4-7, 12) (as amended by [S.S.I. 2015/54](#), [art. 2](#))
- F269** Words in s. 17(3) substituted (1.4.2008) by [Bankruptcy and Diligence etc. \(Scotland\) Act 2007 \(asp 3\)](#), [ss. 16\(4\)\(c\)\(i\)](#), [227\(3\)](#) (with s. 223); [S.S.I. 2008/115](#), [art. 3\(1\)\(a\)](#) (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by [S.S.I. 2011/31](#), [art. 5](#)))
- F270** Word in s. 17(3)(a) substituted (1.4.2015) by [Bankruptcy and Debt Advice \(Scotland\) Act 2014 \(asp 11\)](#), [s. 57\(2\)](#), [sch. 3 para. 14\(b\)](#); [S.S.I. 2014/261](#), [art. 3](#) (with arts. 4-7, 12) (as amended by [S.S.I. 2015/54](#), [art. 2](#))
- F271** Word in s. 17(3)(a) substituted (1.4.2008) by [Bankruptcy and Diligence etc. \(Scotland\) Act 2007 \(asp 3\)](#), [ss. 36](#), [227\(3\)](#), [Sch. 1 para. 15\(b\)\(ii\)](#) (with s. 223); [S.S.I. 2008/115](#), [art. 3\(1\)\(i\)](#) (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by [S.S.I. 2011/31](#), [art. 5](#)))
- F272** Words in s. 17(3)(a) inserted (1.4.2008) by [Bankruptcy and Diligence etc. \(Scotland\) Act 2007 \(asp 3\)](#), [ss. 36](#), [227\(3\)](#), [Sch. 1 para. 15\(b\)\(i\)](#) (with s. 223); [S.S.I. 2008/115](#), [art. 3\(1\)\(i\)](#) (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by [S.S.I. 2011/31](#), [art. 5](#)))
- F273** Words in s. 17(3)(b) substituted (1.4.2008) by [Bankruptcy and Diligence etc. \(Scotland\) Act 2007 \(asp 3\)](#), [ss. 36](#), [227\(3\)](#), [Sch. 1 para. 15\(c\)](#) (with s. 223); [S.S.I. 2008/115](#), [art. 3\(1\)\(i\)](#) (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by [S.S.I. 2011/31](#), [art. 5](#)))
- F274** Word in s. 17(3)(c) substituted (1.4.2008) by [Bankruptcy and Diligence etc. \(Scotland\) Act 2007 \(asp 3\)](#), [ss. 16\(4\)\(c\)\(ii\)](#), [227\(3\)](#) (with s. 223); [S.S.I. 2008/115](#), [art. 3\(1\)\(a\)](#) (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by [S.S.I. 2011/31](#), [art. 5](#)))
- F275** Words in s. 17(5)(a) inserted (1.4.2008) by [Bankruptcy and Diligence etc. \(Scotland\) Act 2007 \(asp 3\)](#), [ss. 36](#), [227\(3\)](#), [Sch. 1 para. 15\(d\)\(i\)](#) (with s. 223); [S.S.I. 2008/115](#), [art. 3\(1\)\(i\)](#) (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by [S.S.I. 2011/31](#), [art. 5](#)))

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- F276** Word in s. 17(5)(b) substituted (1.4.2008) by Bankruptcy and Diligence etc. (Scotland) Act 2007 (asp 3), ss. 36, 227(3), **Sch. 1 para. 15(d)(ii)** (with s. 223); S.S.I. 2008/115, **art. 3(1)(i)** (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))
- F277** S. 17(5)(c) inserted (1.4.2008) by Bankruptcy and Diligence etc. (Scotland) Act 2007 (asp 3), ss. 36, 227(3), **Sch. 1 para. 15(d)(iii)** (with s. 223); S.S.I. 2008/115, **art. 3(1)(i)** (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))
- F278** Word in s. 17(6) substituted (1.4.2008) by Bankruptcy and Diligence etc. (Scotland) Act 2007 (asp 3), **ss. 16(4)(d)(i)**, 227(3) (with s. 223); S.S.I. 2008/115, **art. 3(1)(a)** (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))
- F279** Words in s. 17(6) substituted (1.4.2008) by Bankruptcy and Diligence etc. (Scotland) Act 2007 (asp 3), **ss. 16(4)(d)(ii)**, 227(3) (with s. 223); S.S.I. 2008/115, **art. 3(1)(a)** (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))
- F280** Word in s. 17(7) substituted (1.4.2008) by Bankruptcy and Diligence etc. (Scotland) Act 2007 (asp 3), **ss. 16(4)(e)(i)**, 227(3) (with s. 223); S.S.I. 2008/115, **art. 3(1)(a)** (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))
- F281** Word in s. 17(7) substituted (1.4.2008) by Bankruptcy and Diligence etc. (Scotland) Act 2007 (asp 3), **ss. 16(4)(e)(ii)**, 227(3) (with s. 223); S.S.I. 2008/115, **art. 3(1)(a)** (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))
- F282** Words in s. 17(8) substituted (1.4.2008) by Bankruptcy and Diligence etc. (Scotland) Act 2007 (asp 3), **ss. 16(4)(f)**, 227(3) (with s. 223); S.S.I. 2008/115, **art. 3(1)(a)** (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))
- F283** Words in s. 17(8) inserted (1.4.2015) by Bankruptcy and Debt Advice (Scotland) Act 2014 (asp 11), **ss. 26(3)(d)**, 57(2); S.S.I. 2014/261, art. 3 (with arts. 4-7, 12) (as amended by S.S.I. 2015/54, art. 2)
- F284** Words in s. 17(8)(b) inserted (5.12.2005) by Civil Partnership Act 2004 (c. 33), ss. 261(2), 263, **Sch. 28 para. 32**; S.S.I. 2005/604, **art. 2(c)**
- F285** Words in s. 17(8)(b)(ii) substituted (1.4.2015) by Bankruptcy and Debt Advice (Scotland) Act 2014 (asp 11), s. 57(2), **sch. 3 para. 14(c)**; S.S.I. 2014/261, art. 3 (with arts. 4-7, 12) (as amended by S.S.I. 2015/54, art. 2)
- F286** Words in s. 17(8)(b)(ii) repealed (1.4.2015) by Bankruptcy and Debt Advice (Scotland) Act 2014 (asp 11), s. 57(2), **sch. 4**; S.S.I. 2014/261, art. 3 (with arts. 4-7, 12) (as amended by S.S.I. 2015/54, art. 2)

## **[<sup>F287</sup>17A Application to Accountant in Bankruptcy for recall of sequestration**

- (1) An application for recall of an award of sequestration may be made to the Accountant in Bankruptcy on the ground that the debtor has paid or is able to pay the debtor's debts in full.
- (2) An application may be made by—
  - (a) the debtor,
  - (b) any creditor (whether or not a person who was a petitioner for, or concurred in a debtor application for, the sequestration),
  - (c) the trustee (where the Accountant in Bankruptcy is not the trustee), or
  - (d) any other person having an interest (whether or not a person who was a petitioner for the sequestration).
- (3) The person making an application must, at the same time as applying to the Accountant in Bankruptcy, give to the persons mentioned in subsection (4)—
  - (a) a copy of the application, and
  - (b) a notice informing the recipient that the person has a right to make representations to the Accountant in Bankruptcy in relation to the application before the expiry of the period of 21 days beginning with the day on which the notice is given.

*Status: Point in time view as at 01/03/2016.*

*Changes to legislation: Bankruptcy (Scotland) Act 1985 (repealed) is up to date with all changes known to be in force on or before 25 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)*

- (4) The persons are—
- (a) the debtor,
  - (b) any person who was a petitioner for, or concurred in a debtor application for, the sequestration,
  - (c) the trustee.
- (5) Despite an application being made, the proceedings in the sequestration are to continue as if the application had not been made until a recall of an award of sequestration is granted under section 17D(1) (subject to any conditions imposed under section 17D(5)).
- (6) Where the applicant withdraws the application or dies, the Accountant in Bankruptcy may continue the application by substituting any person mentioned in subsection (2) for the applicant.

#### Textual Amendments

**F287** Ss. 17A-17G inserted (1.4.2015 except for the insertion of s. 17G(7)) by [Bankruptcy and Debt Advice \(Scotland\) Act 2014 \(asp 11\)](#), ss. 27, 57(2); S.S.I. 2014/261, art. 3 (with arts. 4-7, 12) (as amended by S.S.I. 2015/54, art. 2)

### 17B Application under section 17A: further procedure

- (1) This section applies where an application is made under section 17A.
- (2) The trustee must prepare a statement on the debtor's affairs, so far as within the knowledge of the trustee.
- (3) The trustee must submit the statement to the Accountant in Bankruptcy—
- (a) at the same time as the trustee makes the application under section 17A, or
  - (b) where the application is made by another person, before the expiry of the period of 21 days beginning with the day on which the notice is given under section 17A(3)(b).
- (4) The statement must—
- (a) indicate whether the debtor has agreed to—
    - (i) the interim trustee's claim for outlays reasonably incurred and for remuneration for work reasonably undertaken by the interim trustee (including any outlays and remuneration which are yet to be incurred), and
    - (ii) the trustee's claim for outlays reasonably incurred and for remuneration for work reasonably undertaken by the trustee (including any outlays and remuneration which are yet to be incurred),
  - (b) state whether or not the debtor's debts have been paid in full (including the payment of the outlays and remuneration of the interim trustee and the trustee),
  - (c) where the debtor's debts have not been so paid—
    - (i) provide details of any debt which has not been paid, and
    - (ii) indicate whether, in the opinion of the trustee, the debtor's assets are likely to be sufficient to pay the debts in full (including the payment of the outlays and remuneration of the interim trustee and the trustee)



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- before the day which is 8 weeks after the day on which the statement is submitted, and
- (d) provide details of any distribution of the debtor's estate.
- (5) The trustee must notify every creditor known to the trustee that an application has been made—
- (a) where the application is made by the trustee, before the expiry of the period of 7 days beginning with the day on which the application is made,
- (b) where the application is made by another person, before the expiry of the period of 7 days beginning with the day on which the notice is given under section 17A(3)(b).
- (6) If a creditor has not previously submitted a claim under section 22 or 48, the creditor must, in order to be included in the statement made by the trustee, submit a claim.
- (7) A claim must be submitted—
- (a) in accordance with section 22(2) and (3), and
- (b) before the expiry of the period of 14 days beginning with the day on which notice is given under subsection (5).
- (8) If any creditor submits a claim in accordance with subsection (7), the trustee must update and resubmit the statement before the expiry of the period of 7 days beginning with the expiry of the period mentioned in subsection (7)(b).
- (9) The trustee must update and resubmit the statement if—
- (a) the statement previously submitted did not state in accordance with subsection (4)(b) that the debtor's debts have been paid in full, and
- (b) before the day on which the application is determined by the Accountant in Bankruptcy, the trustee is able to make that statement.

#### Textual Amendments

**F287** Ss. 17A-17G inserted (1.4.2015 except for the insertion of s. 17G(7)) by [Bankruptcy and Debt Advice \(Scotland\) Act 2014 \(asp 11\)](#), **ss. 27, 57(2)**; [S.S.I. 2014/261](#), **art. 3** (with **arts. 4-7, 12**) (as amended by [S.S.I. 2015/54](#), **art. 2**)

### 17C Determination of outlays and remuneration

- (1) This section applies where—
- (a) the Accountant in Bankruptcy receives an application under section 17A, and
- (b) the statement submitted by the trustee under section 17B indicates that the amount of the outlays and remuneration of the trustee is not agreed.
- (2) The trustee must provide to the Accountant in Bankruptcy—
- (a) at the same time as submitting the statement under section 17B—
- (i) the trustee's accounts of the trustee's intromissions with the debtor's estate for audit, and
- (ii) details of the trustee's claim for outlays reasonably incurred and for remuneration for work reasonably undertaken by the trustee (including any outlays and remuneration which are yet to be incurred), and

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- (b) such other information in relation to that claim as may be reasonably requested by the Accountant in Bankruptcy.
- (3) The Accountant in Bankruptcy must before the expiry of the period of 28 days beginning with the expiry of the period mentioned in section 17B(8) issue a determination fixing the amount of the outlays and the remuneration payable to the trustee.
- (4) The Accountant in Bankruptcy may before the expiry of the period mentioned in subsection (3) determine the expenses reasonably incurred by a creditor who was a petitioner or, as the case may be, concurred in a debtor application for sequestration.
- (5) Subsections (4) and (5) of section 53 apply to the Accountant in Bankruptcy for the purpose of making a determination in accordance with subsection (3) as they apply to the commissioners or the Accountant in Bankruptcy for the purpose of fixing an amount under that section.

#### Textual Amendments

**F287** Ss. 17A-17G inserted (1.4.2015 except for the insertion of s. 17G(7)) by [Bankruptcy and Debt Advice \(Scotland\) Act 2014 \(asp 11\)](#), [ss. 27, 57\(2\)](#); [S.S.I. 2014/261](#), [art. 3](#) (with [arts. 4-7, 12](#)) (as amended by [S.S.I. 2015/54](#), [art. 2](#))

### 17D Recall of sequestration by Accountant in Bankruptcy

- (1) The Accountant in Bankruptcy may grant a recall of an award of sequestration if—
  - (a) the trustee has notified the Accountant in Bankruptcy in the statement submitted under section 17B that the debtor's debts have been paid in full (including the payment of the outlays and remuneration of the interim trustee and the trustee), and
  - (b) the Accountant in Bankruptcy is satisfied that in all the circumstances of the case, it is appropriate to do so.
- (2) The Accountant in Bankruptcy may not grant a recall of an award of sequestration after—
  - (a) where no appeal is made under section 17G(5)(a), the day which is 8 weeks after the day on which the statement was first submitted under section 17B(3), or
  - (b) where such an appeal is made, such later day which is 14 days after the day on which the appeal is finally determined or abandoned.
- (3) The effect of the recall of an award of sequestration is, so far as practicable, to restore the debtor and any other person affected by the sequestration to the position the debtor or, as the case may be, the other person would have been in if the sequestration had not been awarded.
- (4) A recall of an award of sequestration is not to—
  - (a) affect the interruption of prescription caused by—
    - (i) the presentation of the petition for sequestration,
    - (ii) the making of the debtor application, or
    - (iii) the submission of a claim under section 22 or 48,

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- (b) invalidate any transaction entered into before such recall by the interim trustee, or by the trustee, with a person acting in good faith, or
  - (c) affect a bankruptcy restrictions order which has not been annulled under section 56J(1)(a).
- (5) If the Accountant in Bankruptcy does not grant a recall of an award of sequestration under subsection (1) the sequestration is to continue but is to be subject to such conditions as the Accountant in Bankruptcy thinks fit.
- (6) Without delay after granting a recall of an award of sequestration under subsection (1), the Accountant in Bankruptcy must send a certified copy of the decision to the Keeper of the Register of Inhibitions for recording in that register.

#### Textual Amendments

**F287** Ss. 17A-17G inserted (1.4.2015 except for the insertion of s. 17G(7)) by [Bankruptcy and Debt Advice \(Scotland\) Act 2014 \(asp 11\)](#), ss. 27, 57(2); S.S.I. 2014/261, art. 3 (with arts. 4-7, 12) (as amended by S.S.I. 2015/54, art. 2)

### 17E Recall where Accountant in Bankruptcy the trustee

- (1) This section applies where the Accountant in Bankruptcy—
- (a) is the trustee, and
  - (b) considers that recall of an award of sequestration should be granted on the ground that the debtor has paid or is able to pay the debtor's debts in full (including the payment of the outlays and remuneration of the interim trustee and the trustee).
- (2) The Accountant in Bankruptcy must notify the debtor and every creditor known to the Accountant in Bankruptcy that the Accountant in Bankruptcy considers that subsection (1) applies.
- (3) If a creditor has not previously submitted a claim under section 22 or 48, the creditor must, in order for the creditor's claim to a dividend out of the debtor's estate to be considered, submit a claim.
- (4) A claim must be submitted—
- (a) in accordance with section 22(2) and (3), and
  - (b) before the expiry of the period of 14 days beginning with the day on which notice is given under subsection (2).
- (5) Before granting a recall of an award of sequestration the Accountant in Bankruptcy must—
- (a) take into account any representations made by an interested person before the expiry of the period of 21 days beginning with the day on which the notice is given under subsection (2), and
  - (b) make a determination of the Accountant in Bankruptcy's fees and outlays calculated in accordance with regulations made under section 69A.
- (6) The Accountant in Bankruptcy may grant a recall of an award of sequestration if the Accountant in Bankruptcy is satisfied that—
- (a) the debtor has paid the debtor's debts in full (including the payment of the outlays and remuneration of the interim trustee and the trustee),

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- (b) those debts were paid in full before the expiry of the period of 8 weeks beginning with the expiry of the period mentioned in subsection (5)(a), and
  - (c) in all the circumstances of the case, it is appropriate to do so.
- (7) Subsections (3) and (4) of section 17D apply in relation to a recall of an award of sequestration granted under subsection (6) as they apply in relation to a recall of an award of sequestration granted under that section.
- (8) Without delay after granting a recall of an award of sequestration under subsection (6), the Accountant in Bankruptcy must send a certified copy of the decision to the Keeper of the Register of Inhibitions for recording in that register.

#### Textual Amendments

**F287** Ss. 17A-17G inserted (1.4.2015 except for the insertion of s. 17G(7)) by [Bankruptcy and Debt Advice \(Scotland\) Act 2014 \(asp 11\)](#), **ss. 27, 57(2)**; S.S.I. 2014/261, **art. 3** (with **arts. 4-7, 12**) (as amended by S.S.I. 2015/54, **art. 2**)

### 17F Reference to sheriff

- (1) The Accountant in Bankruptcy may, at any time before deciding under section 17D(1) whether to grant an application for recall of an award of sequestration, remit to the sheriff an application made under section 17A.
- (2) The Accountant in Bankruptcy may, at any time before deciding under section 17E(6) whether to grant a recall of an award of sequestration, remit the case to the sheriff.
- (3) If an application is remitted to the sheriff under subsection (1) or (2), the sheriff may dispose of the application or the case in accordance with section 17 as if it were a petition presented by the Accountant in Bankruptcy under section 16.

#### Textual Amendments

**F287** Ss. 17A-17G inserted (1.4.2015 except for the insertion of s. 17G(7)) by [Bankruptcy and Debt Advice \(Scotland\) Act 2014 \(asp 11\)](#), **ss. 27, 57(2)**; S.S.I. 2014/261, **art. 3** (with **arts. 4-7, 12**) (as amended by S.S.I. 2015/54, **art. 2**)

### 17G Recall of sequestration by Accountant in Bankruptcy: review and appeal

- (1) A person mentioned in subsection (2) may apply to the Accountant in Bankruptcy for a review of—
  - (a) a decision of the Accountant in Bankruptcy under section 17D(1) or 17E(6) to grant or refuse to grant a recall of an award of sequestration,
  - (b) a determination of the Accountant in Bankruptcy under section 17C(4).
- (2) The persons are—
  - (a) the debtor,
  - (b) any creditor,
  - (c) the trustee,
  - (d) any other person having an interest.

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- (3) An application under subsection (1) must be made before the expiry of the period of 14 days beginning with the day on which the decision or, as the case may be, the determination or requirement is made.
- (4) If an application under subsection (1) is made, the Accountant in Bankruptcy must—
  - (a) take into account any representations made by an interested person before the expiry of the period of 21 days beginning with the day on which the application is made, and
  - (b) confirm, amend or revoke the decision, determination or requirement before the expiry of the period of 28 days beginning with the day on which the application is made.
- (5) A person mentioned in subsection (2) may, before the expiry of the period of 14 days beginning with the day on which the decision, determination or requirement is made, appeal to the sheriff against—
  - (a) a determination of the Accountant in Bankruptcy under section 17C(3) or 17E(5)(b),
  - (b) a decision of the Accountant in Bankruptcy under subsection (4)(b),
- (6) Any decision of the sheriff on an appeal relating to a determination of the Accountant in Bankruptcy under section 17C(3) or 17E(5)(b) is final.
- (7) In upholding an appeal relating to a decision under section 17C(1) or the sheriff may quash the decision of the Accountant in Bankruptcy and remit the case, together with reasons for the sheriff's decision, to the Accountant in Bankruptcy.]

#### Textual Amendments

**F287** Ss. 17A-17G inserted (1.4.2015 except for the insertion of s. 17G(7)) by [Bankruptcy and Debt Advice \(Scotland\) Act 2014 \(asp 11\)](#), ss. 27, 57(2); S.S.I. 2014/261, art. 3 (with arts. 4-7, 12) (as amended by S.S.I. 2015/54, art. 2)

*[<sup>F288</sup>Initial stages of sequestration]*

#### Textual Amendments

**F288** Cross-heading preceding s. 18 substituted (1.4.2008) by [Bankruptcy and Diligence etc. \(Scotland\) Act 2007 \(asp 3\)](#), ss. 16, 227(3), **Sch. 1 para. 16(7)** (with s. 223); S.S.I. 2008/115, art. 3(1)(i) (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))

## 18 Interim preservation of estate.

- (1) The interim trustee may [<sup>F289</sup>, in pursuance of the function conferred on him by section 2(6A) of this Act,] give general or particular directions to the debtor relating to the management of the debtor's estate.
- (2) In exercising the [<sup>F290</sup>function] conferred on him by section [<sup>F291</sup>2(6A)] of this Act, an interim trustee may—
  - (a) require the debtor to deliver up to him any money or valuables, or any document relating to the debtor's business or financial affairs, belonging to or in the possession of the debtor or under his control;

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- (b) place in safe custody anything mentioned in paragraph (a) above;
- (c) require the debtor to deliver up to him any perishable goods belonging to the debtor or under his control and may arrange for the sale or disposal of such goods;
- (d) make or cause to be made an inventory or valuation of any property belonging to the debtor;
- (e) require the debtor to implement any transaction entered into by the debtor;
- (f) effect or maintain insurance policies in respect of the business or property of the debtor;
- (g) <sup>F292</sup> .....
- <sup>F293</sup>(h) carry on any business of the debtor or borrow money in so far as it is necessary for the interim trustee to do so to safeguard the debtor's estate.]

<sup>F294</sup>(2A) Section 43 of this Act applies to an interim trustee as it applies to a trustee.]

(3) The <sup>F295</sup>[sheriff] , on the application of the interim trustee, may—

- <sup>F296</sup>(a) .....
- (b) on cause shown, grant a warrant authorising the interim trustee to enter the house where the debtor resides or his business premises and to search for and take possession of anything mentioned in paragraphs (a) and (c) of subsection (2) above, if need be by opening shut and lock-fast places; or
- (c) make such other order to safeguard the debtor's estate as <sup>F297</sup>[he] thinks appropriate.

<sup>F298</sup>(3A) Where the Accountant in Bankruptcy is the interim trustee, the debtor may apply to the Accountant in Bankruptcy for a review of a direction under subsection (1) on the ground that the direction is unreasonable.

(3B) If an application under subsection (3A) is made, the Accountant in Bankruptcy must—

- (a) take into account any representations made by an interested person before the expiry of the period of 21 days beginning with the day on which the application is made, and
- (b) confirm, amend or revoke the direction (whether or not substituting a new direction) before the expiry of the period of 28 days beginning with the day on which the application is made.

(3C) The sheriff may, on an application by the debtor made before the expiry of the period of 14 days beginning with the day on which the Accountant in Bankruptcy makes a decision under subsection (3B)(b)—

- (a) set aside a direction under subsection (1) or (3B)(b) if the sheriff considers it to be unreasonable, and
- (b) in any event, give such directions to the debtor regarding the management of the debtor's estate as the sheriff considers appropriate.

(3D) The debtor must comply with a direction—

- (a) under subsection (1) pending a decision by the Accountant in Bankruptcy under subsection (3B)(b),
- (b) under subsection (3B)(b) pending the final determination of any appeal (subject to any interim order of the sheriff).]

*Status: Point in time view as at 01/03/2016.*

*Changes to legislation: Bankruptcy (Scotland) Act 1985 (repealed) is up to date with all changes known to be in force on or before 25 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)*

- (4) [<sup>F299</sup>Where the Accountant in Bankruptcy is not the interim trustee,] the [<sup>F300</sup>sheriff], on an application by the debtor on the grounds that a direction under subsection (1) above is unreasonable, may—
- (a) if [<sup>F301</sup>he] considers the direction to be unreasonable, set aside the direction; and
  - (b) in any event, give such directions to the debtor regarding the management of his estate as [<sup>F301</sup>he] considers appropriate;
- but, subject to any interim order of the [<sup>F300</sup>sheriff], the debtor shall comply with the direction appealed against pending the final determination of the appeal.
- (5) The debtor shall be guilty of an offence if—
- (a) he fails without reasonable excuse to comply with—
    - (i) a direction under subsection (1)[<sup>F302</sup>, (3B)(b), (3C)(b)] or (4)(b) above; or
    - (ii) a requirement under subsection (2)(a), (c) or (e) above; or
  - (b) he obstructs the interim trustee where the interim trustee is acting in pursuance of subsection (3)(b) above.
- (6) A person convicted of an offence under subsection (5) above shall be liable—
- (a) on summary conviction to a fine not exceeding the statutory maximum or—
    - (i) to imprisonment for a term not exceeding 3 months; or
    - (ii) if he has previously been convicted of an offence inferring dishonest appropriation of property or an attempt at such appropriation, to imprisonment for a term not exceeding 6 months,or (in the case of either sub-paragraph) to both such fine and such imprisonment; or
  - (b) on conviction on indictment to a fine or to imprisonment for a term not exceeding 2 years or to both.

#### Textual Amendments

- F289** Words in s. 18(1) inserted (1.4.2008) by [Bankruptcy and Diligence etc. \(Scotland\) Act 2007 \(asp 3\)](#), ss. 16, 227(3), [Sch. 1 para. 16\(2\)](#) (with s. 223); S.S.I. 2008/115, [art. 3\(1\)\(i\)](#) (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))
- F290** Word in s. 18(2) substituted (1.4.2008) by [Bankruptcy and Diligence etc. \(Scotland\) Act 2007 \(asp 3\)](#), ss. 16, 227(3), [Sch. 1 para. 16\(3\)\(a\)](#) (with s. 223); S.S.I. 2008/115, [art. 3\(1\)\(i\)](#) (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))
- F291** Words in s. 18(2) substituted (1.4.2008) by [Bankruptcy and Diligence etc. \(Scotland\) Act 2007 \(asp 3\)](#), ss. 16, 227(3), [Sch. 1 para. 16\(3\)\(b\)](#) (with s. 223); S.S.I. 2008/115, [art. 3\(1\)\(i\)](#) (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))
- F292** S. 18(2)(g) repealed (1.4.2008) by [Bankruptcy and Diligence etc. \(Scotland\) Act 2007 \(asp 3\)](#), ss. 226, 227(3), [Sch. 6 Pt. 1](#) (with s. 223); S.S.I. 2008/115, [art. 3\(2\)\(3\)](#), [Sch. 2](#) (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))
- F293** S. 18(2)(h) added (1.4.1993, subject to savings in arts. 4, 5 of S.I. 1993/438) by 1993 c. 6, s. 11(3), [Sch. 1 para. 6\(b\)](#) (with s. 12(6)); S.I. 1993/438, [art. 3](#)
- F294** S. 18(2A) inserted (1.4.2008) by [Bankruptcy and Diligence etc. \(Scotland\) Act 2007 \(asp 3\)](#), ss. 16, 227(3), [Sch. 1 para. 16\(4\)](#) (with s. 223); S.S.I. 2008/115, [art. 3\(1\)\(i\)](#) (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))

*Status: Point in time view as at 01/03/2016.*

*Changes to legislation: Bankruptcy (Scotland) Act 1985 (repealed) is up to date with all changes known to be in force on or before 25 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)*

- F295** Word in s. 18(3) substituted (1.4.2008) by Bankruptcy and Diligence etc. (Scotland) Act 2007 (asp 3), ss. 16, 227(3), **Sch. 1 para. 16(5)(a)** (with s. 223); S.S.I. 2008/115, **art. 3(1)(i)** (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))
- F296** S. 18(3)(a) repealed (1.4.1993, subject to savings in arts. 4, 5 of S.I. 1993/438) by 1993 c. 6, s. 11(4), **Sch.2** (with s. 12(6)); S.I. 1993/438, **art.3**
- F297** Word in s. 18(3)(c) substituted (1.4.2008) by Bankruptcy and Diligence etc. (Scotland) Act 2007 (asp 3), ss. 16, 227(3), **Sch. 1 para. 16(5)(b)** (with s. 223); S.S.I. 2008/115, **art. 3(1)(i)** (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))
- F298** S. 18(3A)-(3D) inserted (1.4.2015) by Bankruptcy and Debt Advice (Scotland) Act 2014 (asp 11), **ss. 38(3)(a), 57(2)**; S.S.I. 2014/261, art. 3 (with arts. 4-7, 10, 12) (as amended by S.S.I. 2015/54, art. 2)
- F299** Words in s. 18(4) inserted (1.4.2015) by Bankruptcy and Debt Advice (Scotland) Act 2014 (asp 11), **ss. 38(3)(b), 57(2)**; S.S.I. 2014/261, art. 3 (with arts. 4-7, 10, 12) (as amended by S.S.I. 2015/54, art. 2)
- F300** Words in s. 18(4) substituted (1.4.2008) by Bankruptcy and Diligence etc. (Scotland) Act 2007 (asp 3), ss. 16, 227(3), **Sch. 1 para. 16(6)(a)** (with s. 223); S.S.I. 2008/115, **art. 3(1)(i)** (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))
- F301** Words in s. 18(4) substituted (1.4.2008) by Bankruptcy and Diligence etc. (Scotland) Act 2007 (asp 3), ss. 16, 227(3), **Sch. 1 para. 16(6)(b)** (with s. 223); S.S.I. 2008/115, **art. 3(1)(i)** (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))
- F302** Words in s. 18(5)(a)(i) inserted (1.4.2015) by Bankruptcy and Debt Advice (Scotland) Act 2014 (asp 11), **ss. 38(3)(c), 57(2)**; S.S.I. 2014/261, art. 3 (with arts. 4-7, 10, 12) (as amended by S.S.I. 2015/54, art. 2)

**[19]** <sup>F303</sup>**Statement of assets and liabilities etc.**

- (1) Where the [<sup>F304</sup>debtor has made a debtor application] he shall, not later than 7 days after the appointment of the [<sup>F305</sup>trustee under section 2 of this Act] (where he is not the Accountant in Bankruptcy), send to the <sup>F306</sup> . . . trustee such statement of assets and liabilities as was [<sup>F307</sup>sent to the Accountant in Bankruptcy in pursuance of section 5(6A)] of this Act.
- (2) Where the petitioner for sequestration is a creditor or a trustee acting under a trust deed, the debtor shall, not later than 7 days after having been notified by the <sup>F306</sup> . . . trustee as mentioned in section [<sup>F308</sup>2(7)(a)] of this Act, send to the <sup>F306</sup> . . . trustee a statement of assets and liabilities.
- (3) If the debtor—
- <sup>F309</sup>(a) . . . . .
- (b) fails to disclose any material fact in [<sup>F310</sup>a statement of assets and liabilities sent to the trustee in accordance with subsection (1) or (2)] ; or
- (c) makes a material misstatement in such statement of assets and liabilities,
- he shall be guilty of an offence and liable on summary conviction to a fine not exceeding level 5 on the standard scale or to imprisonment for a term not exceeding 3 months or to both such fine and imprisonment.
- (4) In any proceedings for an offence under subsection (3) above, it shall be a defence for the accused to show that he had a reasonable excuse for—
- <sup>F311</sup>(a) . . . . .
- (b) failing to disclose a material fact; or
- (c) making a material misstatement.]



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### Textual Amendments

- F303** S. 19 substituted (1.4.1993, subject to savings in arts. 4, 5 of S.I. 1993/438) by 1993 c. 6, s. 11(3), **Sch. 1 para.7** (with s. 12(6)); S.I. 1993/438, **art.3**
- F304** Words in s. 19(1) substituted (1.4.2008) by **Bankruptcy and Diligence etc. (Scotland) Act 2007** (asp 3), ss. 16, 227(3), **Sch. 1 para. 17(2)(a)** (with s. 223); S.S.I. 2008/115, **art. 3(1)(i)** (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))
- F305** Words in s. 19(1) substituted (1.4.2008) by **Bankruptcy and Diligence etc. (Scotland) Act 2007** (asp 3), ss. 16, 227(3), **Sch. 1 para. 17(2)(b)** (with s. 223); S.S.I. 2008/115, **art. 3(1)(i)** (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))
- F306** Words in s. 19 repealed (1.4.2008) by **Bankruptcy and Diligence etc. (Scotland) Act 2007** (asp 3), ss. 226, 227(3), **Sch. 6 Pt. 1** (with s. 223); S.S.I. 2008/115, **art. 3(2)(3)**, Sch. 2 (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))
- F307** Words in s. 19(1) substituted (1.4.2008) by **Bankruptcy and Diligence etc. (Scotland) Act 2007** (asp 3), ss. 16, 227(3), **Sch. 1 para. 17(2)(c)** (with s. 223); S.S.I. 2008/115, **art. 3(1)(i)** (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))
- F308** Words in s. 19(2) substituted (1.4.2008) by **Bankruptcy and Diligence etc. (Scotland) Act 2007** (asp 3), ss. 16, 227(3), **Sch. 1 para. 17(3)** (with s. 223); S.S.I. 2008/115, **art. 3(1)(i)** (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))
- F309** S. 19(3)(a) repealed (1.4.2015) by **Bankruptcy and Debt Advice (Scotland) Act 2014** (asp 11), **ss. 45(2)(a)(i), 57(2)**; S.S.I. 2014/261, art. 3 (with arts. 4-7, 12) (as amended by S.S.I. 2015/54, art. 2)
- F310** Words in s. 19(3)(b) substituted (1.4.2015) by **Bankruptcy and Debt Advice (Scotland) Act 2014** (asp 11), **ss. 45(2)(a)(ii), 57(2)**; S.S.I. 2014/261, art. 3 (with arts. 4-7, 12) (as amended by S.S.I. 2015/54, art. 2)
- F311** S. 19(4)(a) and word repealed (1.4.2015) by **Bankruptcy and Debt Advice (Scotland) Act 2014** (asp 11), **ss. 45(2)(b), 57(2)**; S.S.I. 2014/261, art. 3 (with arts. 4-7, 12) (as amended by S.S.I. 2015/54, art. 2)

## 20 Trustee's duties on receipt of list of assets and liabilities.

<sup>F312</sup>(1) When the <sup>F313</sup> . . . trustee has received the statement of assets and liabilities, he shall, as soon as practicable, prepare a statement of the debtor's affairs so far as within the knowledge of the <sup>F313</sup> . . . trustee and [<sup>F314</sup>if], in his opinion, the debtor's assets are unlikely to be sufficient to pay any dividend whatsoever in respect of the debts mentioned in paragraphs (e) to (h) of section 51(1) of this Act [<sup>F315</sup>the trustee is so to indicate in the statement of the debtor's affairs].

(2) The <sup>F313</sup> . . . trustee shall, not later than 4 days before the date fixed for the statutory meeting, [<sup>F316</sup>or, where the trustee does not intend to hold such a meeting, not later than 60 days after the date on which sequestration is awarded,] send to the Accountant in Bankruptcy—

- (a) [<sup>F312</sup>the statement] of assets and liabilities [<sup>F317</sup>(unless the statement has already been received by the Accountant in Bankruptcy by virtue of section 5(6A) of this Act)]; and
- (b) [<sup>F318</sup>subject to subsection (2A) below,] a copy of the <sup>F319</sup> . . . statement of the debtor's affairs; and
- (c) written comments by the <sup>F313</sup> . . . trustee indicating what in his opinion are the causes of the insolvency and to what extent the conduct of the debtor may have contributed to the insolvency.

[<sup>F320</sup>(2A) The trustee need not send a statement of the debtor's affairs to the Accountant in Bankruptcy in accordance with subsection (2)(b) above if the trustee has sent a copy

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of the inventory and valuation to the Accountant in Bankruptcy in accordance with section 38(1)(c) of this Act.]

(3) The written comments made under subsection (2)(c) above shall be absolutely privileged.

(4) <sup>F321</sup> .....

(5) <sup>F321</sup> .....

<sup>F322</sup>[(5A) Subsections (2) and (3) above do not apply in any case where the Accountant in Bankruptcy is the <sup>F313</sup> . . . trustee.]

#### Textual Amendments

**F312** S. 20(1) substituted (1.4.1993, subject to savings in arts. 4, 5 of S.I. 1993/438) by 1993 c. 6, s. 11(3), **Sch. 1 para. 8(2)** (with s. 12(6)); S.I. 1993/438, **art.3**

Words in s. 20(2)(a) substituted (1.4.1993, subject to savings in arts. 4, 5 of S.I. 1993/438) by 1993 c. 6, s. 11(3), **Sch. 1 para. 8(3)** (with s. 12(6)); S.I. 1993/438, **art.3**

**F313** Words in s. 20 repealed (1.4.2008) by Bankruptcy and Diligence etc. (Scotland) Act 2007 (asp 3), ss. 226, 227(3), **Sch. 6 Pt. 1** (with s. 223); S.S.I. 2008/115, **art. 3(2)(3)**, Sch 2 (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))

**F314** Word in s. 20(1) substituted (1.4.2015) by Bankruptcy and Debt Advice (Scotland) Act 2014 (asp 11), s. 57(2), **sch. 3 para. 15(a)**; S.S.I. 2014/261, art. 3 (with arts. 4-7, 12) (as amended by S.S.I. 2015/54, art. 2)

**F315** Words in s. 20(1) added (1.4.2015) by Bankruptcy and Debt Advice (Scotland) Act 2014 (asp 11), s. 57(2), **sch. 3 para. 15(b)**; S.S.I. 2014/261, art. 3 (with arts. 4-7, 12) (as amended by S.S.I. 2015/54, art. 2)

**F316** Words in s. 20(2) inserted (1.4.2008) by Bankruptcy and Diligence etc. (Scotland) Act 2007 (asp 3), ss. 36, 227(3), **Sch. 1 para. 18(a)(i)** (with s. 223); S.S.I. 2008/115, **art. 3(1)(i)** (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))

**F317** Words in s. 20(2)(a) inserted (1.4.2008) by Bankruptcy and Diligence etc. (Scotland) Act 2007 (asp 3), ss. 36, 227(3), **Sch. 1 para. 18(a)(ii)** (with s. 223); S.S.I. 2008/115, **art. 3(1)(i)** (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))

**F318** Words in s. 20(2)(b) inserted (1.4.2008) by Bankruptcy and Diligence etc. (Scotland) Act 2007 (asp 3), ss. 36, 227(3), **Sch. 1 para. 18(a)(iii)** (with s. 223); S.S.I. 2008/115, **art. 3(1)(i)** (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))

**F319** Word “preliminary” in s. 20(2)(b) repealed (1.4.1993, subject to savings in arts. 4, 5 of S.I. 1993/438) by 1993 c. 6, s. 11(4), **Sch.2** (with s. 12(6)); S.I. 1993/438, **art.3**

**F320** S. 20(2A) inserted (1.4.2008) by Bankruptcy and Diligence etc. (Scotland) Act 2007 (asp 3), ss. 36, 227(3), **Sch. 1 para. 18(b)** (with s. 223); S.S.I. 2008/115, **art. 3(1)(i)** (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))

**F321** S. 20(4)(5) repealed (1.4.2008) by Bankruptcy and Diligence etc. (Scotland) Act 2007 (asp 3), ss. 226, 227(3), {Sch. 6 Pt. 1} (with s. 223); S.S.I. 2008/115, **art. 3(2)(3)**, Sch. 2 (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))

**F322** S. 20(5A) inserted (1.4.1993, subject to savings in arts. 4, 5 of S.I. 1993/438) by 1993 c. 6, s. 11(3), **Sch. 1 para. 8(4)** (with s. 12(6)); S.I. 1993/438, **art.3**

#### [20A] <sup>F323</sup>Statutory meeting.

A meeting of creditors called by the <sup>F324</sup> . . . trustee under section <sup>F324</sup> . . . 21A of this Act shall, in this Act, be referred to as “the statutory meeting”.]

*Status: Point in time view as at 01/03/2016.*

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**Textual Amendments**

- F323** S. 20A inserted (1.4.1993, subject to savings in arts. 4, 5 of S.I. 1993/438) by 1993 c. 6, s. 11(3), **Sch. 1 para.9** (with s. 12(6)); S.I. 1993/438, **art.3**
- F324** Words in s. 20A repealed (1.4.2008) by **Bankruptcy and Diligence etc. (Scotland) Act 2007 (asp 3)**, ss. 226, 227(3), **Sch. 6 Pt. 1** (with s. 223); S.S.I. 2008/115, **art. 3(2)(3)**, Sch. 2 (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))

*[<sup>F325</sup>Statutory meeting of creditors and trustee vote]*

**Textual Amendments**

- F325** Cross-heading preceding s. 21 substituted (S.) (1.4.2008) by virtue of **Bankruptcy and Diligence etc. (Scotland) Act 2007 (asp 3)**, ss. 36, 227(3), **Sch. 1 para. 19** (with s. 223); S.S.I. 2008/115, **art. 3(1)(i)** (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))

**21 Calling of statutory meeting.**

<sup>F326</sup> .....

**Textual Amendments**

- F326** S. 21 repealed (1.4.2008) by **Bankruptcy and Diligence etc. (Scotland) Act 2007 (asp 3)**, ss. 11(1), 227(3) (with s. 223); S.S.I. 2008/115, **art. 3(2)(3)**, Sch. 2 (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))

<sup>F328</sup>[21A [<sup>F327</sup>Calling of statutory meeting]

- (1) Subject to subsections (5) and (6) below, <sup>F329</sup> . . . the statutory meeting may be held at such time and place as the <sup>F330</sup> . . . trustee may determine.
- (2) Not later than 60 days after the date [<sup>F331</sup>on which sequestration is awarded] , or such longer period as the sheriff may on cause shown allow, the <sup>F332</sup> . . . trustee shall give notice to every creditor known to him of whether he intends to call the statutory meeting.
- (3) A notice given under subsection (2) above shall—
  - (a) be accompanied by a copy of the <sup>F332</sup> . . . trustee’s statement of the debtor’s affairs; and
  - (b) where the <sup>F332</sup> . . . trustee is notifying his intention not to hold the statutory meeting, inform creditors—
    - (i) of the effect of subsections (4) and (5) below; <sup>F333</sup> . . .
    - (ii) <sup>F333</sup> .....
- (4) Within 7 days of the giving of notice under subsection (2) above, any creditor may request the <sup>F332</sup> . . . trustee to call the statutory meeting.
- (5) Where a request or requests under subsection (4) above are made by not less than one quarter in value of the debtor’s creditors, the <sup>F332</sup> . . . trustee shall call the statutory

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meeting not later than 28 days, or such other period as the sheriff may on cause shown allow, after the giving of notice under subsection (2) above.

- (6) Where the <sup>F332</sup> . . . trustee gives notice under subsection (2) above that he intends to call the statutory meeting, such meeting shall be called not later than 28 days after the giving of such notice.
- (7) Not less than 7 days before the date fixed for the statutory meeting, the <sup>F332</sup> . . . trustee shall notify every creditor known to him of the date, time and place of the meeting, and shall in such notice invite the submission of such claims as have not already been submitted and inform them of his duties under section 23(3) of this Act.
- (8) The creditors may continue the statutory meeting to a date not later than 7 days after the end of the period mentioned in subsection (6) above or such longer period as the sheriff may on cause shown allow.
- (9) <sup>F334</sup> . . . . .]

#### Textual Amendments

- F327** S. 21A heading substituted (1.4.2008) by virtue of [Bankruptcy and Diligence etc. \(Scotland\) Act 2007 \(asp 3\)](#), [ss. 11\(2\)\(b\)](#), [227\(3\)](#) (with s. 223); [S.S.I. 2008/115](#), [art. 3\(1\)\(a\)](#) (with arts. 4-6, 10 (as amended (with effect from [31.1.2011](#)) by [S.S.I. 2011/31](#), art. 5))
- F328** Ss. 21A, 21B inserted (1.4.1993, subject to savings in arts. 4, 5 of [S.I. 1993/438](#)) by [1993 c. 6](#), [s.5](#) (with s. 12(6)); [S.I. 1993/438](#), [art.3](#)
- F329** Words in s. 21A(1) repealed (1.4.2008) by [Bankruptcy and Diligence etc. \(Scotland\) Act 2007 \(asp 3\)](#) {[ss. 11\(2\)\(a\)](#)}, [227\(3\)](#) (with s. 223); [S.S.I. 2008/115](#), [art. 3\(1\)\(a\)](#) (with arts. 4-6, 10 (as amended (with effect from [31.1.2011](#)) by [S.S.I. 2011/31](#), art. 5))
- F330** Word in s. 21A(1) repealed (1.4.2008) by [Bankruptcy and Diligence etc. \(Scotland\) Act 2007 \(asp 3\)](#), [ss. 226](#), [227\(3\)](#), [Sch. 6 Pt. 1](#) (with s. 223); [S.S.I. 2008/115](#), [art. 3\(2\)\(3\)](#) (with arts. 4-6, 10 (as amended (with effect from [31.1.2011](#)) by [S.S.I. 2011/31](#), art. 5))
- F331** Words in s. 21A(2) substituted (1.4.2008) by [Bankruptcy and Diligence etc. \(Scotland\) Act 2007 \(asp 3\)](#), [ss. 36](#), [227\(3\)](#), [Sch. 1 para. 20](#) (with s. 223); [S.S.I. 2008/115](#), [art. 3\(1\)\(i\)](#) (with arts. 4-6, 10 (as amended (with effect from [31.1.2011](#)) by [S.S.I. 2011/31](#), art. 5))
- F332** Words in s. 21A(2)-(7) repealed (1.4.2008) by [Bankruptcy and Diligence etc. \(Scotland\) Act 2007 \(asp 3\)](#), [ss. 226](#), [227\(3\)](#), [Sch. 6 Pt. 1](#) (with s. 223); [S.S.I. 2008/115](#), [art. 3\(2\)\(3\)](#), [Sch. 2](#) (with arts. 4-6, 10 (as amended (with effect from [31.1.2011](#)) by [S.S.I. 2011/31](#), art. 5))
- F333** S. 21A(3)(b)(ii) and preceding word repealed (1.4.2008) by [Bankruptcy and Diligence etc. \(Scotland\) Act 2007 \(asp 3\)](#), [ss. 28\(2\)](#), [227\(3\)](#) (with s. 223); [S.S.I. 2008/115](#), [art. 3\(1\)\(a\)](#) (with arts. 4-6, 10 (as amended (with effect from [31.1.2011](#)) by [S.S.I. 2011/31](#), art. 5))
- F334** S. 21A(9) repealed (1.4.2008) by [Bankruptcy and Diligence etc. \(Scotland\) Act 2007 \(asp 3\)](#), [ss. 226](#), [227\(3\)](#), [Sch. 6 Pt. 1](#) (with s. 223); [S.S.I. 2008/115](#), [art. 3\(2\)\(3\)](#), [Sch. 2](#) (with arts. 4-6, 10 (as amended (with effect from [31.1.2011](#)) by [S.S.I. 2011/31](#), art. 5))

#### 21B <sup>F335</sup> Procedure where no statutory meeting called.

- (1) Where the <sup>F336</sup> . . . trustee does not call the statutory meeting and the period mentioned in section 21A(4) of this Act has expired, he shall—
- (a) forthwith make a report to the [<sup>F337</sup> Accountant in Bankruptcy] on the circumstances of the sequestration; <sup>F338</sup> . . .
- (b) <sup>F338</sup> . . . . .]

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[<sup>F339</sup>(1A) This section does not apply in any case where the Accountant in Bankruptcy is the trustee.]

(2) <sup>F340</sup> .....

#### Textual Amendments

- F335** Ss. 21A, 21B inserted (1.4.1993, subject to savings in arts. 4, 5 of S.I. 1993/438) by 1993 c. 6, s.5 (with s. 12(6)); S.I. 1993/438, art.3
- F336** Word in s. 21B repealed (1.4.2008) by Bankruptcy and Diligence etc. (Scotland) Act 2007 (asp 3), ss. 226, 227(3), Sch. 6 Pt. 1 (with s. 223); S.S.I. 2008/115, art. 3(2)(3), Sch. 2 (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))
- F337** Words in s. 21B(1)(a) substituted (1.4.2008) by Bankruptcy and Diligence etc. (Scotland) Act 2007 (asp 3), ss. 36, 227(3), Sch. 1 para. 21(a) (with s. 223); S.S.I. 2008/115, art. 3(1)(i) (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))
- F338** S. 21B(1)(b) and preceding word repealed (1.4.2008) by Bankruptcy and Diligence etc. (Scotland) Act 2007 (asp 3), ss. 226, 227(3), Sch. 6 Pt. 1 (with s. 223); S.S.I. 2008/115, art. 3(2)(3), Sch. 2 (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))
- F339** S. 21B(1A) inserted (1.4.2008) by Bankruptcy and Diligence etc. (Scotland) Act 2007 (asp 3), ss. 36, 227(3), Sch. 1 para. 21(b) (with s. 223); S.S.I. 2008/115, art. 3(1)(i) (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))
- F340** S. 21B(2) repealed (1.4.2008) by Bankruptcy and Diligence etc. (Scotland) Act 2007 (asp 3), ss. 226, 227(3), Sch. 6 Pt. 1 (with s. 223); S.S.I. 2008/115, art. 3(2)(3), Sch. 2 (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))

## 22 Submission of claims for voting purposes at statutory meeting.

- (1) For the purposes of voting at the statutory meeting, a creditor shall submit a claim in accordance with this section to the <sup>F341</sup> . . . trustee at or before the meeting.
- (2) A creditor shall submit a claim under this section by producing to the <sup>F341</sup> . . . trustee—
- a statement of claim in the prescribed form; and
  - an account or voucher (according to the nature of the debt) which constitutes *prima facie* evidence of the debt:
- Provided that the <sup>F341</sup> . . . trustee may dispense with any requirement under this subsection in respect of any debt or any class of debt.
- (3) Where a creditor neither resides nor has a place of business in the United Kingdom, the <sup>F341</sup> . . . trustee—
- shall, if he knows where the creditor resides or has a place of business and if no notification has been given to that creditor under section [<sup>F342</sup>21A(2)] of this Act, write to him informing him that he may submit a claim under this section;
  - may allow the creditor to submit an informal claim in writing.
- (4) A creditor who has produced a statement of claim in accordance with subsection (2) above may at any time before the statutory meeting produce in place of that statement of claim another such statement of claim specifying a different amount for his claim.
- (5) If a creditor produces under this section a statement of claim, account, voucher or other evidence which is false—

*Status: Point in time view as at 01/03/2016.*

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- (a) the creditor shall be guilty of an offence unless he shows that he neither knew nor had reason to believe that the statement of claim, account, voucher or other evidence was false;
- (b) the debtor shall be guilty of an offence if he—
  - (i) knew or became aware that the statement of claim, account, voucher or other evidence was false; and
  - (ii) failed as soon as practicable after acquiring such knowledge to report it to the <sup>F341</sup> . . . trustee <sup>F341</sup> . . . .
- (6) A creditor may, in such circumstances as may be prescribed, state the amount of his claim in foreign currency.
- (7) The <sup>F341</sup> . . . trustee shall, on production of any document to him under this section, initial the document and keep a record of it stating the date when it was produced to him, and, if requested by the sender, shall return it (if it is not a statement of claim) to him.
- (8) The submission of a claim under this section shall bar the effect of any enactment or rule of law relating to the limitation of actions in any part of the United Kingdom.
- (9) Schedule 1 to this Act shall have effect for determining the amount in respect of which a creditor shall be entitled to claim.
- (10) A person convicted of an offence under subsection (5) above shall be liable—
  - (a) on summary conviction to a fine not exceeding the statutory maximum or—
    - (i) to imprisonment for a term not exceeding 3 months; or
    - (ii) if he has previously been convicted of an offence inferring dishonest appropriation of property or an attempt at such appropriation, to imprisonment for a term not exceeding 6 months,
 or (in the case of either sub-paragraph) to both such fine and such imprisonment; or
  - (b) on conviction on indictment to a fine or to imprisonment for a term not exceeding 2 years or to both.

#### Textual Amendments

**F341** Words in s. 22 repealed (1.4.2008) by Bankruptcy and Diligence etc. (Scotland) Act 2007 (asp 3), ss. 226, 227(3), **Sch. 6 Pt. 1** (with s. 223); S.S.I. 2008/115, **art. 3(2)(3)**, Sch. 2 (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))

**F342** Words in s. 22(3)(a) substituted (1.4.2008) by Bankruptcy and Diligence etc. (Scotland) Act 2007 (asp 3), ss. 36, 227(3), **Sch. 1 para. 22** (with s. 223); S.S.I. 2008/115, **art. 3(1)(i)** (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))

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

**C28** S. 22 restricted (S.) (17.12.2001) by 2001 asp 13, s. 20, **Sch. 6 para. 8(2)** (with s. 29); S.S.I. 2001/456, **art. 2**

**C29** S. 22(5)(10) applied (with modifications) by S.I. 1986/1915, Rules 4.16(1)(a), 7.9(4) and by Rule 2.41(2) (as substituted (15.9.2003) by The Insolvency (Scotland) Amendment Rules 2003 (S.I. 2003/2111), Rule 3, **Sch. 1 Pt. 1**)

**C30** S. 22(5)(10) applied (with modifications) (14.11.2011) by The Investment Bank Special Administration (Scotland) Rules 2011 (S. I. 2011/2262), rules 2, **127**

**C31** S. 22(8) applied with modifications by S.I. 1986/1915, **Rule 4.76**.

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## 23 [F343 Proceedings at statutory meeting before trustee vote]

(1) At the commencement of the statutory meeting, the chairman shall be the <sup>F344</sup> . . . trustee who as chairman shall—

- (a) for the purposes of subsection (2) below, accept or reject in whole or in part the claim of each creditor, and, if the amount of a claim is stated in foreign currency, he shall convert that amount into sterling, in such manner as may be prescribed, at the rate of exchange prevailing at the close of business on the date of sequestration;
- (b) invite the creditors thereupon to elect one of their number as chairman in his place and shall preside over the election:

Provided that if a chairman is not elected in pursuance of this paragraph, the <sup>F344</sup> . . . trustee shall remain the chairman throughout the meeting; and

- (c) arrange for a record to be made of the proceedings at the meeting.

(2) The acceptance of a claim in whole or in part under subsection (1) above shall, subject to section 24(3) of this Act, determine the entitlement of a creditor to vote at the statutory meeting.

(3) On the conclusion of the proceedings under subsection (1) above, the <sup>F344</sup> . . . trustee—

- <sup>F345</sup>[(a) shall make available for inspection—
  - (i) the statement of assets and liabilities; and
  - (ii) his statement of the debtor’s affairs prepared under section 20(1) of this Act;]
  - (b) shall answer to the best of his ability any questions, and shall consider any representations, put to him by the creditors relating to the debtor’s assets, business or financial affairs or his conduct in relation thereto;
  - [<sup>F346</sup>(c) after considering any such representations as are mentioned in paragraph (b), shall, if in the interim trustee’s opinion the debtor’s assets are unlikely to be sufficient to pay any dividend whatsoever in respect of the debts mentioned in paragraphs (e) to (h) of section 51(1), so indicate,]
  - <sup>F345</sup>[(d) shall determine whether it is necessary to revise his statement of the debtor’s affairs and, if he determines that it is necessary to revise the statement, he shall do so either at, or as soon as possible after, the statutory meeting.]

<sup>F347</sup>(4) . . . . .

<sup>F345</sup>[(5) Where the <sup>F344</sup> . . . trustee has revised his statement of the debtor’s affairs, he shall, as soon as possible after the statutory meeting, send a copy of the revised statement to every creditor known to him.]

### Textual Amendments

**F343** S. 23 heading substituted (1.4.2008) by virtue of the [Bankruptcy and Diligence etc. \(Scotland\) Act 2007 \(asp 3\)](#), **ss. 11(3)**, 227(3) (with s. 223); S.S.I. 2008/115, **art. 3(1)(a)** (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))

**F344** Words in s. 23 repealed (1.4.2008) by [Bankruptcy and Diligence etc. \(Scotland\) Act 2007 \(asp 3\)](#), **ss. 226**, 227(3), **Sch. 6 Pt. 1** (with s. 223); S.S.I. 2008/115, **art. 3(2)(3)**, Sch. 2 (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))

**F345** S. 23(3)(a) substituted (1.4.1993, subject to savings in arts. 4, 5 of S.I. 1993/438) by 1993 c. 6, s. 11(3), **Sch. 1 para. 11(2)(a)** (with s. 12(6)); S.I. 1993/438, **art.3**

*Status: Point in time view as at 01/03/2016.*

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S. 23(3)(d) substituted (1.4.1993, subject to savings in arts. 4, 5 of S.I. 1993/438) by 1993 c. 6, s. 11(3), **Sch. 1 para. 11(2)(b)** (with s. 12(6)); S.I. 1993/438, **art.3**

S. 23(5) substituted (1.4.1993, subject to savings in arts. 4, 5 of S.I. 1993/438) by 1993 c. 6, s. 11(3), **Sch. 1 para. 11(3)** (with s. 12(6)); S.I. 1993/438, **art.3**

**F346** S. 23(3)(c) substituted (1.4.2015) by Bankruptcy and Debt Advice (Scotland) Act 2014 (asp 11), s. 57(2), **sch. 3 para. 16**; S.S.I. 2014/261, **art. 3** (with arts. 4-7, 12) (as amended by S.S.I. 2015/54, art. 2)

**F347** S. 23(4) repealed (1.4.1993, subject to savings in arts. 4, 5 of S.I. 1993/438) by 1993 c. 6, s. 11(4), **Sch.2** (with s. 12(6)); S.I. 1993/438, **art.3**

## [23A <sup>F348</sup>Summary administration.

<sup>F349</sup> . . . . .]

### Textual Amendments

**F348** S. 23A inserted (1.4.1993, subject to savings in arts. 4, 5 of S.I. 1993/438) by 1993 c. 6, s.6 (with s. 12(6)); S.I. 1993/438, **art.3**

**F349** s. 23A repealed (1.4.2008) by Bankruptcy and Diligence etc. (Scotland) Act 2007 (asp 3), **ss. 28(3), 227(3)** (with s. 223); S.S.I. 2008/115, **art. 3(1)(a)** (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))

## 24 [<sup>F350</sup>Trustee vote]

<sup>F351</sup>[(1) At the statutory meeting, the creditors shall, at the conclusion of the proceedings under section 23(3) of this Act, proceed to [<sup>F352</sup>a vote at which they shall—

- (a) confirm the appointment of the trustee appointed under section 2 of this Act (referred to in this section and in sections 25 to 27 of this Act as the “original trustee”); or
- (b) elect another person as the trustee in the sequestration (referred to in this section and in sections 13 and 25 to 29 of this Act as the “replacement trustee”),

such a vote being referred to in this Act as a “trustee vote”] .]

(2) <sup>F353</sup>None of the following persons shall be eligible for election as [<sup>F354</sup>replacement] trustee, nor shall anyone who becomes such a person after having been elected as [<sup>F354</sup>replacement] trustee be qualified to continue to act as . . . trustee—

- (a) the debtor;
- (b) a person who is not qualified to act as an insolvency practitioner or who, though qualified to act as an insolvency practitioner, is not qualified to act as such in relation to the debtor;
- (c) a person who holds an interest opposed to the general interests of the creditors;
- (d) <sup>F355</sup> . . . . .

<sup>F356</sup>[(e) a person who has not given an undertaking, in writing, to act as <sup>F353</sup>. . . trustee;

- (f) the Accountant in Bankruptcy.]

(3) The following persons shall not be entitled to vote in the [<sup>F357</sup>trustee vote]—

- (a) anyone acquiring a debt due by the debtor, otherwise than by succession, after the date of sequestration;
- (b) any creditor to the extent that his debt is a postponed debt.



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- <sup>F356</sup>[(3A) In any case where the Accountant in Bankruptcy is the [<sup>F358</sup>original] trustee, if—
- (a) no creditor entitled to vote in the [<sup>F359</sup>trustee vote] attends the statutory meeting; or
  - (b) no [<sup>F360</sup>replacement] trustee is elected,
- the Accountant in Bankruptcy shall forthwith report the proceedings at the statutory meeting to the sheriff and [<sup>F361</sup>shall continue to act as the trustee] .
- (3B) <sup>F362</sup>.....]
- (4) [<sup>F356</sup>In any case where the Accountant in Bankruptcy is not the [<sup>F363</sup>original] trustee,] if no creditor entitled to vote in the [<sup>F364</sup>trustee vote] attends the statutory meeting or if no [<sup>F365</sup>replacement] trustee is elected, the [<sup>F363</sup>original] trustee shall forthwith—
- (a) so notify the Accountant in Bankruptcy; and
  - (b) report the proceedings at the statutory meeting to the sheriff, <sup>F366</sup>.....
- [<sup>F367</sup>and he shall continue to act as the trustee.]
- <sup>F356</sup>[(4A) <sup>F362</sup>.....]
- (5) <sup>F362</sup>.....

#### Textual Amendments

- F350** S. 24 heading substituted (1.4.2008) by virtue of [Bankruptcy and Diligence etc. \(Scotland\) Act 2007 \(asp 3\)](#), [ss. 11\(4\)\(b\)](#), [227\(3\)](#) (with s. 223); S.S.I. 2008/115, [art. 3\(1\)\(a\)](#) (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))
- F351** S. 24(1) substituted (1.4.1993, subject to savings in arts. 4, 5 of S.I. 1993/438) by 1993 c. 6, s. 11(3), [Sch. 1 para. 12\(2\)](#) (with s. 12(6)); S.I. 1993/438, [art.3](#)
- F352** Words in s. 24(1) substituted (1.4.2008) by [Bankruptcy and Diligence etc. \(Scotland\) Act 2007 \(asp 3\)](#), [ss. 11\(4\)\(a\)](#), [227\(3\)](#) (with s. 223); S.S.I. 2008/115, [art. 3\(1\)\(a\)](#) (with arts. 4-6, 10) (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5)
- F353** Words in s. 24(2) repealed (1.4.2008) by [Bankruptcy and Diligence etc. \(Scotland\) Act 2007 \(asp 3\)](#), [ss. 226](#), [227\(3\)](#), [Sch. 6 Pt. 1](#) (with s. 223); S.S.I. 2008/115, [art. 3\(2\)\(3\)](#), [Sch. 2](#) (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))
- F354** Words in s. 24(2) substituted (1.4.2008) by [Bankruptcy and Diligence etc. \(Scotland\) Act 2007 \(asp 3\)](#), [ss. 36](#), [227\(3\)](#), [Sch. 1 para. 23\(2\)](#) (with s. 223); S.S.I. 2008/115, [art. 3\(1\)\(i\)](#) (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))
- F355** S. 24(2)(d) repealed (1.4.2008) by [Bankruptcy and Diligence etc. \(Scotland\) Act 2007 \(asp 3\)](#), [ss. 7\(2\)](#), [227\(3\)](#) (with s. 223); S.S.I. 2008/115, [art. 3\(1\)\(a\)](#) (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))
- F356** S. 24(2)(e)(f) inserted (1.4.1993, subject to savings in arts. 4, 5 of S.I. 1993/438) by 1993 c. 6, s. 11(3), [Sch. 1 para. 12\(3\)](#) (with s. 12(6)); S.I. 1993/438, [art.3](#)
- S. 24(3A)(3B) inserted (1.4.1993, subject to savings in arts. 4, 5 of S.I. 1993/438) by 1993 c. 6, s. 11(3), [Sch. 1 para. 12\(4\)](#) (with s. 12(6)); S.I. 1993/438, [art.3](#)
- Words in s. 24(4) inserted (1.4.1993, subject to savings in arts. 4, 5 of S.I. 1993/438) by 1993 c. 6, s. 11(3), [Sch. 1 para. 12\(5\)](#) (with s. 12(6)); S.I. 1993/438, [art.3](#)
- S. 24(4A) inserted (1.4.1993, subject to savings in arts. 4, 5 of S.I. 1993/438) by 1993 c. 6, s. 11(3), [Sch. 1 para. 12\(6\)](#) (with s. 12(6)); S.I. 1993/438, [art.3](#)
- F357** Words in s. 24(3) substituted (1.4.2008) by [Bankruptcy and Diligence etc. \(Scotland\) Act 2007 \(asp 3\)](#), [ss. 36](#), [227\(3\)](#), [Sch. 1 para. 23\(3\)](#) (with s. 223); S.S.I. 2008/115, [art. 3\(1\)\(i\)](#) (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))

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- F358** Word in s. 24(3A) substituted (1.4.2008) by Bankruptcy and Diligence etc. (Scotland) Act 2007 (asp 3), ss. 36, 227(3), **Sch. 1 para. 23(4)(a)** (with s. 223); S.S.I. 2008/115, **art. 3(1)(i)** (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))
- F359** Words in s. 24(3A)(a) substituted (1.4.2008) by Bankruptcy and Diligence etc. (Scotland) Act 2007 (asp 3), ss. 36, 227(3), **Sch. 1 para. 23(4)(b)** (with s. 223); S.S.I. 2008/115, **art. 3(1)(i)** (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))
- F360** Word in s. 24(3A)(b) substituted (1.4.2008) by Bankruptcy and Diligence etc. (Scotland) Act 2007 (asp 3), ss. 36, 227(3), **Sch. 1 para. 23(4)(c)** (with s. 223); S.S.I. 2008/115, **art. 3(1)(i)** (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))
- F361** Words in s. 24(3A) substituted (1.4.2008) by Bankruptcy and Diligence etc. (Scotland) Act 2007 (asp 3), ss. 36, 227(3), **Sch. 1 para. 23(4)(d)** (with s. 223); S.S.I. 2008/115, **art. 3(1)(i)** (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))
- F362** S. 24(3B)(4A)(5) repealed (1.4.2008) by Bankruptcy and Diligence etc. (Scotland) Act 2007 (asp 3), **ss. 28(4), 227(3)** (with s. 223); S.S.I. 2008/115, **art. 3(1)(a)** (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))
- F363** Word in s. 24(4) substituted (1.4.2008) by Bankruptcy and Diligence etc. (Scotland) Act 2007 (asp 3), ss. 36, 227(3), **Sch. 1 para. 23(5)(a)** (with s. 223); S.S.I. 2008/115, **art. 3(1)(i)** (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))
- F364** Words in s. 24(4) substituted (1.4.2008) by Bankruptcy and Diligence etc. (Scotland) Act 2007 (asp 3), ss. 36, 227(3), **Sch. 1 para. 23(5)(b)** (with s. 223); S.S.I. 2008/115, **art. 3(1)(i)** (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))
- F365** Word in s. 24(4) substituted (1.4.2008) by Bankruptcy and Diligence etc. (Scotland) Act 2007 (asp 3), ss. 36, 227(3), **Sch. 1 para. 23(5)(c)** (with s. 223); S.S.I. 2008/115, **art. 3(1)(i)** (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))
- F366** Words in s. 24(4)(b) repealed (1.4.2008) by Bankruptcy and Diligence etc. (Scotland) Act 2007 (asp 3), ss. 226, 227(3), **Sch. 6 Pt. 1** (with s. 223); S.S.I. 2008/115, **art. 3(2)(3)**, Sch. 2 (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))
- F367** Words in s. 24(4) inserted (1.4.2004) by Bankruptcy and Diligence etc. (Scotland) Act 2007 (asp 3), ss. 36, 227(3), **Sch. 1 para. 23(5)(d)** (with s. 223); S.S.I. 2008/115, **art. 3(1)(i)** (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))

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

- C32** S. 24(2)(d) amendment to transitional provisions in earlier commencing S.S.I. 2008/115, arts. 5, 6 (4.10.2014) by **The Bankruptcy and Diligence etc. (Scotland) Act 2007 (Commencement No. 9 and Savings Amendment) Order 2014 (S.S.I. 2014/173)**, arts. 1(2), 3

### **[<sup>F368</sup>25 Appointment of replacement trustee**

- (1) This section applies where a replacement trustee is elected by virtue of a trustee vote.
- (2) On the election of the replacement trustee, the original trustee must immediately make a report of the proceedings at the statutory meeting—
  - (a) where the original trustee was not the Accountant in Bankruptcy, to the Accountant in Bankruptcy,
  - (b) where the original trustee was the Accountant in Bankruptcy, to the sheriff.
- (3) The debtor, a creditor, the original trustee, the replacement trustee or the Accountant in Bankruptcy may object to any matter connected with the election—
  - (a) in the case of an objection by a person other than the Accountant in Bankruptcy, by applying to the Accountant in Bankruptcy, or
  - (b) in the case of an objection by the Accountant in Bankruptcy, by making a summary application to the sheriff.

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- (4) An objection under subsection (3) must—
  - (a) specify the grounds on which the objection is taken, and
  - (b) be made before the expiry of the period of 4 days beginning with the day of the statutory meeting.
- (5) If there is no timeous objection under subsection (3), the Accountant in Bankruptcy must without delay declare the elected person to be the trustee in the sequestration.
- (6) No expense in objecting under this section is to fall on the debtor's estate.

#### Textual Amendments

**F368** Ss. 25-25B substituted for s. 25 (1.4.2015) by [Bankruptcy and Debt Advice \(Scotland\) Act 2014 \(asp 11\)](#), **ss. 28(1), 57(2)**; [S.S.I. 2014/261](#), art. 3 (with arts. 4-7, 12) (as amended by [S.S.I. 2015/54](#), art. 2)

### 25A Applications to Accountant in Bankruptcy: procedure

- (1) This section applies where an application is made to the Accountant in Bankruptcy under section 25(3)(a).
- (2) The Accountant in Bankruptcy must—
  - (a) without delay give the original trustee, the replacement trustee, the objector and any other interested person an opportunity to make written submissions on the application, and
  - (b) make a decision.
- (3) If the Accountant in Bankruptcy decides—
  - (a) to reject the objection in the application, the Accountant in Bankruptcy must without delay declare the elected person to be the trustee in the sequestration,
  - (b) to sustain the objection in the application, the Accountant in Bankruptcy must order the original trustee to arrange a new meeting at which a new trustee vote must be held.
- (4) Sections 23 to 25B apply in relation to a meeting arranged by virtue of subsection (3)(b).
- (5) The original trustee, the replacement trustee, the objector and any other interested person may apply to the Accountant in Bankruptcy for a review of a decision under subsection (2)(b).
- (6) An application under subsection (5) must be made before the expiry of the period of 14 days beginning with the day on which notice of the decision is given.
- (7) If an application for a review under subsection (5) is made, the Accountant in Bankruptcy must—
  - (a) take into account any representations made by an interested person before the expiry of the period of 21 days beginning with the day on which the application is made, and
  - (b) confirm, amend or revoke the decision before the expiry of the period of 28 days beginning with the day on which the application is made.
- (8) The trustee, the objector and any other interested person may by summary application appeal to the sheriff against a decision by the Accountant in Bankruptcy under

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subsection (7)(b), before the expiry of the period of 14 days beginning with the day of the decision.

(9) No expense in objecting under this section is to fall on the debtor's estate.

#### Textual Amendments

**F368** Ss. 25-25B substituted for s. 25 (1.4.2015) by [Bankruptcy and Debt Advice \(Scotland\) Act 2014 \(asp 11\)](#), [ss. 28\(1\), 57\(2\)](#); [S.S.I. 2014/261](#), art. 3 (with arts. 4-7, 12) (as amended by [S.S.I. 2015/54](#), art. 2)

## 25B Applications and appeals to sheriff: procedure

- (1) This section applies where there is—
  - (a) an application by the Accountant in Bankruptcy under section 25(3)(b), or
  - (b) an appeal under section 25A(8).
- (2) The sheriff must—
  - (a) without delay give the parties an opportunity to be heard on the application, and
  - (b) make a decision.
- (3) If the sheriff decides—
  - (a) to reject an objection to the appointment of an elected person, the sheriff must without delay declare the elected person to be the trustee in the sequestration and make an order appointing the elected person to be the trustee in the sequestration,
  - (b) to sustain an objection to the appointment of an elected person, the sheriff must order the original trustee to arrange a new meeting at which a new trustee vote must be held.
- (4) Sections 23 to 25B apply in relation to a meeting arranged by virtue of subsection (3)(b).
- (5) Any declaration, appointment or decision of the sheriff under this section is final.]

#### Textual Amendments

**F368** Ss. 25-25B substituted for s. 25 (1.4.2015) by [Bankruptcy and Debt Advice \(Scotland\) Act 2014 \(asp 11\)](#), [ss. 28\(1\), 57\(2\)](#); [S.S.I. 2014/261](#), art. 3 (with arts. 4-7, 12) (as amended by [S.S.I. 2015/54](#), art. 2)

## 26 <sup>F369</sup>Provisions relating to termination of original trustee's functions]

<sup>F370</sup>(A1) This section applies where a replacement trustee is appointed under section 25 of this Act.]

- (1) <sup>F371</sup>The original trustee, shall, on the appointment of the replacement trustee], hand over to him everything in his possession which relates to the sequestration (including <sup>F372</sup>the statement of assets and liabilities, and a copy] of the statement <sup>F373</sup>of the debtor's affairs prepared under section 20(1) (as revised under section 23(3)(d) if so revised)] , and of the written comments sent under section 20(2)(c) of this Act) and shall thereupon cease to act in the sequestration.

*Status: Point in time view as at 01/03/2016.*

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- (2) Within 3 months of the <sup>F374</sup>appointment of the replacement trustee, the original trustee shall—
- (a) submit to the Accountant in Bankruptcy—
    - (i) his accounts of his intrusions (if any) with the debtor’s estate; and
    - (ii) a claim for outlays reasonably incurred, and for remuneration for work reasonably undertaken, by him; and
  - (b) send to the <sup>F375</sup>replacement trustee<sup>F376</sup> . . . , a copy of what is submitted to the Accountant in Bankruptcy under paragraph (a) above.
- <sup>F377</sup>(2A) Where the original trustee was appointed under section 2(5) of this Act as the interim trustee in the sequestration, his accounts and the claim referred to in subsection (2)(a) above shall include accounts and a claim for the period of his appointment as interim trustee.]
- (3) On a submission being made to him under subsection (2) above, the Accountant in Bankruptcy—
- (a) shall—
    - (i) audit the accounts; and
    - (ii) issue a determination fixing the amount of the outlays and remuneration payable to the <sup>F378</sup>original trustee; and
  - (b) shall send a copy of—
    - (i) the said determination to the <sup>F379</sup>original trustee<sup>F376</sup> . . . ; and
    - (ii) the <sup>F380</sup>original trustee’s audited accounts and of the said determination to the <sup>F381</sup>replacement trustee<sup>F382</sup> . . . .
- (4) The <sup>F383</sup>original trustee, the <sup>F384</sup>replacement trustee, the debtor or any creditor may appeal to the sheriff against a determination under subsection (3)(a)(ii) above within 14 days of its issue <sup>F385</sup>; and the decision of the sheriff on such an appeal shall be final].
- <sup>F386</sup>(5) . . . . .
- <sup>F385</sup>[(5A) This section does not apply in any case where the Accountant in Bankruptcy is the <sup>F387</sup>original trustee.]

**Textual Amendments**

- F369** S. 26 heading substituted (1.4.2008) by virtue of [Bankruptcy and Diligence etc. \(Scotland\) Act 2007 \(asp 3\)](#), ss. 36, 227(3), [Sch. 1 para. 26\(10\)](#) (with s. 223); S.S.I. 2008/115, [art. 3\(1\)\(i\)](#) (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))
- F370** S. 26(A1) inserted (1.4.2008) by [Bankruptcy and Diligence etc. \(Scotland\) Act 2007 \(asp 3\)](#), ss. 36, 227(3), [Sch. 1 para. 25\(2\)](#) (with s. 223); S.S.I. 2008/115, [art. 3\(1\)\(i\)](#) (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))
- F371** Words in s. 26(1) substituted (1.4.2008) by [Bankruptcy and Diligence etc. \(Scotland\) Act 2007 \(asp 3\)](#), ss. 36, 227(3), [Sch. 1 para. 25\(3\)](#) (with s. 223); S.S.I. 2008/115, [art. 3\(1\)\(i\)](#) (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))
- F372** Words in s. 26(1) substituted (1.4.1993, subject to savings in arts. 4, 5 of S.I. 1993/438) by 1993 c. 6, s. 11(3), [Sch. 1 para. 14\(2\)](#) (with s. 12(6)); S.I. 1993/438, [art.3](#)
- F373** Words in s. 26(1) substituted (1.4.2015) by [Bankruptcy and Debt Advice \(Scotland\) Act 2014 \(asp 11\)](#), s. 57(2), [sch. 3 para. 17](#); S.S.I. 2014/261, [art. 3](#) (with arts. 4-7, 12) (as amended by S.S.I. 2015/54, art. 2)

*Status: Point in time view as at 01/03/2016.*

*Changes to legislation: Bankruptcy (Scotland) Act 1985 (repealed) is up to date with all changes known to be in force on or before 25 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)*

- F374** Words in s. 26(2) substituted (1.4.2008) by Bankruptcy and Diligence etc. (Scotland) Act 2007 (asp 3), ss. 36, 227(3), **Sch. 1 para. 25(4)(a)** (with s. 223); S.S.I. 2008/115, **art. 3(1)(i)** (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))
- F375** Word in s. 26(2)(b) substituted (1.4.2008) by Bankruptcy and Diligence etc. (Scotland) Act 2007 (asp 3), ss. 36, 227(3), **Sch. 1 para. 25(4)(b)** (with s. 223); S.S.I. 2008/115, **art. 3(1)(i)** (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))
- F376** Words in s. 26(2)(b)(3)(b)(i) repealed (1.4.2008) by Bankruptcy and Diligence etc. (Scotland) Act 2007 (asp 3), ss. 226, 227(3), **Sch. 6 Pt. 1** (with s. 223); S.S.I. 2008/115, **art. 3(2)(3)**, Sch. 2 (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))
- F377** S. 26(2A) inserted (1.4.2008) by Bankruptcy and Diligence etc. (Scotland) Act 2007 (asp 3), ss. 36, 227(3), **Sch. 1 para. 25(5)** (with s. 223); S.S.I. 2008/115, **art. 3(1)(i)** (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))
- F378** Word in s. 26(3)(a)(ii) substituted (1.4.2008) by Bankruptcy and Diligence etc. (Scotland) Act 2007 (asp 3), ss. 36, 227(3), **Sch. 1 para. 25(6)(a)** (with s. 223); S.S.I. 2008/115, **art. 3(1)(i)** (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))
- F379** Word in s. 26(3)(b)(i) substituted (1.4.2008) by Bankruptcy and Diligence etc. (Scotland) Act 2007 (asp 3), ss. 36, 227(3), **Sch. 1 para. 25(6)(b)** (with s. 223); S.S.I. 2008/115, **art. 3(1)(i)** (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))
- F380** Word in s. 26(3)(b)(ii) substituted (1.4.2008) by Bankruptcy and Diligence etc. (Scotland) Act 2007 (asp 3), ss. 36, 227(3), **Sch. 1 para. 25(6)(c)(i)** (with s. 223); S.S.I. 2008/115, **art. 3(1)(i)** (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))
- F381** Word in s. 26(3)(b)(ii) substituted (1.4.2008) by Bankruptcy and Diligence etc. (Scotland) Act 2007 (asp 3), ss. 36, 227(3), **Sch. 1 para. 25(6)(c)(ii)** (with s. 223); S.S.I. 2008/115, **art. 3(1)(i)** (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))
- F382** Words in s. 26(3)(b)(ii) repealed (1.4.2015) by Bankruptcy and Debt Advice (Scotland) Act 2014 (asp 11), s. 57(2), **sch. 4**; S.S.I. 2014/261, **art. 3** (with arts. 4-7, 12) (as amended by S.S.I. 2015/54, art. 2)
- F383** Word in s. 26(4) substituted (1.4.2008) by Bankruptcy and Diligence etc. (Scotland) Act 2007 (asp 3), ss. 36, 227(3), **Sch. 1 para. 25(7)(a)** (with s. 223); S.S.I. 2008/115, **art. 3(1)(i)** (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))
- F384** Word in s. 26(4) substituted (1.4.2008) by Bankruptcy and Diligence etc. (Scotland) Act 2007 (asp 3), ss. 36, 227(3), **Sch. 1 para. 25(7)(b)** (with s. 223); S.S.I. 2008/115, **art. 3(1)(i)** (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))
- F385** Words in s. 26(4) inserted (1.4.1993, subject to savings in arts. 4, 5 of S.I. 1993/438) by 1993 c. 6, s. 11(3), **Sch. 1 para. 14(3)** (with s. 12(6)); S.I. 1993/438, **art.3**  
S. 26(5A) inserted (1.4.1993, subject to savings in arts. 4, 5 of S.I. 1993/438) by 1993 c. 6, s. 11(3), **Sch. 1 para. 14(4)** (with s. 12(6)); S.I. 1993/438, **art.3**
- F386** S. 26(5) repealed (1.4.2015) by Bankruptcy and Debt Advice (Scotland) Act 2014 (asp 11), s. 57(2), **sch. 4**; S.S.I. 2014/261, **art. 3** (with arts. 4-7, 12) (as amended by S.S.I. 2015/54, art. 2)
- F387** Word in s. 26(5A) substituted (1.4.2008) by Bankruptcy and Diligence etc. (Scotland) Act 2007 (asp 3), ss. 36, 227(3), **Sch. 1 para. 25(9)** (with s. 223); S.S.I. 2008/115, **art. 3(1)(a)(i)** (with arts. 4-6, 10) (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5)

**[26A]** <sup>F388</sup> **Accountant in Bankruptcy to account for intromissions.**

- (1) This section applies in any case where the Accountant in Bankruptcy was the [<sup>F389</sup>original] trustee and some other person [<sup>F390</sup>is appointed as replacement trustee under section 25 of this Act] .
- (2) The Accountant in Bankruptcy shall, on [<sup>F391</sup>the appointment of the replacement trustee], hand over to the [<sup>F392</sup>replacement] trustee everything in his possession which relates to the sequestration and which he obtained in his capacity as [<sup>F393</sup>original]

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trustee (including the statement of assets and liabilities); and thereupon he shall cease to act as <sup>F394</sup> . . . trustee.

(3) The Accountant in Bankruptcy shall, not later than 3 months after the [<sup>F395</sup>appointment of the replacement] trustee, supply to the [<sup>F396</sup>replacement] trustee—

- (a) his accounts of his intromissions (if any) as [<sup>F397</sup>original] trustee with the debtor's estate;
- (b) a determination of his fees and outlays calculated in accordance with regulations made under section 69A of this Act; and
- (c) a copy of the notice mentioned in subsection (4)(b) below.

(4) The Accountant in Bankruptcy shall send to the debtor and to all creditors known to him—

- (a) a copy of the determination mentioned in subsection (3)(b) above; and
- (b) a notice in writing stating—
  - (i) that the Accountant in Bankruptcy has commenced the procedure under this Act leading to discharge in respect of his actings as <sup>F394</sup> . . . trustee;
  - (ii) that the accounts of his intromissions (if any) with the debtor's estate are available for inspection at such address as the Accountant in Bankruptcy may determine;
  - <sup>F398</sup>(iii) that an application for a review may be made under subsection (4A)]
  - (iii) that an appeal may be made to the sheriff under subsection (5) below; and
  - (iv) the effect of subsection (7) below.

[ The replacement trustee, the debtor or any creditor may apply to the Accountant in <sup>F399</sup>(4A) Bankruptcy for a review of the discharge of the Accountant in Bankruptcy in respect of the Accountant in Bankruptcy's actings as trustee.

(4B) An application under subsection (4A) must be made before the expiry of the period of 14 days beginning with the day on which notice is sent under subsection (4)(b).

(4C) If an application under subsection (4A) is made, the Accountant in Bankruptcy must—

- (a) take into account any representations made by an interested person before the expiry of the period of 21 days beginning with the day on which the application is made, and
- (b) confirm or revoke the discharge before the expiry of the period of 28 days beginning with the day on which the application is made.]

[<sup>F400</sup>(5) The replacement trustee, the debtor or any creditor may appeal to the sheriff against—

- (a) the determination of the Accountant in Bankruptcy mentioned in subsection (3)(b) before the expiry of the period of 14 days beginning with the day on which notice is sent under subsection (4)(b),
- (b) a decision by the Accountant in Bankruptcy under subsection (4C)(b) before the expiry of the period of 14 days beginning with the day on which the decision is made.]

[<sup>F401</sup>(6) The decision of the sheriff on an appeal under subsection (5) is final.]

(7) Where—

- (a) the requirements of this section have been complied with; and

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(b) no appeal is made to the sheriff under subsection (5) above or such an appeal is made but is refused as regards the discharge of the Accountant in Bankruptcy, the Accountant in Bankruptcy shall be discharged from all liability (other than any liability arising from fraud) to the creditors or to the debtor in respect of any act or omission of the Accountant in Bankruptcy in exercising the functions of<sup>F394</sup> . . . trustee in the sequestration.

<sup>F402</sup>(8) . . . . .]

### Textual Amendments

- F388** S. 26A inserted (1.4.1993, subject to savings in arts. 4, 5 of S.I. 1993/438) by 1993 c. 6, s. 11(3), **Sch. 1 para.15** (with s. 12(6)); S.I. 1993/438, **art.3**
- F389** Word in s. 26A(1) substituted (1.4.2008) by *Bankruptcy and Diligence etc. (Scotland) Act 2007* (asp 3), ss. 36, 227(3), **Sch. 1 para. 26(2)(a)** (with s. 223); S.S.I. 2008/115, **art. 3(1)(i)** (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))
- F390** Words in s. 26A(1) substituted (1.4.2008) by *Bankruptcy and Diligence etc. (Scotland) Act 2007* (asp 3), ss. 36, 227(3), **Sch. 1 para. 26(2)(b)** (with s. 223); S.S.I. 2008/115, **art. 3(1)(i)** (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))
- F391** Words in s. 26A(2) substituted (1.4.2008) by *Bankruptcy and Diligence etc. (Scotland) Act 2007* (asp 3), ss. 36, 227(3), **Sch. 1 para. 26(3)(a)** (with s. 223); S.S.I. 2008/115, **art. 3(1)(i)** (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))
- F392** Word in s. 26A(2) substituted (1.4.2008) by *Bankruptcy and Diligence etc. (Scotland) Act 2007* (asp 3), ss. 36, 227(3), **Sch. 1 para. 26(3)(b)** (with s. 223); S.S.I. 2008/115, **art. 3(1)(i)** (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))
- F393** Word in s. 26A(2) substituted (1.4.2008) by *Bankruptcy and Diligence etc. (Scotland) Act 2007* (asp 3), ss. 36, 227(3), **Sch. 1 para. 26(3)(c)** (with s. 223); S.S.I. 2008/115, **art. 3(1)(i)** (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))
- F394** Words in s. 26A(2)(4)(5)(7) repealed (1.4.2008) by *Bankruptcy and Diligence etc. (Scotland) Act 2007* (asp 3), ss. 226, 227(3), **Sch. 6 Pt. 1** (with s. 223); S.S.I. 2008/115, **art. 3(2)(3)**, Sch. 2 (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))
- F395** Words in s. 26A(3) substituted (1.4.2008) by *Bankruptcy and Diligence etc. (Scotland) Act 2007* (asp 3), ss. 36, 227(3), **Sch. 1 para. 26(4)(a)** (with s. 223); S.S.I. 2008/115, **art. 3(1)(i)** (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))
- F396** Word in s. 26A(3) substituted (1.4.2008) by *Bankruptcy and Diligence etc. (Scotland) Act 2007* (asp 3), ss. 36, 227(3), **Sch. 1 para. 26(4)(b)** (with s. 223); S.S.I. 2008/115, **art. 3(1)(i)** (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))
- F397** Word in s. 26A(3)(a) substituted (1.4.2008) by *Bankruptcy and Diligence etc. (Scotland) Act 2007* (asp 3), ss. 36, 227(3), **Sch. 1 para. 26(4)(c)** (with s. 223); S.S.I. 2008/115, **art. 3(1)(i)** (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))
- F398** S. 26A(4)(b)(iia) inserted (1.4.2015) by *Bankruptcy and Debt Advice (Scotland) Act 2014* (asp 11), **ss. 40(1)(a)**, 57(2); S.S.I. 2014/261, **art. 3** (with arts. 4-7, 10, 12) (as amended by S.S.I. 2015/54, art. 2)
- F399** Ss. 26A(4A)-(4C) inserted (1.4.2015) by *Bankruptcy and Debt Advice (Scotland) Act 2014* (asp 11), **ss. 40(1)(b)**, 57(2); S.S.I. 2014/261, **art. 3** (with arts. 4-7, 10, 12) (as amended by S.S.I. 2015/54, art. 2)
- F400** S. 26A(5) substituted (1.4.2015) by *Bankruptcy and Debt Advice (Scotland) Act 2014* (asp 11), **ss. 40(1)(c)**, 57(2); S.S.I. 2014/261, **art. 3** (with arts. 4-7, 10, 12) (as amended by S.S.I. 2015/54, art. 2)
- F401** S. 26A(6) substituted (1.4.2015) by *Bankruptcy and Debt Advice (Scotland) Act 2014* (asp 11), **ss. 40(1)(d)**, 57(2); S.S.I. 2014/261, **art. 3** (with arts. 4-7, 10, 12) (as amended by S.S.I. 2015/54, art. 2)
- F402** S. 26A(8) repealed (1.4.2015) by *Bankruptcy and Debt Advice (Scotland) Act 2014* (asp 11), s. 57(2), **sch. 4**; S.S.I. 2014/261, **art. 3** (with arts. 4-7, 12) (as amended by S.S.I. 2015/54, art. 2)



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## 27 [F403] Discharge of original trustee

- (1) On receiving a copy of the Accountant in Bankruptcy's determination sent under subsection (3)(b)(i) of section 26 of this Act the [F404] original trustee may apply to him for a certificate of discharge.
  - (2) The [F404] original trustee shall send notice of an application under subsection (1) above to the debtor [F405], to all creditors known to the original trustee and to the [F406] replacement trustee and shall inform the debtor—
    - (a) that he, the [F406] replacement trustee or any creditor may make written representations relating to the application to the Accountant in Bankruptcy within a period of 14 days after such notification;
    - (b) that the audited accounts of his intromissions (if any) with the debtor's estate are available for inspection at the office of the [F404] original trustee and that a copy of those accounts has been sent to the [F406] replacement trustee [F407]...; and
    - (c) of the effect mentioned in subsection (5) below.
  - (3) On the expiry of the period mentioned in subsection (2)(a) above the Accountant in Bankruptcy, after considering any representations duly made to him, shall—
    - (a) grant or refuse to grant the certificate of discharge; and
    - (b) notify (in addition to the [F404] original trustee) the debtor, the [F406] replacement trustee, and all creditors who have made such representations, accordingly.
- [F408](3A) The original trustee, the replacement trustee, the debtor or any creditor who has made representations may apply to the Accountant in Bankruptcy for a review of a determination under subsection (3).
- (3B) An application under subsection (3A) must be made before the expiry of the period of 14 days beginning with the day on which the determination is issued under subsection (3).
- (3C) If an application under subsection (3A) is made, the Accountant in Bankruptcy must—
  - (a) take into account any representations made by an interested person before the expiry of the period of 21 days beginning with the day on which the application is made, and
  - (b) confirm, amend or revoke the determination under subsection (3) (whether or not granting a certificate of discharge) before the expiry of the period of 28 days beginning with the day on which the application is made.]
- (4) The [F404] original trustee, the [F406] replacement trustee, the debtor or any creditor who has made representations [F409] by virtue of] subsection (2)(a) above may, within 14 days after the [F410] day of the decision under subsection (3C)(b) , appeal therefrom to the sheriff and if the sheriff determines that a certificate of discharge which has been refused should be granted he shall order the Accountant in Bankruptcy to grant it; and the sheriff clerk shall send a copy of the decree of the sheriff to the Accountant in Bankruptcy.
- [F411](4A) The decision of the sheriff in an appeal under subsection (4) above shall be final.]
- (5) The grant of a certificate of discharge under this section by the Accountant in Bankruptcy shall have the effect of discharging the [F404] original trustee from all liability (other than any liability arising from fraud) to the creditors or to the debtor in respect of any act or omission of the [F404] original trustee in exercising the functions conferred on him by this Act.

*Status: Point in time view as at 01/03/2016.*

*Changes to legislation: Bankruptcy (Scotland) Act 1985 (repealed) is up to date with all changes known to be in force on or before 25 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)*

<sup>F412</sup>(6) .....

(7) <sup>F413</sup> .....

<sup>F411</sup>[(7A) This section does not apply in any case where the Accountant in Bankruptcy is the [<sup>F404</sup>original] trustee.]

#### Textual Amendments

- F403** S. 27 heading substituted (1.4.2008) by virtue of the [Bankruptcy and Diligence etc. \(Scotland\) Act 2007 \(asp 3\)](#), ss. 36, 227(3), **Sch. 1 para. 27(2)** (with s. 223); S.S.I. 2008/115, **art. 3(1)(i)** (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))
- F404** Words in s. 27 substituted (1.4.2008) by [Bankruptcy and Diligence etc. \(Scotland\) Act 2007 \(asp 3\)](#), ss. 36, 227(3), **Sch. 1 para. 27(1)(b)** (with s. 223); S.S.I. 2008/115, **art. 3(1)(i)** (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))
- F405** Words in s. 27(2) inserted (1.4.2008) by [Bankruptcy and Diligence etc. \(Scotland\) Act 2007 \(asp 3\)](#), ss. 36, 227(3), **Sch. 1 para. 27(1)(a)** (with s. 223); S.S.I. 2008/115, **art. 3(1)(i)** (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))
- F406** Words in s. 27 substituted (1.4.2008) by [Bankruptcy and Diligence etc. \(Scotland\) Act 2007 \(asp 3\)](#), ss. 36, 227(3), **Sch. 1 para. 27(1)(c)** (with s. 223); S.S.I. 2008/115, **art. 3(1)(i)** (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))
- F407** Words in s. 27(2)(b) repealed (1.4.2015) by [Bankruptcy and Debt Advice \(Scotland\) Act 2014 \(asp 11\)](#), s. 57(2), **sch. 4**; S.S.I. 2014/261, **art. 3** (with arts. 4-7, 12) (as amended by S.S.I. 2015/54, art. 2)
- F408** S. 27(3A)-(3C) inserted (1.4.2015) by [Bankruptcy and Debt Advice \(Scotland\) Act 2014 \(asp 11\)](#), **ss. 40(2)(a), 57(2)**; S.S.I. 2014/261, **art. 3** (with arts. 4-7, 10, 12) (as amended by S.S.I. 2015/54, art. 2)
- F409** Words in s. 27(4) substituted (1.4.2015) by [Bankruptcy and Debt Advice \(Scotland\) Act 2014 \(asp 11\)](#), s. 57(2), **sch. 3 para. 18**; S.S.I. 2014/261, **art. 3** (with arts. 4-7, 12) (as amended by S.S.I. 2015/54, art. 2)
- F410** Words in s. 27(4) substituted (1.4.2015) by [Bankruptcy and Debt Advice \(Scotland\) Act 2014 \(asp 11\)](#), **ss. 40(2)(b), 57(2)**; S.S.I. 2014/261, **art. 3** (with arts. 4-7, 10, 12) (as amended by S.S.I. 2015/54, art. 2)
- F411** S. 27(4A) inserted (1.4.1993, subject to savings in arts. 4, 5 of S.I. 1993/438) by 1993 c. 6, s. 11(3), **Sch. 1 para. 16(2)** (with s. 12(6)); S.I. 1993/438, **art.3**  
S. 27(7A) inserted (1.4.1993, subject to savings in arts. 4, 5 of S.I. 1993/438) by 1993 c. 6, s. 11(3), **Sch. 1 para. 16(3)** (with s. 12(6)); S.I. 1993/438, **art.3**
- F412** S. 27(6) repealed (1.4.2015) by [Bankruptcy and Debt Advice \(Scotland\) Act 2014 \(asp 11\)](#), s. 57(2), **sch. 4**; S.S.I. 2014/261, **art. 3** (with arts. 4-7, 12) (as amended by S.S.I. 2015/54, art. 2)
- F413** S. 27(7) repealed (1.4.2008) by [Bankruptcy and Diligence etc. \(Scotland\) Act 2007 \(asp 3\)](#), ss. 226, 227(3), **Sch. 6 Pt. 1** (with s. 223); S.S.I. 2008/115, **art. 3(2)(3)**, **Sch. 2** (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))

*[<sup>F414</sup>Replacement of trustee]*

#### Textual Amendments

- F414** Cross-heading preceding s. 28 substituted (1.4.2008) by virtue of [Bankruptcy and Diligence etc. \(Scotland\) Act 2007 \(asp 3\)](#), ss. 36, 227(3), **Sch. 1 para. 28(6)** (with s. 223); S.S.I. 2008/115, **art. 3(1)(i)** (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))

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## 28 [F415] Resignation and death of trustee

- <sup>F416</sup>[(1) The <sup>F417</sup> . . . trustee may apply to the [F418 Accountant in Bankruptcy] for authority to resign office and, where the [F418 Accountant in Bankruptcy] is satisfied that [F419 the trustee—
- (a) is unable to act (whether by, under or by virtue of a provision of this Act or from any other cause whatsoever); or
  - (b) has so conducted himself that he should no longer continue to act,
- the Accountant in Bankruptcy] shall grant the application.
- (1A) The [F418 Accountant in Bankruptcy] may make the granting of an application under subsection (1) above subject to the election of a new <sup>F417</sup> . . . trustee and to such conditions as he thinks appropriate in all the circumstances of the case.]
- (2) Where the [F418 Accountant in Bankruptcy] grants an application under <sup>F420</sup> . . . subsection (1) above—
- (a) except where paragraph (b) below applies, the commissioners, or if there are no commissioners, the Accountant in Bankruptcy, shall call a meeting of the creditors, to be held not more than 28 days after the <sup>F417</sup> . . . trustee has resigned, for the election by them of a new <sup>F417</sup> . . . trustee;
  - (b) if the application has been granted subject to the election of a new <sup>F417</sup> . . . trustee, the resigning <sup>F417</sup> . . . trustee shall himself call a meeting of the creditors, to be held not more than 28 days after the granting of the application, for the purpose referred to in paragraph (a) above.
- (3) Where the commissioners become, or if there are no commissioners the Accountant in Bankruptcy becomes, aware that the <sup>F417</sup> . . . trustee has died, they or as the case may be the Accountant in Bankruptcy shall as soon as practicable after becoming so aware call a meeting of creditors for the election by the creditors of a new <sup>F417</sup> . . . trustee.
- (4) The foregoing provisions of this Act relating to the election [F421 of a replacement trustee and the appointment of that] <sup>F417</sup> . . . trustee shall, subject to any necessary modifications, apply in relation to the election and [F422 appointment] of a new <sup>F417</sup> . . . trustee in pursuance of subsection (1), [F423 (1A),] (2) or (3) above.
- <sup>F424</sup>(5) Where no new trustee is elected in pursuance of subsection (2) or (3) the Accountant in Bankruptcy may appoint as the trustee in the sequestration—
- (a) a person who applies to the Accountant in Bankruptcy within the period of 14 days beginning with the day of the meeting arranged under subsection (2) or (3), or
  - (b) any other person as may be determined by the Accountant in Bankruptcy and who consents to the appointment.
- (5A) A person may not be appointed under subsection (5) if the person is ineligible for election as a replacement trustee under section 24(2).
- (5B) If, after the expiry of the period mentioned in subsection (5)(a), the Accountant in Bankruptcy determines that no person is to be appointed under subsection (5), the Accountant in Bankruptcy is deemed to be the trustee in the sequestration.]
- (6) The new <sup>F417</sup> . . . trustee may require—
- (a) delivery to him of all documents relating to the sequestration in the possession of the former trustee or his representatives, except the former trustee's accounts of which he shall be entitled to delivery of only a copy;

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- (b) the former trustee or his representatives to submit the trustee's accounts for audit to the commissioners or, if there are no commissioners, to the Accountant in Bankruptcy, and the commissioners or the Accountant in Bankruptcy shall issue a determination fixing the amount of the outlays and remuneration payable to the trustee or representatives in accordance with section 53 of this Act.
- (7) The former trustee or his representatives, the new <sup>F417</sup> . . . trustee, the debtor or any creditor may appeal against a determination issued under subsection (6)(b) above within 14 days after it is issued—
- (a) where it is a determination of the commissioners, to the Accountant in Bankruptcy; and
- (b) where it is a determination of the Accountant in Bankruptcy, to the sheriff; and the determination of the Accountant in Bankruptcy under paragraph (a) above shall be appealable to the sheriff.
- <sup>F423</sup>[(8) The decision of the sheriff on an appeal under subsection (7) above shall be final.]

#### Textual Amendments

- F415** S. 28 heading substituted (1.4.2008) by virtue of [Bankruptcy and Diligence etc. \(Scotland\) Act 2007 \(asp 3\)](#), ss. 36, 227(3), [Sch. 1 para. 28\(5\)](#) (with s. 223); S.S.I. 2008/115, [art. 3\(1\)\(i\)](#) (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))
- F416** S. 28(1)(1A) substituted for s. 28(1) (1.4.1993, subject to savings in arts. 4, 5 of S.I. 1993/438) by 1993 c. 6, s. 11(3), [Sch. 1 para. 17\(2\)](#) (with s. 12(6)); S.I. 1993/438, [art.3](#)
- F417** Words in s. 28 repealed (1.4.2008) by [Bankruptcy and Diligence etc. \(Scotland\) Act 2007 \(asp 3\)](#), ss. 226, 227(3), [Sch. 6 Pt. 1](#) (with s. 223); S.S.I. 2008/115, [art. 3\(2\)\(3\)](#), Sch. 2 (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))
- F418** Words in s. 28(1)(1A)(2) substituted (1.4.2008) by [Bankruptcy and Diligence etc. \(Scotland\) Act 2007 \(asp 3\)](#), [Sch. 1 para. 28\(2\)](#) (with s. 223); S.S.I. 2008/115, [art. 3\(1\)\(i\)](#) (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))
- F419** Words in s. 28(1) substituted (1.4.2008) by [Bankruptcy and Diligence etc. \(Scotland\) Act 2007 \(asp 3\)](#), s. 9(2), 227(3), (with s. 223); S.S.I. 2008/115, [art. 3\(1\)\(a\)](#) (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))
- F420** Words in s. 28(2) repealed (1.4.1993, subject to savings in arts. 4, 5 of S.I. 1993/438) by 1993 c. 6, s. 11(4), [Sch.2](#) (with s. 12(6)); S.I. 1993/438, [art.3](#)
- F421** Words in s. 28(4) substituted (1.4.2008) by [Bankruptcy and Diligence etc. \(Scotland\) Act 2007 \(asp 3\)](#), ss. 36, 227(3), [Sch. 1 para. 28\(3\)\(a\)](#) (with s. 223); S.S.I. 2008/115, [art. 3\(1\)\(i\)](#) (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))
- F422** Word in s. 28(4) substituted (1.4.2008) by [Bankruptcy and Diligence etc. \(Scotland\) Act 2007 \(asp 3\)](#), ss. 36, 227(3), [Sch. 1 para. 28\(3\)\(b\)](#) (with s. 223); S.S.I. 2008/115, [art. 3\(1\)\(i\)](#) (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))
- F423** Word in s. 28(4) inserted (1.4.1993, subject to savings in arts. 4, 5 of S.I. 1993/438) by 1993 c. 6, s. 11(3), [Sch. 1 para. 17\(3\)](#) (with s. 12(6)); S.I. 1993/438, [art.3](#)
- S. 28(8) inserted (1.4.1993, subject to savings in arts. 4, 5 of S.I. 1993/438) by 1993 c. 6, s. 11(3), [Sch. 1 para. 17\(5\)](#) (with s. 12(6)); S.I. 1993/438, [art.3](#)
- F424** S. 28(5)-(5B) substituted for s. 28(5) (1.4.2015) by [Bankruptcy and Debt Advice \(Scotland\) Act 2014 \(asp 11\)](#), ss. 28(2), 57(2); S.S.I. 2014/261, art. 3 (with arts. 4-7, 12) (as amended by S.S.I. 2015/54, art. 2)

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## **[<sup>F425</sup>28A] Replacement of trustee acting in more than one sequestration**

- (1) This section applies where a trustee acting as such in two or more sequestrations—
  - (a) dies,
  - (b) ceases to be qualified to continue to act as trustee by virtue of section 24(2), or
  - (c) becomes subject to the circumstances mentioned in subsection (2).
- (2) The circumstances are that—
  - (a) there is a conflict of interest affecting the trustee, or
  - (b) there is a change in the personal circumstances of the trustee,which prevents, or makes it impracticable for, the trustee to carry out the trustee's functions.
- (3) The Accountant in Bankruptcy may in a case where subsection (1)(b) or (c) applies, determine that the trustee is removed from office in each sequestration in which the trustee has ceased to be qualified.
- (4) The Accountant in Bankruptcy may appoint as the trustee in each sequestration in which the former trustee was acting a person—
  - (a) determined by the Accountant in Bankruptcy, and
  - (b) who consents to the appointment.
- (5) A person may not be appointed under subsection (4) if the person is ineligible for election as a replacement trustee under section 24(2).
- (6) If, in relation to any sequestration, the Accountant in Bankruptcy determines that no person is to be appointed under subsection (4), the Accountant in Bankruptcy is deemed to be the trustee in that sequestration.
- (7) A determination or appointment under this section may be made—
  - (a) on the application of any person having an interest, or
  - (b) without an application, where the Accountant in Bankruptcy proposes to make a determination or appointment of the Accountant in Bankruptcy's own accord.
- (8) The applicant must notify all interested persons where an application is made under subsection (7)(a).
- (9) The Accountant in Bankruptcy must notify all interested persons where the Accountant in Bankruptcy proposes to make a determination or appointment by virtue of subsection (7)(b).
- (10) A notice under subsection (8) or (9) must inform the recipient that the person has a right to make representations to the Accountant in Bankruptcy in relation to the application or the proposed determination or appointment before the expiry of the period of 14 days beginning with the day on which the notice is given.
- (11) Before making a determination or appointment under this section, the Accountant in Bankruptcy must take into account any representations made by an interested person.
- (12) The Accountant in Bankruptcy must notify any determination or appointment under this section to—
  - (a) the former trustee (or in the case where the former trustee has died, the former trustee's representatives),
  - (b) the debtor,

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- (c) the trustee appointed under this section (where the trustee appointed is not the Accountant in Bankruptcy),
  - (d) each sheriff who awarded sequestration or to whom sequestration was transferred under section 15(2) of this Act.
- (13) The trustee appointed under this section—
- (a) must notify the determination or appointment under this section to every creditor known to the trustee,
  - (b) may require—
    - (i) delivery of all documents relating to each sequestration in which the former trustee was acting which are in the possession of the former trustee or the former trustee’s representatives (other than the former trustee’s accounts),
    - (ii) delivery of a copy of the former trustee’s accounts,
    - (iii) the former trustee or the former trustee’s representatives to submit the trustee’s accounts for audit to the commissioners or, if there are no commissioners, to the Accountant in Bankruptcy.
- (14) Where the trustee appointed under this section requires submission of the accounts in accordance with subsection (13)(b)(iii), the commissioners or, as the case may be, the Accountant in Bankruptcy must issue a determination fixing the amount of the outlays and remuneration payable to the former trustee or the former trustee’s representatives in accordance with section 53.

#### Textual Amendments

**F425** Ss. 28A, 28B substituted (1.4.2015) for s. 28A by [Bankruptcy and Debt Advice \(Scotland\) Act 2014](#) (asp 11), [ss. 29, 57\(2\)](#); [S.S.I. 2014/261](#), [art. 3](#) (with [arts. 4-7, 12](#)) (as amended by [S.S.I. 2015/54](#), [art. 2](#))

#### **28B Determination etc. under section 28A: review**

- (1) The persons mentioned in subsections (12)(a) and (b) and (13)(a) of section 28A may apply to the Accountant in Bankruptcy for a review by the Accountant in Bankruptcy of any determination or appointment under that section.
- (2) An application under subsection (1) must be made before the expiry of the period of 14 days beginning with the day on which notice of the determination or appointment is given.
- (3) If an application under subsection (1) is made, the Accountant in Bankruptcy must—
  - (a) take into account any representations made by an interested person before the expiry of the period of 21 days beginning with the day on which the application is made, and
  - (b) confirm, amend or revoke the determination or appointment before the expiry of the period of 28 days beginning with the day on which the application is made.
- (4) The persons mentioned in subsections (12)(a) and (b) and (13)(a) of section 28A may appeal to the sheriff against a decision by the Accountant in Bankruptcy under subsection (3)(b) before the expiry of the period of 14 days beginning with the day of the decision.

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- (5) The Accountant in Bankruptcy may refer a case to the court for a direction before—
  - (a) making any determination or appointment under section 28A, or
  - (b) undertaking any review under this section.
- (6) An appeal under subsection (4) and a referral under subsection (5) must be made—
  - (a) by a single petition to the Court of Session, where the appeal relates to two or more sequestrations and the sequestrations are, by virtue of section 9, in different sheriffdoms, and
  - (b) in any other case to the sheriff.]

#### Textual Amendments

**F425** Ss. 28A, 28B substituted (1.4.2015) for s. 28A by [Bankruptcy and Debt Advice \(Scotland\) Act 2014](#) (asp 11), [ss. 29, 57\(2\)](#); [S.S.I. 2014/261](#), [art. 3](#) (with [arts. 4-7, 12](#)) (as amended by [S.S.I. 2015/54](#), [art. 2](#))

#### 29 <sup>F426</sup>Removal of trustee and trustee not acting]

- (1) The <sup>F427</sup> . . . trustee may be removed from office—
  - (a) by the creditors (other than any such person as is mentioned in section 24(3) of this Act) at a meeting called for the purpose if they also elect forthwith a new <sup>F427</sup> . . . trustee; or
  - <sup>F428</sup>(b) by order made by the Accountant in Bankruptcy, if the Accountant in Bankruptcy is satisfied that there are reasons to do so on the basis of circumstances other than those mentioned in subsection (9).]

<sup>F429</sup>(1A) An order removing a trustee in accordance with subsection (1)(b) may be made—

- (a) on the application of—
  - (i) the commissioners, or
  - (ii) a person representing not less than one quarter in value of the creditors, or
- (b) in any other case, where the Accountant in Bankruptcy is satisfied that there are reasons to do so on the basis of circumstances other than those mentioned in subsection (9).]

<sup>F430</sup>(2) The Accountant in Bankruptcy must—

- (a) order an application by a person mentioned in subsection (1A)(a) to be served on the trustee,
- (b) enter particulars of the application in the register of insolvencies, and
- (c) before deciding whether or not to make an order under subsection (1)(b), give the trustee the opportunity to make representations.]

<sup>F431</sup>(3) The Accountant in Bankruptcy may in ordering, or instead of ordering, the removal of the trustee from office under subsection (1)(b), make such further or other order as the Accountant in Bankruptcy thinks fit.

(3A) The trustee, the commissioners or any creditor may apply to the Accountant in Bankruptcy for a review of any decision of the Accountant in Bankruptcy under subsection (1)(b) or (3).

(3B) An application under subsection (3A) must be made before the expiry of the period of 14 days beginning with the day on which the decision is given.

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- (3C) If an application for a review under subsection (3A) is made, the Accountant in Bankruptcy must—
- (a) take into account any representations made by an interested person before the expiry of the period of 21 days beginning with the day on which the application is made, and
  - (b) confirm, amend or revoke the decision before the expiry of the period of 28 days beginning with the day on which the application is made.]
- [<sup>F432</sup>(4) The trustee, the commissioners or any creditor may appeal to the sheriff against any decision of the Accountant in Bankruptcy under subsection (3C)(b) before the end of the period of 14 days beginning with the date of the decision.]
- (5) If the <sup>F427</sup> . . . trustee has been removed from office under subsection (1)(b) above or under section [<sup>F433</sup>1A(2)] of this Act or following [<sup>F434</sup>a review under subsection (3A) or] an appeal under subsection (4) above, the commissioners or, if there are no commissioners, the Accountant in Bankruptcy shall call a meeting of creditors, to be held not more than 28 days after such removal, for the election by them of a new <sup>F427</sup> . . . trustee.
- [<sup>F435</sup>(6) If the Accountant in Bankruptcy is satisfied that any of the circumstances mentioned in subsection (9) apply, the Accountant in Bankruptcy may—
- (a) declare the office of trustee to have become or to be vacant, and
  - (b) make any necessary order to enable the sequestration of the estate to proceed or to safeguard the estate pending the election of a new trustee.
- (6A) The declaration of the office of trustee as vacant and any necessary order in accordance with subsection (6) may be made—
- (a) on the application of—
    - (i) the commissioners,
    - (ii) the debtor, or
    - (iii) a creditor, or
  - (b) in any other case, where the Accountant in Bankruptcy is satisfied that there are reasons to do so on the basis of the circumstances mentioned in subsection (9).
- (6B) The Accountant in Bankruptcy must order such intimation of an application by a person mentioned in subsection (6A)(a) as the Accountant in Bankruptcy considers necessary.
- (6C) If the Accountant in Bankruptcy makes a declaration under subsection (6A), the commissioners, or if there are no commissioners the Accountant in Bankruptcy, must call a meeting of creditors for the election of a new trustee by the creditors.
- (6D) A meeting called under subsection (6C) must be held before the end of the period of 28 days beginning with the date of the declaration under subsection (6A).
- (6E) The trustee, the debtor, the commissioners or any creditor may apply to the Accountant in Bankruptcy for a review of any declaration or any order made by the Accountant in Bankruptcy under subsection (6).
- (6F) An application under subsection (6E) must be made before the expiry of the period of 14 days beginning with the day on which the declaration is made.



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- (6G) If an application for a review under subsection (6E) is made, the Accountant in Bankruptcy must—
- (a) take into account any representations made by an interested person before the expiry of the period of 21 days beginning with the day on which the application is made, and
  - (b) confirm, amend or revoke the declaration or order before the expiry of the period of 28 days beginning with the day on which the application is made.
- (6H) The trustee, the debtor, the commissioners or any creditor may appeal to the sheriff against any decision of the Accountant in Bankruptcy under subsection (6G)(b) before the end of the period of 14 days beginning with the date of the decision.
- (6I) The Accountant in Bankruptcy may refer a case to the sheriff for a direction before—
- (a) making any order under subsection (1)(b) or (3),
  - (b) making any declaration or any order under subsection (6), or
  - (c) undertaking any review under this section.
- (6J) An application for a review under subsection (3A) or (6E) may not be made in relation to a matter on which the Accountant in Bankruptcy has applied to the sheriff for a direction under subsection (6I).]
- (7) The foregoing provisions of this Act relating to the election [F436 of a replacement trustee and the appointment of that] F427 . . . trustee shall, subject to any necessary modifications, apply in relation to the election and [F437 appointment] of a new F427 . . . trustee in pursuance of subsection (5) or [F438(6C)] above.
- (8) Subsections (5) to [F439(8)] of section 28 of this Act shall apply for the purposes of this section as they apply for the purposes of that section.
- (9) The circumstances to which this subsection applies are that the F427 . . . trustee—
- (a) is unable to act (whether by, under or by virtue of a provision of this Act or from any other cause whatsoever other than death); or
  - (b) has so conducted himself that he should no longer continue to act in the sequestration.
- [F440(10) This section does not apply in any case where the Accountant in Bankruptcy is the trustee [F441 and is without prejudice to the powers under section 1A(2)] .]

#### Textual Amendments

**F426** S. 29 heading substituted (1.4.2008) by virtue of [Bankruptcy and Diligence etc. \(Scotland\) Act 2007 \(asp 3\)](#), ss. 36, 227(3), {Sch, 1 para. 29(4)} (with s. 223); S.S.I. 2008/115, [art. 3\(1\)\(i\)](#) (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))

**F427** Words in s. 29 repealed (1.4.2008) by [Bankruptcy and Diligence etc. \(Scotland\) Act 2007 \(asp 3\)](#), ss 226, 227(3), [Sch. 6 Pt. 1](#) (with s. 223); S.S.I. 2008/115, [art. 3\(2\)\(3\)](#), Sch. 2 (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))

**F428** S. 29(1)(b) substituted (1.4.2015) by [Bankruptcy and Debt Advice \(Scotland\) Act 2014 \(asp 11\)](#), [ss. 30\(a\)](#), 57(2); S.S.I. 2014/261, art. 3 (with arts. 4-7, 12) (as amended by S.S.I. 2015/54, art. 2)

**F429** S. 29(1A) inserted (1.4.2015) by [Bankruptcy and Debt Advice \(Scotland\) Act 2014 \(asp 11\)](#), [ss. 30\(b\)](#), 57(2); S.S.I. 2014/261, art. 3 (with arts. 4-7, 12) (as amended by S.S.I. 2015/54, art. 2)

**F430** S. 29(2) substituted (1.4.2015) by [Bankruptcy and Debt Advice \(Scotland\) Act 2014 \(asp 11\)](#), [ss. 30\(c\)](#), 57(2); S.S.I. 2014/261, art. 3 (with arts. 4-7, 12) (as amended by S.S.I. 2015/54, art. 2)

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*Changes to legislation: Bankruptcy (Scotland) Act 1985 (repealed) is up to date with all changes known to be in force on or before 25 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)*

- F431** S. 29(3)-(3C) substituted for s. 29(3) (1.4.2015) by [Bankruptcy and Debt Advice \(Scotland\) Act 2014 \(asp 11\)](#), **ss. 30(d)**, 57(2); S.S.I. 2014/261, art. 3 (with arts. 4-7, 12) (as amended by S.S.I. 2015/54, art. 2)
- F432** S. 29(4) substituted (1.4.2015) by [Bankruptcy and Debt Advice \(Scotland\) Act 2014 \(asp 11\)](#), **ss. 30(e)**, 57(2); S.S.I. 2014/261, art. 3 (with arts. 4-7, 12) (as amended by S.S.I. 2015/54, art. 2)
- F433** Words in s. 29(1)(b)(5)(6) substituted (1.4.1993, subject to savings in arts. 4, 5 of S.I. 1993/438) by 1993 c. 6, s. 11(3), **Sch. 1 para.18** (with s. 12(6)); S.I. 1993/438, **art.3**
- F434** Words in s. 29(5) inserted (1.4.2015) by [Bankruptcy and Debt Advice \(Scotland\) Act 2014 \(asp 11\)](#), **ss. 30(f)**, 57(2); S.S.I. 2014/261, art. 3 (with arts. 4-7, 12) (as amended by S.S.I. 2015/54, art. 2)
- F435** S. 29(6)-(6J) substituted for s. 29(6) (1.4.2015) by [Bankruptcy and Debt Advice \(Scotland\) Act 2014 \(asp 11\)](#), **ss. 30(g)**, 57(2); S.S.I. 2014/261, art. 3 (with arts. 4-7, 12) (as amended by S.S.I. 2015/54, art. 2)
- F436** Words in s. 29(7) substituted (1.4.2008) by [Bankruptcy and Diligence etc. \(Scotland\) Act 2007 \(asp 3\)](#), **ss. 36, 227(3)**, **Sch. 1 para. 29(2)(a)** (with s. 223); S.S.I. 2008/115, **art. 3(1)(i)** (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))
- F437** Word in s. 29(7) substituted (1.4.2008) by [Bankruptcy and Diligence etc. \(Scotland\) Act 2007 \(asp 3\)](#), **ss. 36, 227(3)**, {Sch, 1 para. 29(2)(b)} (with s. 223); S.S.I. 2008/115, **art. 3(1)(i)** (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))
- F438** Word in s. 29(7) substituted (1.4.2015) by [Bankruptcy and Debt Advice \(Scotland\) Act 2014 \(asp 11\)](#), **ss. 30(h)**, 57(2); S.S.I. 2014/261, art. 3 (with arts. 4-7, 12) (as amended by S.S.I. 2015/54, art. 2)
- F439** Word in s. 29(8) substituted (1.4.2015) by [Bankruptcy and Debt Advice \(Scotland\) Act 2014 \(asp 11\)](#), s. 57(2), **sch. 3 para. 19**; S.S.I. 2014/261, art. 3 (with arts. 4-7, 12) (as amended by S.S.I. 2015/54, art. 2)
- F440** S. 29(10) inserted (1.4.2008) by [Bankruptcy and Diligence etc. \(Scotland\) Act 2007 \(asp 3\)](#), **ss. 36, 227(3)**, {Sch, 1 para. 29(3)} (with s. 223); S.S.I. 2008/115, **art. 3(1)(i)** (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))
- F441** Words in s. 29(10) inserted (1.4.2015) by [Bankruptcy and Debt Advice \(Scotland\) Act 2014 \(asp 11\)](#), **ss. 30(i)**, 57(2); S.S.I. 2014/261, art. 3 (with arts. 4-7, 12) (as amended by S.S.I. 2015/54, art. 2)

### *Election, resignation and removal of commissioners*

## **30 Election, resignation and removal of commissioners.**

- (1) At the statutory meeting or any subsequent meeting of creditors, the creditors (other than any such person as is mentioned in section 24(3) of this Act) may, from among the creditors or their mandatories, elect one or more commissioners (or new or additional commissioners); but not more than 5 commissioners shall hold office in any sequestration at any one time.
- (2) None of the following persons shall be eligible for election as a commissioner, nor shall anyone who becomes such a person after having been elected as a commissioner be entitled to continue to act as a commissioner—
  - (a) any person mentioned in paragraph (a) or (c) of section 24(2) of this Act as not being eligible for election;
  - (b) a person who is an associate of the debtor or of the <sup>F442</sup> . . . trustee.
- (3) A commissioner may resign office at any time.
- (4) Without prejudice to section [<sup>F443</sup>1A(2)] of this Act, a commissioner may be removed from office—
  - (a) if he is a mandatory of a creditor, by the creditor recalling the mandate and intimating in writing its recall to the <sup>F442</sup> . . . trustee;

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- (b) by the creditors (other than any such person as is mentioned in section 24(3) of this Act) at a meeting called for the purpose.
  - [<sup>F444</sup>(c) by order of the sheriff if the sheriff is satisfied that the commissioner is no longer acting in the interests of the efficient conduct of the sequestration.]
- [<sup>F445</sup>(5) An order under subsection (4)(c) may be made on the application of—
- (a) the Accountant in Bankruptcy,
  - (b) a person representing not less than one quarter in value of the creditors, or
  - (c) the trustee.
- (6) The sheriff must—
- (a) order an application by a person mentioned in subsection (5) to be served on the commissioner,
  - (b) order that the application is intimated to every creditor who has given a mandate to the commissioner, and
  - (c) before deciding whether or not to make an order under subsection (4)(c), give the commissioner the opportunity to make representations.
- (7) On an application under subsection (4)(c), the sheriff may, in ordering the removal of the commissioner from office, make such further order as the sheriff thinks fit or may, instead of removing the commissioner from office, make such other order as the sheriff thinks fit.
- (8) The trustee, the Accountant in Bankruptcy, any commissioner or any creditor may appeal against the decision of the sheriff on an application under subsection (4)(c) within 14 days after the date of that decision.]

#### Textual Amendments

- F442** Word in s. 30 repealed (1.4.2008) by [Bankruptcy and Diligence etc. \(Scotland\) Act 2007 \(asp 3\)](#), ss 226, 227(3), [Sch. 6 Pt. 1](#) (with s. 223); S.S.I. 2008/115, [art. 3\(2\)\(3\)](#), [Sch. 2](#) (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))
- F443** Words in s. 30(4) substituted (1.4.1993, subject to savings in arts. 4, 5 of S.I. 1993/438) by 1993 c. 6, s. 11(3), [Sch. 1 para.19](#) (with s. 12(6)); S.I. 1993/438, [art.3](#)
- F444** S. 30(4)(c) inserted (1.4.2015) by [Bankruptcy and Debt Advice \(Scotland\) Act 2014 \(asp 11\)](#), [ss. 31\(a\)](#), 57(2); S.S.I. 2014/261, [art. 3](#) (with arts. 4-7, 12) (as amended by S.S.I. 2015/54, art. 2)
- F445** S. 30(5)-(8) inserted (1.4.2015) by [Bankruptcy and Debt Advice \(Scotland\) Act 2014 \(asp 11\)](#), [ss. 31\(b\)](#), 57(2); S.S.I. 2014/261, [art. 3](#) (with arts. 4-7, 12) (as amended by S.S.I. 2015/54, art. 2)

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

- C33** S. 30 modified (9.6.1997) by 1986 c. 53, [s. 27A\(3\)\(c\)](#) (as inserted (9.6.1997) by 1995 c. 26, s. 43, [Sch. 7 para. 8](#); S.I. 1997/1427, [art. 2\(k\)\(n\)\(i\)](#))

[<sup>F446</sup>*Vesting of estate in trustee*]

#### Textual Amendments

- F446** Cross-heading preceding s. 31 substituted (1.4.2008) by virtue of [Bankruptcy and Diligence etc. \(Scotland\) Act 2007 \(asp 3\)](#), ss. 36, 227(3), [Sch. 1 para. 30\(6\)](#) (with s. 223); S.S.I. 2008/115, [art. 3\(1\)\(i\)](#) (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))

*Status: Point in time view as at 01/03/2016.*

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### 31 Vesting of estate at date of sequestration.

- (1) Subject to section 33 of this Act <sup>F447</sup> and section 91(3) of the Pensions Act 1995], the whole estate of the debtor shall <sup>F448</sup>, by virtue of the trustee's appointment,] vest <sup>F449</sup> in the trustee] as at the date of sequestration <sup>F450</sup> . . . for the benefit of the creditors <sup>F451</sup> . . .
- (a) <sup>F451</sup> . . . . .
- (b) <sup>F451</sup> . . . . .
- <sup>F452</sup>(1A) It shall not be competent for—
- (a) the trustee; or
- (b) any person deriving title from the trustee,
- to complete title to any heritable estate in Scotland vested in the trustee by virtue of his appointment before the expiry of the period mentioned in subsection (1B) below.
- (1B) That period is the period of 28 days (or such other period as may be prescribed) beginning with the day on which—
- (a) the certified copy of the order of the sheriff granting warrant is recorded under subsection (1)(a) of section 14 of this Act; or
- (b) the certified copy of the determination of the Accountant in Bankruptcy awarding sequestration is recorded under subsection (1A) of that section,
- in the register of inhibitions.]
- (2) The exercise by the <sup>F453</sup> . . . trustee of any power conferred on him by this Act in respect of any heritable estate vested in him by virtue of <sup>F454</sup> his appointment] shall not be challengeable on the ground of any prior inhibition <sup>F455</sup> . . . .
- (3) Where the debtor has an uncompleted title to any heritable estate in Scotland, the <sup>F453</sup> . . . trustee may complete title thereto either in his own name or in the name of the debtor, but completion of title in the name of the debtor shall not validate by accretion any unperfected right in favour of any person other than the <sup>F453</sup> . . . trustee.
- (4) Any moveable property, in respect of which but for this subsection—
- (a) delivery or possession; or
- (b) intimation of its assignation,
- would be required in order to complete title to it, shall vest in the <sup>F453</sup> . . . trustee by virtue of <sup>F456</sup> his appointment] as if at the date of sequestration the <sup>F453</sup> . . . trustee had taken delivery or possession of the property or had made intimation of its assignation to him, as the case may be.
- (5) Any non-vested contingent interest which the debtor has shall vest in the <sup>F453</sup> . . . trustee as if an assignation of that interest had been executed by the debtor and intimation thereof made at the date of sequestration.
- <sup>F457</sup>(5A) Any non-vested contingent interest vested in the trustee by virtue of subsection (5) above shall, where it remains so vested in the trustee on the date <sup>F458</sup> which is 4 years after the date of sequestration] , be reinvested in the debtor as if an assignation of that interest had been executed by the trustee and intimation thereof made at that date.]
- (6) Any person claiming a right to any estate claimed by the <sup>F453</sup> . . . trustee may apply to the <sup>F459</sup> sheriff] for the estate to be excluded from such vesting, a copy of the application being served on the <sup>F453</sup> . . . trustee; and the <sup>F459</sup> sheriff] shall grant the application if <sup>F460</sup> he] is satisfied that the estate should not be so vested.

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- (7) Where any successor of a deceased debtor whose estate has been sequestrated has made up title to, or is in possession of, any part of that estate, the <sup>F461</sup>sheriff may, on the application of the <sup>F453</sup> . . . trustee, order the successor to convey such estate to him.
- (8) In subsection (1) above <sup>F462</sup>, subject to section 31A of this Act,] the “whole estate of the debtor” means <sup>F463</sup>, subject to subsection (9) below <sup>F464</sup><sup>F465</sup> and to <sup>F466</sup>sections 71(10B), 78(3B) and 89(2)] of the Social Security Administration Act 1992]],] his whole estate at the date of sequestration, wherever situated, including—
- (a) any income or estate vesting in the debtor on that date;
  - <sup>F467</sup>(aa) any property of the debtor, title to which has not been completed by another person deriving right from the debtor;] and
  - (b) the capacity to exercise and to take proceedings for exercising, all such powers in, over, or in respect of any property as might have been exercised by the debtor for his own benefit as at, or on, the date of sequestration or might be exercised on a relevant date (within the meaning of section 32(10) of this Act).
- <sup>F468</sup>(9) Subject to subsection (10) below, the “whole estate of the debtor” does not include any interest of the debtor as tenant under any of the following tenancies—
- (a) a tenancy which is an assured tenancy within the meaning of Part II of the <sup>M2</sup>Housing (Scotland) Act 1988, or
  - (b) a protected tenancy within the meaning of the <sup>M3</sup>Rent (Scotland) Act 1984 in respect of which, by virtue of any provision of Part VIII of that Act, no premium can lawfully be required as a condition of the assignment, or
  - <sup>F469</sup>[ a Scottish secure tenancy within the meaning of the Housing (Scotland) Act 2001 (asp 10).]
- (10) On the date on which the <sup>F453</sup> . . . trustee serves notice to that effect on the debtor, the interest of the debtor as tenant under any of the tenancies referred to in subsection (9) above shall form part of his estate and vest in the <sup>F453</sup> . . . trustee as if it had vested in him under section 32(6) of this Act.]

#### Textual Amendments

- F447** Words in s. 31(1) inserted (6.4.1997) by 1995 c. 26, s. 122, **Sch. 3 para. 13**; S.I. 1997/664, art. 2(3), **Sch. Pt. II**
- F448** Words in s. 31(1) inserted (1.4.2008) by *Bankruptcy and Diligence etc. (Scotland) Act 2007* (asp 3), ss. 226, 227(3), **Sch. 5 para. 13(2)(a)** (with s. 223); S.S.I. 2008/115, **art. 3(2)(3)**, Sch. 1 (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))
- F449** Words in s. 31(1) inserted (1.4.2008) by *Bankruptcy and Diligence etc. (Scotland) Act 2007* (asp 3), ss. 226, 227(3), **Sch. 5 para. 13(2)(b)** (with s. 223); S.S.I. 2008/115, **art. 3(2)(3)**, Sch. 1 (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))
- F450** Words in s. 31(1) repealed (1.4.2008) by *Bankruptcy and Diligence etc. (Scotland) Act 2007* (asp 3), ss. 226, 227(3), **Sch. 6 Pt. 1** (with s. 223); S.S.I. 2008/115, **art. 3(2)(3)**, Sch. 2 (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))
- F451** S. 31(1)(a)(b) and preceding word repealed (1.4.2008) by *Bankruptcy and Diligence etc. (Scotland) Act 2007* (asp 3), ss. 226, 227(3), **Sch. 6 Pt. 1** (with s. 223); S.S.I. 2008/115, **art. 3(2)(3)**, Sch. 2 (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))
- F452** S. 31(1A)(1B) inserted (1.4.2008) by *Bankruptcy and Diligence etc. (Scotland) Act 2007* (asp 3), {ss. 17(1)(a)}, 227(3) (with s. 223); S.S.I. 2008/115, **art. 3(1)(a)** (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))

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- F453** Words in s. 31(2)-(7)(10) repealed (1.4.2008) by Bankruptcy and Diligence etc. (Scotland) Act 2007 (asp 3), ss. 226, 227(3), **Sch. 6 Pt. 1** (with s. 223); S.S.I. 2008/115, **art. 3(2)(3)**, Sch. 2 (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))
- F454** Words in s. 31(2) substituted (1.4.2008) by Bankruptcy and Diligence etc. (Scotland) Act 2007 (asp 3), ss. 36, 227(3), **Sch. 1 para. 30(2)** (with s. 223); S.S.I. 2008/115, **art. 3(1)(i)** (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))
- F455** Words in s. 31(2) repealed (22.4.2009) by Bankruptcy and Diligence etc. (Scotland) Act 2007 (asp 3), ss. 226, 227(3), **Sch. 6 Pt. 1** (with s. 223); S.S.I. 2009/67, art. 3(2)(3), Sch. 2
- F456** Words in s. 31(4) substituted (1.4.2008) by Bankruptcy and Diligence etc. (Scotland) Act 2007 (asp 3), ss. 36, 227(3), **Sch. 1 para. 30(3)** (with s. 223); S.S.I. 2008/115, **art. 3(1)(i)** (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))
- F457** S. 31(5A) inserted (1.4.2008) by Bankruptcy and Diligence etc. (Scotland) Act 2007 (asp 3), **ss. 29, 227(3)** (with s. 223); S.S.I. 2008/115, **art. 3(1)(a)** (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))
- F458** Words in s. 31(5A) substituted (1.4.2015) by Bankruptcy and Debt Advice (Scotland) Act 2014 (asp 11), **ss. 16(1), 57(2)**; S.S.I. 2014/261, art. 3 (with arts. 4-7, 12) (as amended by S.S.I. 2015/54, art. 2)
- F459** Words in s. 31(6) substituted (1.4.2008) by Bankruptcy and Diligence etc. (Scotland) Act 2007 (asp 3), ss. 36, 227(3), **Sch. 1 para. 30(4)(a)** (with s. 223); S.S.I. 2008/115, **art. 3(1)(i)** (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))
- F460** Word in s. 31(6) substituted (1.4.2008) by Bankruptcy and Diligence etc. (Scotland) Act 2007 (asp 3), ss. 36, 227(3), **Sch. 1 para. 30(4)(b)** (with s. 223); S.S.I. 2008/115, **art. 3(1)(i)** (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))
- F461** Word in s. 31(7) substituted (1.4.2008) by Bankruptcy and Diligence etc. (Scotland) Act 2007 (asp 3), ss. 36, 227(3), **Sch. 1 para. 30(5)** (with s. 223); S.S.I. 2008/115, **art. 3(1)(i)** (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))
- F462** Words in s. 31(8) inserted (8.9.2003) by The Insolvency (Scotland) Regulations 2003 (S.I. 2003/2109), **reg. 11**
- F463** Words inserted by Housing Act 1988 (c. 50, SIF 75:1), **s. 118(1)**
- F464** S. 31(8): by 1997 c. 27, s. 33(2), **Sch. 4** (with ss. 1, 2, 28); S.I. 1997/2085, **art. 2(2)** it is provided (6.10.1997) that the words “and to section 89(2) of the Social Security Administration Act 1992” are repealed
- F465** Words in s. 31(8) substituted (1.7.1992) by Social Security (Consequential Provisions) Act 1992 (c. 6), ss. 4, 7(2), **Sch. 2 para.69.**
- F466** Words in s. 31(8) substituted (7.10.1996) by 1995, c. 18, s. 41(4), Sch. 2 para. 8; S.I. 1996/2208, **art. 2(b)**
- F467** S. 31(8)(aa) inserted (1.4.2008.) by Bankruptcy and Diligence etc. (Scotland) Act 2007 (asp 3), {ss. 17 (1)(b)}, 227(3) (with s. 223); S.S.I. 2008/115, **art. 3(1)(a)** (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))
- F468** S. 31(9)(10) added by Housing Act 1988 (c. 50, SIF 75:1), **s. 118(2)**
- F469** S. 31(9)(c) substituted (30.9.2002) by 2001 asp 10, s. 112, Sch. 10 para. 10; S.S.I. 2002/321, **art. 2, Sch.** (subject to arts. 3-5)

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

- C34** S. 31(8) excluded by Social Security Act 1989 (c.24, SIF 113:1), s. 22, **Sch. 4 Pt. II para. 8(2)**
- C35** S. 31(8) restricted (1.7.1992) by Social Security Administration Act 1992 (c. 5), **s. 89(2)** (with s. 93(1)).

#### Marginal Citations

- M2** 1988 c.43  
**M3** 1984 c.58

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### <sup>F471</sup>~~31A~~<sup>F470</sup> **Proceedings under EC Regulation: modified definition of “estate”**

In the application of this Act to insolvency proceedings under the EC Regulation, a reference to “estate” is a reference to estate which may be dealt with in those proceedings.]

#### **Textual Amendments**

**F470** S. 31A inserted (8.9.2003) by [The Insolvency \(Scotland\) Regulations 2003 \(S.I. 2003/2109\)](#), **reg. 12**

**F471** S. 31A renumbered (1.4.2008) as s. 31ZA by [Bankruptcy and Diligence etc. \(Scotland\) Act 2007 \(asp 3\)](#), ss. 36, 227(3), **Sch. 1 para. 31** (with s. 223); S.S.I. 2008/115, **art. 3(1)(i)** (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))

### <sup>F472</sup>**31A Property subject to restraint order**

(1) This section applies where—

- (a) property is excluded from the debtor’s estate by virtue of section 420(2)(a) of the Proceeds of Crime Act 2002 (property subject to a restraint order),
- (b) an order under <sup>F473</sup>section 50, 67A, 128, 131A, 198 or 215A] of that Act has not been made in respect of the property, <sup>F474</sup>...
- (c) the restraint order is discharged. <sup>F475</sup>,and
- (d) immediately after the discharge of the restraint order the property is not detained under or by virtue of section 44A, 47J, 122A, 127J, 193A or 195J of that Act.]

<sup>F476</sup>(2) The property vests in the trustee as part of the debtor’s estate.]

(3) But subsection (2) does not apply to the proceeds of property realised by a management receiver under section 49(2)(d) or 197(2)(d) of that Act (realisation of property to meet receiver’s remuneration and expenses).

#### **Textual Amendments**

**F472** Ss. 31A-31C inserted (24.3.2003) by [Proceeds of Crime Act 2002 \(c. 29\)](#), Ss. 456, 458(1)(3), **Sch. 11 para. 15(4)**; S.I. 2003/333, **art. 2(1)** Sch. (subject to transitional provisions in arts. 3-14) (as amended by S.I. 2003/531); S.S.I. 2003/210, **art. 2(1)(b)**, Sch. (subject to transitional provisions in arts. 3-7)

**F473** Words in s. 31A(1)(b) substituted (1.6.2015 for specified purposes, 1.3.2016 in so far as not already in force) by [Policing and Crime Act 2009 \(c. 26\)](#), s. 116(1), **Sch. 7 para. 48(2)(a)**; S.I. 2015/983, arts. 2(2)(e), 3(c); S.I. 2016/147, art. 3(i)

**F474** Word in s. 31A(1)(b) repealed (1.6.2015) by [Policing and Crime Act 2009 \(c. 26\)](#), s. 116(1), **Sch. 8 Pt. 4**; S.I. 2015/983, art. 2(2)(f)

**F475** S. 31A(1)(d) and word inserted (1.6.2015 for specified purposes, 1.3.2016 in so far as not already in force) by [Policing and Crime Act 2009 \(c. 26\)](#), s. 116(1), **Sch. 7 para. 48(2)(b)**; S.I. 2015/983, arts. 2(2)(e), 3(c); S.I. 2016/147, art. 3(i)

**F476** S. 31A(2) substituted (1.6.2015) by [Policing and Crime Act 2009 \(c. 26\)](#), s. 116(1), **Sch. 7 para. 48(3)**; S.I. 2015/983, arts. 2(2)(e), 3(c)

### <sup>F477</sup>**31AA Property released from detention**

(1) This section applies where—

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- (a) property is excluded from the debtor's estate by virtue of section 420(2)(b) of the Proceeds of Crime Act 2002 (property detained under certain provisions),
  - (b) no order is in force in respect of the property under section 41, 50, 120, 128, 190 or 198 of that Act, and
  - (c) the property is released.
- (2) The property vests in the trustee as part of the debtor's estate.]

#### Textual Amendments

- F472** Ss. 31A-31C inserted (24.3.2003) by [Proceeds of Crime Act 2002 \(c. 29\)](#), [Ss. 456, 458\(1\)\(3\)](#), [Sch. 11 para. 15\(4\)](#); [S.I. 2003/333](#), [art. 2\(1\)](#) Sch. (subject to transitional provisions in arts. 3-14) (as amended by [S.I. 2003/531](#)); [S.S.I. 2003/210](#), [art. 2\(1\)\(b\)](#), Sch. (subject to transitional provisions in arts. 3-7)
- F477** [S. 31AA](#) inserted (1.6.2015) by [Policing and Crime Act 2009 \(c. 26\)](#), [s. 116\(1\)](#), [Sch. 7 para. 49](#); [S.I. 2015/983](#), [arts. 2\(2\)\(e\)](#), [3\(d\)](#)

### 31B Property in respect of which receivership or administration order is made

- (1) This section applies where—
- (a) property is excluded from the debtor's estate by virtue of [<sup>F478</sup>section 420(2)(c)] of the Proceeds of Crime Act 2002 (property in respect of which an order for the appointment of a receiver or administrator under certain provisions of that Act is in force),<sup>F479</sup> . . .
  - (b) a confiscation order is made under section 6, 92 or 156 of that Act,
  - (c) the amount payable under the confiscation order is fully paid, and
  - (d) any of the property remains in the hands of the receiver or administrator (as the case may be).
- (2) The property vests in the <sup>F480</sup>. . . trustee as part of the debtor's estate.

#### Textual Amendments

- F472** Ss. 31A-31C inserted (24.3.2003) by [Proceeds of Crime Act 2002 \(c. 29\)](#), [Ss. 456, 458\(1\)\(3\)](#), [Sch. 11 para. 15\(4\)](#); [S.I. 2003/333](#), [art. 2\(1\)](#) Sch. (subject to transitional provisions in arts. 3-14) (as amended by [S.I. 2003/531](#)); [S.S.I. 2003/210](#), [art. 2\(1\)\(b\)](#), Sch. (subject to transitional provisions in arts. 3-7)
- F478** Words in [s. 31B\(1\)\(a\)](#) substituted (1.6.2015) by [Policing and Crime Act 2009 \(c. 26\)](#), [s. 116\(1\)](#), [Sch. 7 para. 50](#); [S.I. 2015/983](#), [arts. 2\(2\)\(e\)](#), [3\(d\)](#)
- F479** Word in [s. 31B\(1\)\(a\)](#) repealed (1.4.2008) by [Bankruptcy and Diligence etc. \(Scotland\) Act 2007 \(asp 3\)](#), [ss. 226, 227\(3\)](#), [Sch. 6 Pt. 1](#) (with [s. 223](#)); [S.S.I. 2008/115](#), [art. 3\(2\)\(3\)](#), [Sch. 2](#) (with [arts. 4-6, 10](#) (as amended (with effect from [31.1.2011](#)) by [S.S.I. 2011/31](#), [art. 5](#)))
- F480** Word in [s. 31B\(2\)](#) repealed (1.4.2008) by [Bankruptcy and Diligence etc. \(Scotland\) Act 2007 \(asp 3\)](#), [ss. 226, 227\(3\)](#), [Sch. 6 Pt. 1](#) (with [s. 223](#)); [S.S.I. 2008/115](#), [art. 3\(2\)\(3\)](#), [Sch. 2](#) (with [arts. 4-6, 10](#) (as amended (with effect from [31.1.2011](#)) by [S.S.I. 2011/31](#), [art. 5](#)))

### <sup>F481</sup>31BA Property in respect of which realisation order made

- (1) This section applies where—
- (a) property is excluded from the debtor's estate by virtue of section 420(2)(d) of the Proceeds of Crime Act 2002 (property in respect of which an order has been made authorising realisation of the property by an appropriate officer),



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- (b) a confiscation order is made under section 6, 92 or 156 of that Act,
  - (c) the amount payable under the confiscation order is fully paid, and
  - (d) any of the property remains in the hands of the appropriate officer.
- (2) The property vests in the trustee as part of the debtor's estate.]

#### Textual Amendments

- F472** Ss. 31A-31C inserted (24.3.2003) by [Proceeds of Crime Act 2002 \(c. 29\)](#), Ss. 456, 458(1)(3), [Sch. 11 para. 15\(4\)](#); S.I. 2003/333, [art. 2\(1\)](#) Sch. (subject to transitional provisions in arts. 3-14) (as amended by S.I. 2003/531); S.S.I. 2003/210, [art. 2\(1\)\(b\)](#), Sch. (subject to transitional provisions in arts. 3-7)
- F481** S. 31BA inserted (1.6.2015) by [Policing and Crime Act 2009 \(c. 26\)](#), s. 116(1), [Sch. 7 para. 51](#); S.I. 2015/983, arts. 2(2)(e), 3(d)

### 31C Property subject to certain orders where confiscation order discharged or quashed

- (1) This section applies where—
- (a) property is excluded from the debtor's estate by virtue of section 420(2)(a), (b), (c) or (d) of the Proceeds of Crime Act 2002 (property [<sup>F482</sup>excluded from debtor's estate] ),
  - (b) a confiscation order is made under section 6, 92 or 156 of that Act, and
  - (c) the confiscation order is discharged under section 30, 114 or 180 of that Act (as the case may be) or quashed under that Act or in pursuance of any enactment relating to appeals against conviction or sentence.

- [<sup>F483</sup>(2) Any such property vests in the trustee as part of the debtor's estate if it is in the hands of—
- (a) a receiver appointed under Part 2 or 4 of that Act,
  - (b) an administrator appointed under Part 3 of that Act,
  - (c) an appropriate officer (within the meaning of section 41A, 120A or 190A of that Act).]

(3) But subsection (2) does not apply to the proceeds of property realised by a management receiver under section 49(2)(d) or 197(2)(d) of that Act (realisation of property to meet receiver's remuneration and expenses).]

#### Textual Amendments

- F472** Ss. 31A-31C inserted (24.3.2003) by [Proceeds of Crime Act 2002 \(c. 29\)](#), Ss. 456, 458(1)(3), [Sch. 11 para. 15\(4\)](#); S.I. 2003/333, [art. 2\(1\)](#) Sch. (subject to transitional provisions in arts. 3-14) (as amended by S.I. 2003/531); S.S.I. 2003/210, [art. 2\(1\)\(b\)](#), Sch. (subject to transitional provisions in arts. 3-7)
- F482** Words in s. 31C(1)(a) substituted (1.6.2015) by [Policing and Crime Act 2009 \(c. 26\)](#), s. 116(1), [Sch. 7 para. 52\(2\)](#); S.I. 2015/983, arts. 2(2)(e), 3(e)
- F483** S. 31C(2) substituted (1.6.2015 for specified purposes, 1.3.2016 in so far as not already in force) by [Policing and Crime Act 2009 \(c. 26\)](#), s. 116(1), [Sch. 7 para. 52\(3\)](#); S.I. 2015/983, arts. 2(2)(e), 3(e); S.I. 2016/147, art. 3(i)

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## 32 Vesting of estate, and dealings of debtor, after sequestration.

(1) Subject to [<sup>F484</sup>sections 32A to 32H] below, any income of whatever nature received by the debtor on a relevant date, other than income arising from the estate which is vested in the <sup>F485</sup> . . . trustee, shall vest in the debtor.

<sup>F486</sup> (2)	.....
<sup>F486</sup> (2WA)	.....
<sup>F486</sup> (2XA)	.....
<sup>F486</sup> (2YA)	.....
<sup>F486</sup> (2ZA)	.....
<sup>F486</sup> (2A)	.....
<sup>F486</sup> (3)	.....
<sup>F486</sup> (4)	.....
<sup>F486</sup> (4A)	.....
<sup>F486</sup> (4B)	.....
<sup>F486</sup> (4C)	.....
<sup>F486</sup> (4D)	.....
<sup>F486</sup> (4E)	.....
<sup>F486</sup> (4F)	.....
<sup>F486</sup> (4G)	.....
<sup>F486</sup> (4H)	.....
<sup>F486</sup> (4J)	.....
<sup>F486</sup> (4K)	.....
<sup>F486</sup> (4L)	.....

(5) Diligence [<sup>F487</sup>(which, for the purposes of this section, includes the making of a deduction from earnings order under the Child Support Act 1991)] in respect of a debt or obligation of which the debtor would be discharged under section 55 of this Act were he discharged under section 54[<sup>F488</sup>, 54A or 54C] thereof shall not be competent against income vesting in him under subsection (1) above.

[<sup>F489</sup>(5A) Where the trustee knows, or becomes aware, of any estate vested in the trustee under section 31 or this section which comprises funds held by a bank, the trustee must serve a notice on the bank—

- (a) informing the bank of the sequestration, and
- (b) specifying reasonable detail in order to allow the bank to identify the debtor and the funds held.

(5B) A notice under subsection (5A)—

- (a) must be in writing and may be sent—

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- (i) by first class post or by using a registered or recorded delivery postal service to the bank,
  - (ii) in some other manner (including by electronic means) which the trustee reasonably considers likely to cause it to be delivered to the bank on the same or next day,
- (b) is deemed to have been received the day after it is sent.]
- (6) Without prejudice to subsection (1) above, any estate, wherever situated, which—
- (a) is acquired by the debtor on a relevant date; and
  - (b) would have vested in the <sup>F485</sup> . . . trustee if it had been part of the debtor’s estate on the date of sequestration,

shall vest in the <sup>F485</sup> . . . trustee for the benefit of the creditors as at the date of acquisition; and any person who holds any such estate shall, on production to him of a copy of the [<sup>F490</sup>order] certified by the sheriff clerk [<sup>F491</sup>or, as the case may be, by the Accountant in Bankruptcy appointing the trustee], convey or deliver the estate to the <sup>F492</sup> . . . trustee:

Provided that—

- (i) if such a person has in good faith and without knowledge of the sequestration conveyed the estate to the debtor or to anyone on the instructions of the debtor, he shall incur no liability to the <sup>F485</sup> . . . trustee except to account for any proceeds of the conveyance which are in his hands; and
  - (ia) [<sup>F493</sup>the trustee is not entitled by virtue of this subsection to any remedy against a bank in respect of a banking transaction entered into before the receipt by the bank of a notice under subsection (5A) (whether or not the bank is aware of the sequestration),]
  - (ii) this subsection shall be without prejudice to any right <sup>F494</sup> . . . acquired in the estate in good faith and for value.
- (7) The debtor shall immediately notify the <sup>F485</sup> . . . trustee of any assets acquired by him on a relevant date or of any other substantial change in his financial circumstances; and, if the debtor fails to comply with this subsection, he shall be guilty of an offence and liable on summary conviction to a fine not exceeding level 5 on the standard scale or to imprisonment for a term not exceeding 3 months or to both.
- (8) Subject to subsection (9) [<sup>F495</sup>and (9C)] below, any dealing of or with the debtor relating to his estate vested in the <sup>F485</sup> . . . trustee under [<sup>F496</sup>this section or] section 31 of this Act shall be of no effect in a question with the <sup>F485</sup> . . . trustee.
- (9) Subsection (8) above shall not apply where the person seeking to uphold the dealing establishes—
- (a) that the <sup>F485</sup> . . . trustee—
    - (i) has abandoned to the debtor the property to which the dealing relates;
    - (ii) has expressly or impliedly authorised the dealing; or
    - (iii) is otherwise personally barred from challenging the dealing, or
  - (b) that the dealing is—
    - (i) the performance of an obligation undertaken before the date of sequestration by a person obliged to the debtor in the obligation;
    - (ii) the purchase from the debtor of goods for which the purchaser has given value to the debtor or is willing to give value to the <sup>F485</sup> . . . trustee; or

<sup>F497</sup>(iii) . . . . .

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[<sup>F498</sup>(iv) one which satisfies the conditions mentioned in subsection (9ZA) below,]

and that the person dealing with the debtor was, at the time when the dealing occurred, unaware of the sequestration and had at that time no reason to believe that the debtor's estate had been sequestrated or was the subject of sequestration proceedings.

[<sup>F499</sup>(9ZA) The conditions are that —

- (a) the dealing constitutes—
  - (i) the transfer of incorporeal moveable property; or
  - (ii) the creation, transfer, variation or extinguishing of a real right in heritable property,
 for which the person dealing with the debtor has given adequate consideration to the debtor, or is willing to give adequate consideration to the trustee;
- (b) the dealing requires the delivery of a deed; and
- (c) the delivery occurs during the period beginning with the date of sequestration and ending on the day which falls 7 days after the day on which—
  - (i) the certified copy of the order of the sheriff granting warrant is recorded under subsection (1)(a) of section 14 of this Act; or
  - (ii) the certified copy of the determination of the Accountant in Bankruptcy awarding sequestration is recorded under subsection (1A) of that section,

in the register of inhibitions.]

[<sup>F500</sup>(9A) Where the trustee has abandoned to the debtor any heritable property, notice in such form as may be prescribed given to the debtor by the trustee shall be sufficient evidence that the property is vested in the debtor.

(9B) Where the trustee gives notice under subsection (9A) above, he shall, as soon as reasonably practicable after giving the notice, record a certified copy of it in the register of inhibitions.]

[<sup>F501</sup>(9C) Subsection (8) does not apply where the dealing is a banking transaction entered into before the receipt by the bank of a notice under subsection (5A) (whether or not the bank is aware of the sequestration).]

(10) In this section “a relevant date” means a date after the date of sequestration and before the date [<sup>F502</sup>which is 4 years after the date of sequestration] .

[<sup>F503</sup>(11) In this section “bank” has the same meaning as “appropriate bank or institution” in section 73(1).]

#### Textual Amendments

**F484** Words in s. 32(1) substituted (1.4.2015) by [Bankruptcy and Debt Advice \(Scotland\) Act 2014 \(asp 11\)](#), s. 57(2), [sch. 3 para. 20\(a\)](#); S.S.I. 2014/261, art. 3 (with arts. 4-7, 12) (as amended by S.S.I. 2015/54, art. 2)

**F485** Words in s. 32 repealed (1.4.2008) by [Bankruptcy and Diligence etc. \(Scotland\) Act 2007 \(asp 3\)](#), ss. 226, 227(3), [Sch. 6 Pt. 1](#) (with s. 223); S.S.I. 2008/115, [art. 3\(2\)\(3\)](#), Sch. 2 (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))

**F486** S. 32(2)-(4L) repealed (1.4.2015) by [Bankruptcy and Debt Advice \(Scotland\) Act 2014 \(asp 11\)](#), s. 57(2), [sch. 4](#); S.S.I. 2014/261, art. 3 (with arts. 4-7, 12) (as amended by S.S.I. 2015/54, art. 2)

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- F487** Words in s. 32(5) inserted (4.4.1993) by Child Support Act 1991 (c. 48, SIF 20), s. 58(13), **Sch. 5 para. 6(2)(b)** (with s. 9(2)); S.I. 1992/2644, **art. 2**.
- F488** Words in s. 32(5) inserted (1.4.2015) by Bankruptcy and Debt Advice (Scotland) Act 2014 (asp 11), s. 57(2), **sch. 3 para. 20(b)**; S.S.I. 2014/261, **art. 3** (with arts. 4-7, 12) (as amended by S.S.I. 2015/54, **art. 2**)
- F489** S. 32(5A)(5B) inserted (1.4.2015) by Bankruptcy and Debt Advice (Scotland) Act 2014 (asp 11), **ss. 13(a), 57(2)**; S.S.I. 2014/261, **art. 3** (with arts. 4-7, 12) (as amended by S.S.I. 2015/54, **art. 2**)
- F490** Words in s. 32(6) substituted (1.4.2008) by Bankruptcy and Diligence etc. (Scotland) Act 2007 (asp 3), **ss. 36, 227(3), Sch. 1 para. 32(a)** (with s. 223); S.S.I. 2008/115, **art. 3(1)(i)** (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, **art. 5**))
- F491** Words in s. 32(6) substituted (1.4.2008) by Bankruptcy and Diligence etc. (Scotland) Act 2007 (asp 3), **ss. 36, 227(3), Sch. 1 para. 32(b)** (with s. 223); S.S.I. 2008/115, **art. 3(1)(i)** (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, **art. 5**))
- F492** Words in s. 32 repealed (1.4.2008) by Bankruptcy and Diligence etc. (Scotland) Act 2007 (asp 3), **ss. 226, 227(3), Sch. 6 Pt. 1** (with s. 223); S.S.I. 2008/115, **art. 3(1)(h)(2)(3)**, **Sch. 2** (with arts. 4-6, 10) (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, **art. 5**)
- F493** S. 32(6)(ia) inserted (1.4.2015) by Bankruptcy and Debt Advice (Scotland) Act 2014 (asp 11), **ss. 13(b), 57(2)**; S.S.I. 2014/261, **art. 3** (with arts. 4-7, 12) (as amended by S.S.I. 2015/54, **art. 2**)
- F494** Words in s. 32(6) repealed (1.4.2015) by Bankruptcy and Debt Advice (Scotland) Act 2014 (asp 11), s. 57(2), **sch. 4**; S.S.I. 2014/261, **art. 3** (with arts. 4-7, 12) (as amended by S.S.I. 2015/54, **art. 2**)
- F495** Words in s. 32(8) inserted (1.4.2015) by Bankruptcy and Debt Advice (Scotland) Act 2014 (asp 11), **ss. 13(c), 57(2)**; S.S.I. 2014/261, **art. 3** (with arts. 4-7, 12) (as amended by S.S.I. 2015/54, **art. 2**)
- F496** Words in s. 32(8) inserted (1.4.2008) by Bankruptcy and Diligence etc. (Scotland) Act 2007 (asp 3), **ss. 17(2)(a), 227(3)** (with s. 223); S.S.I. 2008/115, **art. 3(1)(a)** (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, **art. 5**))
- F497** S. 32(9)(b)(iii) repealed (1.4.2015) by Bankruptcy and Debt Advice (Scotland) Act 2014 (asp 11), s. 57(2), **sch. 4**; S.S.I. 2014/261, **art. 3** (with arts. 4-7, 12) (as amended by S.S.I. 2015/54, **art. 2**)
- F498** S. 32(9)(b)(iv) and preceding word inserted (1.4.2008) by Bankruptcy and Diligence etc. (Scotland) Act 2007 (asp 3), **ss. 17(2)(b), 227(3)** (with s. 223); S.S.I. 2008/115, **art. 3(1)(a)** (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, **art. 5**))
- F499** S. 32(9ZA) inserted (1.4.2008) by Bankruptcy and Diligence etc. (Scotland) Act 2007 (asp 3), **ss. 17(2)(c), 227(3)** (with s. 223); S.S.I. 2008/115, **art. 3(1)(a)** (with arts. 4-6, 10) (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, **art. 5**)
- F500** S. 32(9A)(9B) inserted (1.4.2008) by Bankruptcy and Diligence etc. (Scotland) Act 2007 (asp 3), **ss. 19(1), 227(3)** (with s. 223); S.S.I. 2008/115, **art. 3(1)(a)** (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, **art. 5**))
- F501** S. 32(9C) inserted (1.4.2015) by Bankruptcy and Debt Advice (Scotland) Act 2014 (asp 11), **ss. 13(d), 57(2)**; S.S.I. 2014/261, **art. 3** (with arts. 4-7, 12) (as amended by S.S.I. 2015/54, **art. 2**)
- F502** Words in s. 32(10) substituted (1.4.2015) by Bankruptcy and Debt Advice (Scotland) Act 2014 (asp 11), **ss. 16(2), 57(2)**; S.S.I. 2014/261, **art. 3** (with arts. 4-7, 12) (as amended by S.S.I. 2015/54, **art. 2**)
- F503** S. 32(11) inserted (1.4.2015) by Bankruptcy and Debt Advice (Scotland) Act 2014 (asp 11), **ss. 13(e), 57(2)**; S.S.I. 2014/261, **art. 3** (with arts. 4-7, 12) (as amended by S.S.I. 2015/54, **art. 2**)

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

- C36** S. 32(6) amended by Education (Student Loans) Act 1990 (c. 6, SIF 41:1, 2), s. 1(5), **Sch. 2 para. 6(b)**
- C37** S. 32(8) excluded (25.4.1991) by Companies Act 1989 (c. 40, SIF 27), **ss. 154, 155, 164(3), 175(4)**; S.I. 1991/878, **art. 2, Sch.**
- C38** S. 32(8) excluded (11.12.1999) by S.I. 1999/2979, **reg. 16(3)**  
S. 32(8) excluded (11.12.1999) by S.I. 1999/2979, **reg. 19(3)**

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## <sup>F504</sup> 32A Debtor contribution order

- (1) The Accountant in Bankruptcy must make an order fixing the debtor's contribution (a "debtor contribution order")—
  - (a) in the case of a debtor application, at the same time as awarding sequestration of the debtor's estate,
  - (b) in the case of an award of sequestration following a petition under section 5(2)(b), after considering initial proposals for the debtor's contribution provided by the trustee.
- (2) In a case referred to in subsection (1)(b), the trustee must send initial proposals for the debtor's contribution before the end of the period of 6 weeks beginning with the date of award of sequestration.
- (3) In making a debtor contribution order, the Accountant in Bankruptcy must use the common financial tool to assess the debtor's contribution.
- (4) A debtor contribution order may fix the amount of the debtor's contribution as zero.
- (5) A debtor contribution order may be made irrespective of sections 11 and 12 of the [Welfare Reform and Pensions Act 1999 \(c.30\)](#).
- (6) A debtor contribution order may provide that a third person is to pay to the trustee a specified proportion of money due to the debtor by way of income.
- (7) Where a third person pays a sum of money to the trustee in accordance with subsection (6), the third person is discharged from any liability to the debtor to the extent of the sum so paid.
- (8) The Accountant in Bankruptcy must, immediately following the making of a debtor contribution order, give written notice of the order to—
  - (a) the debtor,
  - (b) the trustee, and
  - (c) any third person mentioned in the order.
- (9) A debtor contribution order must not take effect on a date before the expiry of the period of 14 days beginning with the day of notification of the order.

### Textual Amendments

**F504** Ss. 32A-32H inserted (30.6.2014 for specified purposes, 1.4.2015 in so far as not already in force) by [Bankruptcy and Debt Advice \(Scotland\) Act 2014 \(asp 11\)](#), ss. 4, 57(2); S.S.I. 2014/172, art. 2, sch.; S.S.I. 2014/261, art. 3 (with arts. 4-7, 12) (as amended by S.S.I. 2015/54, art. 2)

## 32B Debtor contribution order: payment period and intervals

- (1) A debtor contribution order must contain provision requiring the debtor to pay the debtor's contribution (if not zero)—
  - (a) during the payment period, and
  - (b) at regular intervals determined by the person making or varying the order.
- (2) In subsection (1)(a), "payment period" means—
  - (a) the period of 48 months beginning with the date of the first payment,

*Status: Point in time view as at 01/03/2016.*

*Changes to legislation: Bankruptcy (Scotland) Act 1985 (repealed) is up to date with all changes known to be in force on or before 25 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)*

- (b) such shorter period as is determined by the person making or varying the order, or
  - (c) such longer period as is—
    - (i) determined by the trustee where there is a period during which the debtor did not pay an amount required under the debtor contribution order, or
    - (ii) agreed by the debtor and the trustee.
- (3) The person making or varying the order may determine a shorter period under subsection (2)(b) only if, in the opinion of that person, the value of—
- (a) the debtor's contribution during the shorter period, and
  - (b) any other estate of the debtor taken possession of by the trustee,
- would be sufficient to allow a distribution of the debtor's estate to meet in full all of the debts mentioned in section 51.
- (4) The Accountant in Bankruptcy must, when making an order under section 32A—
- (a) determine the date of the first payment, or
  - (b) in a case where the debtor's contribution is fixed as zero, determine the date which is to be deemed as the date of the first payment under the order.

#### Textual Amendments

**F504** Ss. 32A-32H inserted (30.6.2014 for specified purposes, 1.4.2015 in so far as not already in force) by [Bankruptcy and Debt Advice \(Scotland\) Act 2014 \(asp 11\)](#), ss. 4, 57(2); S.S.I. 2014/172, art. 2, sch.; S.S.I. 2014/261, art. 3 (with arts. 4-7, 12) (as amended by S.S.I. 2015/54, art. 2)

### 32C Debtor contribution order: review and appeal

- (1) The debtor, the trustee or any other interested person may apply to the Accountant in Bankruptcy for a review of a debtor contribution order made by the Accountant in Bankruptcy under section 32A.
- (2) An application under subsection (1) must be made before the expiry of the period of 14 days beginning with the day on which the debtor contribution order is made.
- (3) If an application under subsection (1) is made, the debtor contribution order is suspended until the determination of that review by the Accountant in Bankruptcy.
- (4) If an application for a review under subsection (1) is made, the Accountant in Bankruptcy must—
  - (a) take into account any representations made by an interested person before the expiry of the period of 21 days beginning with the day on which the application is made, and
  - (b) confirm, amend or revoke the debtor contribution order before the expiry of the period of 28 days beginning with the day on which the application is made.
- (5) The trustee or the debtor may appeal to the sheriff against any decision of the Accountant in Bankruptcy under subsection (4)(b) before the expiry of the period of 14 days beginning with the date of the decision.

*Status: Point in time view as at 01/03/2016.*

*Changes to legislation: Bankruptcy (Scotland) Act 1985 (repealed) is up to date with all changes known to be in force on or before 25 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)*

#### Textual Amendments

**F504** Ss. 32A-32H inserted (30.6.2014 for specified purposes, 1.4.2015 in so far as not already in force) by [Bankruptcy and Debt Advice \(Scotland\) Act 2014 \(asp 11\)](#), [ss. 4, 57\(2\)](#); [S.S.I. 2014/172](#), [art. 2](#), [sch.](#); [S.S.I. 2014/261](#), [art. 3](#) (with [arts. 4-7, 12](#)) (as amended by [S.S.I. 2015/54](#), [art. 2](#))

### 32D Effect of debtor contribution order

- (1) The debtor must pay to the trustee any debtor's contribution which is not zero as—
  - (a) fixed by the Accountant in Bankruptcy in making the debtor contribution order, or
  - (b) varied in accordance with section 32F.
- (2) The requirement to pay the debtor's contribution applies irrespective of the debtor's discharge.
- (3) If the value of the debtor's estate and income when taken possession of by the trustee is sufficient to allow a distribution of the debtor's estate to meet in full all of the debts mentioned in section 51, any debtor contribution order ceases to have effect.

#### Textual Amendments

**F504** Ss. 32A-32H inserted (30.6.2014 for specified purposes, 1.4.2015 in so far as not already in force) by [Bankruptcy and Debt Advice \(Scotland\) Act 2014 \(asp 11\)](#), [ss. 4, 57\(2\)](#); [S.S.I. 2014/172](#), [art. 2](#), [sch.](#); [S.S.I. 2014/261](#), [art. 3](#) (with [arts. 4-7, 12](#)) (as amended by [S.S.I. 2015/54](#), [art. 2](#))

### 32E Deductions from debtor's earnings and other income

- (1) Subsections (2) to (6) apply where under a debtor contribution order—
  - (a) the debtor is required to pay to the trustee an amount from the debtor's earnings or other income, or
  - (b) in accordance with section 32A(6), a third person is required to pay to the trustee money otherwise due to the debtor by way of income.
- (2) The debtor must give the person mentioned in subsection (3) an instruction to make—
  - (a) deductions of specified amounts from the debtor's earnings or other income, and
  - (b) payments to the trustee of the amounts so deducted.
- (3) The person mentioned is—
  - (a) in the case of an amount to be paid from the debtor's earnings from employment, the person by whom the debtor is employed,
  - (b) in the case of an amount to be paid from other earnings or income of the debtor, a third person who is required to pay the earnings or income to the debtor, and
  - (c) in the case mentioned in subsection (1)(b), the third person who is required to pay the income to the trustee.
- (4) The trustee may give the person mentioned in subsection (3) an instruction of the type mentioned in subsection (2) if—



*Status: Point in time view as at 01/03/2016.*

*Changes to legislation: Bankruptcy (Scotland) Act 1985 (repealed) is up to date with all changes known to be in force on or before 25 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)*

- (a) the debtor fails to comply with the requirements imposed by that subsection, and
  - (b) the debtor fails to pay the debtor's contribution in respect of 2 payment intervals applying by virtue of the debtor contribution order.
- (5) A person mentioned in subsection (3) must comply with an instruction provided in accordance with subsection (2) or (4).
- (6) Where the person by whom the debtor is employed or another third person pays a sum of money to the trustee in accordance with this section, that person is discharged from any liability to the debtor to the extent of the sum so paid.
- (7) The Scottish Ministers may by regulations make provision about instructions to be provided under this section, including in particular—
- (a) the form in which an instruction must be made,
  - (b) the manner in which an instruction provided in accordance with subsection (2) or (4) affects the recipient of that instruction, and
  - (c) the consequence of any failure of a recipient of an instruction provided in accordance with subsection (2) or (4) to comply with the duty imposed by subsection (5).

#### Textual Amendments

**F504** Ss. 32A-32H inserted (30.6.2014 for specified purposes, 1.4.2015 in so far as not already in force) by [Bankruptcy and Debt Advice \(Scotland\) Act 2014 \(asp 11\)](#), ss. 4, 57(2); S.S.I. 2014/172, art. 2, sch.; S.S.I. 2014/261, art. 3 (with arts. 4-7, 12) (as amended by S.S.I. 2015/54, art. 2)

### 32F Variation and removal of debtor contribution order by trustee

- (1) The trustee may vary or quash a debtor contribution order—
- (a) on the application of the debtor, following any change in the debtor's circumstances,
  - (b) if the trustee considers it to be appropriate, following any change in the debtor's circumstances, or
  - (c) if the trustee considers it to be appropriate when—
    - (i) sending a report to the Accountant in Bankruptcy under section 54(4), or
    - (ii) granting a discharge under section 54A(2).
- (2) In deciding whether to vary or quash a debtor contribution order, the trustee must use the common financial tool to assess the debtor's contribution.
- (3) A decision by the trustee under subsection (1)(b) must not take effect on a day before the end of the period of 14 days beginning with the day on which the decision is made.
- (4) The trustee must notify in writing the persons mentioned in subsection (5) immediately following—
- (a) any variation or quashing of a debtor contribution order,
  - (b) any refusal of an application.
- (5) The persons are—
- (a) the debtor,

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- (b) the Accountant in Bankruptcy (if the trustee is not the Accountant in Bankruptcy),
- (c) any third person required to make a payment under the debtor contribution order or under section 32E(5), and
- (d) any other interested person.

#### Textual Amendments

**F504** Ss. 32A-32H inserted (30.6.2014 for specified purposes, 1.4.2015 in so far as not already in force) by [Bankruptcy and Debt Advice \(Scotland\) Act 2014 \(asp 11\)](#), ss. 4, 57(2); S.S.I. 2014/172, art. 2, sch.; S.S.I. 2014/261, art. 3 (with arts. 4-7, 12) (as amended by S.S.I. 2015/54, art. 2)

### 32G Payment break

- (1) The trustee may, on the application of the debtor, extend the payment period of a debtor contribution order by granting a payment break.
- (2) A “payment break” is a period not exceeding 6 months during which payments under the debtor contribution order are deferred.
- (3) A debtor may apply for a payment break if—
  - (a) there has been a reduction of at least 50% in the debtor’s disposable income (as determined using the common financial tool) as a result of any of the circumstances mentioned in subsection (4) arising in relation to the debtor, and
  - (b) the debtor has not previously applied for a payment break in relation to a debtor contribution order applying after the sequestration of the debtor’s estate.
- (4) The circumstances are—
  - (a) a period of unemployment or change in employment,
  - (b) a period of leave from employment because of the birth or adoption of a child or the need to care for a dependant,
  - (c) a period of illness of the debtor,
  - (d) a divorce or dissolution of civil partnership,
  - (e) a separation from a person to whom the debtor is married or is the civil partner,
  - (f) the death of a person who, along with the debtor, cared for a dependant of the debtor.
- (5) An application for a payment break must specify the period during which the debtor wishes payments to be deferred.
- (6) If, in the opinion of the trustee, a payment break is fair and reasonable, the trustee may grant a payment break on such conditions and for such period as the trustee thinks fit.
- (7) The trustee must notify in writing the grant of a payment break to—
  - (a) the debtor,
  - (b) the Accountant in Bankruptcy (if the trustee is not the Accountant in Bankruptcy), and
  - (c) any third person required to make a payment under the debtor contribution order.

*Status: Point in time view as at 01/03/2016.*

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- (8) If the trustee decides not to grant a payment break, the trustee must notify the debtor of that decision and of the reasons.
- (9) The payment period in a debtor contribution order is deemed to be varied by the addition to the period of any payment break granted under this section.

#### Textual Amendments

**F504** Ss. 32A-32H inserted (30.6.2014 for specified purposes, 1.4.2015 in so far as not already in force) by [Bankruptcy and Debt Advice \(Scotland\) Act 2014 \(asp 11\)](#), ss. 4, 57(2); S.S.I. 2014/172, art. 2, sch.; S.S.I. 2014/261, art. 3 (with arts. 4-7, 12) (as amended by S.S.I. 2015/54, art. 2)

### 32H Sections 32F and 32G: review and appeal

- (1) The debtor or any other interested person may apply to the Accountant in Bankruptcy for a review of a decision by the trustee under section 32F or 32G.
- (2) An application under subsection (1) must be made before the expiry of the period of 14 days beginning with the day on which the decision is made.
- (3) If an application under subsection (1) relates to a decision by the trustee under section 32F(1)(b), the decision is suspended until the determination of that review by the Accountant in Bankruptcy.
- (4) If an application for a review under subsection (1) is made, the Accountant in Bankruptcy must—
  - (a) take into account any representations made by an interested person before the expiry of the period of 21 days beginning with the day on which the application is made, and
  - (b) confirm, amend or revoke the decision before the expiry of the period of 28 days beginning with the day on which the application is made.
- (5) The trustee or the debtor may appeal to the sheriff against any decision of the Accountant in Bankruptcy under subsection (4)(b) before the expiry of the period of 14 days beginning with the date of the decision.]

#### Textual Amendments

**F504** Ss. 32A-32H inserted (30.6.2014 for specified purposes, 1.4.2015 in so far as not already in force) by [Bankruptcy and Debt Advice \(Scotland\) Act 2014 \(asp 11\)](#), ss. 4, 57(2); S.S.I. 2014/172, art. 2, sch.; S.S.I. 2014/261, art. 3 (with arts. 4-7, 12) (as amended by S.S.I. 2015/54, art. 2)

### 33 Limitations on vesting.

- (1) The following property of the debtor shall not vest in the <sup>F505</sup> . . . trustee—
  - [<sup>F506</sup>(a) any property kept outwith a dwellinghouse in respect of which attachment is, by virtue of section 11(1) of the Debt Arrangement and Attachment (Scotland) Act 2002 (asp 17), incompetent;
  - (aa) any property kept in a dwellinghouse which is not a non-essential asset for the purposes of Part 3 of that Act;]
  - (b) property held on trust by the debtor for any other person.

*Status: Point in time view as at 01/03/2016.*

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- (2) The vesting of a debtor's estate in a <sup>F505</sup> . . . trustee shall not affect the right of hypothec of a landlord.
- (3) Sections 31 and 32 of this Act are without prejudice to the right of any secured creditor which is preferable to the rights of the <sup>F505</sup> . . . trustee.

#### Textual Amendments

**F505** Words in s. 33 repealed (1.4.2008) by Bankruptcy and Diligence etc. (Scotland) Act 2007 (asp 3), ss. 226, 227(3), **Sch. 6 Pt. 1** (with s. 223); S.S.I. 2008/115, **art. 3(2)(3)**, Sch. 2 (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))

**F506** S. 33(1)(a)(aa) substituted (30.12.2002) for s. 33(1)(a) by Debt Arrangement and Attachment (Scotland) Act 2002 (asp 17), ss. 61, 64(2), **Sch. 3 Pt. 1 para. 15(3)**

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

**C39** S. 33(1)(a) continued (31.12.2002 or such earlier date as the Scottish Ministers may appoint) by 2001 asp 1, ss. 2(1)(a), 4(1) (with s. 2) (which amending Act was repealed (30.12.2002) by Debt Arrangement and Attachment (Scotland) Act 2002 (asp 17), s. 61, **Sch. 3 Pt. 1 para. 27** (with s. 63))

### *Safeguarding of interests of creditors of insolvent persons*

#### 34 Gratuitous alienations.

- (1) Where this subsection applies, an alienation by a debtor shall be challengeable by—
- (a) any creditor who is a creditor by virtue of a debt incurred on or before the date of sequestration, or before the granting of the trust deed or the debtor's death, as the case may be; or
  - (b) the <sup>F507</sup> . . . trustee, the trustee acting under the trust deed or the judicial factor, as the case may be.
- (2) Subsection (1) above applies where—
- (a) by the alienation, whether before or after the coming into force of this section, any of the debtor's property has been transferred or any claim or right of the debtor has been discharged or renounced; and
  - (b) any of the following has occurred—
    - (i) his estate has been sequestrated (other than, in the case of a natural person, after his death); or
    - (ii) he has granted a trust deed which has become a protected trust deed; or
    - (iii) he has died and within 12 months after his death, his estate has been sequestrated; or
    - (iv) he has died and within the said 12 months, a judicial factor has been appointed under section 11A of the <sup>M4</sup>Judicial Factors (Scotland) Act 1889 to administer his estate and the estate was absolutely insolvent at the date of death; and
  - (c) the alienation took place on a relevant day.
- (3) For the purposes of paragraph (c) of subsection (2) above, the day on which an alienation took place shall be the day on which the alienation became completely effectual; and in that paragraph "relevant day" means, if the alienation has the effect of favouring—

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- (a) a person who is an associate of the debtor, a day not earlier than 5 years before the date of sequestration, the granting of the trust deed or the debtor's death, as the case may be; or
  - (b) any other person, a day not earlier than 2 years before the said date.
- (4) On a challenge being brought under subsection (1) above, the court shall grant decree of reduction or for such restoration of property to the debtor's estate or other redress as may be appropriate, but the court shall not grant such a decree if the person seeking to uphold the alienation establishes—
- (a) that immediately, or at any other time, after the alienation the debtor's assets were greater than his liabilities; or
  - (b) that the alienation was made for adequate consideration; or
  - (c) that the alienation—
    - (i) was a birthday, Christmas or other conventional gift; or
    - (ii) was a gift made, for a charitable purpose, to a person who is not an associate of the debtor,which having regard to all the circumstances, it was reasonable for the debtor to make:

Provided that this subsection shall be without prejudice to any right <sup>F508</sup>... acquired in good faith and for value from or through the transferee in the alienation.

- (5) In subsection (4) above, “charitable purpose” means any charitable, benevolent or philanthropic purpose whether or not it is charitable within the meaning of any rule of law.
- (6) For the purposes of the foregoing provisions of this section, an alienation in implementation of a prior obligation shall be deemed to be one for which there was no consideration or no adequate consideration to the extent that the prior obligation was undertaken for no consideration or no adequate consideration.
- (7) This section is without prejudice to the operation of section 2 of the <sup>M5</sup>Married Women's Policies of Assurance (Scotland) Act 1880 (policy of assurance may be effected in trust for spouse, future spouse and children) [<sup>F509</sup>including the operation of that section as applied by section 132 of the Civil Partnership Act 2004] .
- (8) A <sup>F507</sup>... trustee, the trustee acting under a protected trust deed and a judicial factor appointed under section 11A of the <sup>M6</sup>Judicial Factors (Scotland) Act 1889 shall have the same right as a creditor has under any rule of law to challenge an alienation of a debtor made for no consideration or for no adequate consideration.

<sup>F510</sup>(9) .....

#### Textual Amendments

**F507** Words in s. 34 repealed (1.4.2008) by [Bankruptcy and Diligence etc. \(Scotland\) Act 2007 \(asp 3\)](#), ss. 226, 227(3), [Sch. 6 Pt. 1](#) (with s. 223); S.S.I. 2008/115, [art. 3\(2\)\(3\)](#), [Sch. 2](#) (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))

**F508** Words in s. 34(4) repealed (1.4.2015) by [Bankruptcy and Debt Advice \(Scotland\) Act 2014 \(asp 11\)](#), s. 57(2), [sch. 4](#); S.S.I. 2014/261, [art. 3](#) (with arts. 4-7, 12) (as amended by S.S.I. 2015/54, art. 2)

**F509** Words in s. 34(7) inserted (5.12.2005) by [Civil Partnership Act 2004 \(c. 33\)](#), ss. 261(2), 263, [Sch. 28 para. 35](#); S.S.I. 2005/604 {art. 2(c)}

*Status: Point in time view as at 01/03/2016.*

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**F510** S. 34(9) repealed (1.4.2015) by [Bankruptcy and Debt Advice \(Scotland\) Act 2014 \(asp 11\)](#), s. 57(2), [sch. 4](#); S.S.I. 2014/261, [art. 3](#) (with arts. 4-7, 12) (as amended by S.S.I. 2015/54, [art. 2](#))

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

- C40** S. 34 restricted by [Drug Trafficking Offences Act 1986 \(c. 32, SIF 39:1\)](#), s. **16(6)(a)**
- C41** S. 34 excluded (25.4.1991) by [Companies Act 1989 \(c. 40, SIF 27\)](#), **ss. 154, 155, 165(2)(a)**; S.I. 1991/878, [art. 2](#), Sch.
- C42** S. 34 restricted (25.4.1991) by [Companies Act 1989 \(c. 40, SIF 27\)](#), s. 182(4), **Sch. 22 para. 8(2)(a)**; S.I. 1991/878, [art. 2](#), Sch.
- C43** S. 34 restricted by [Criminal Justice Act 1988 \(c. 33, SIF 39:1\)](#), ss. 85(6)(a), 123, **Sch. 8 para. 16**
- C44** S. 34 amended by [Criminal Justice Act 1988 \(c. 33, SIF 39:1\)](#), ss. 85(6)(b), 123, **Sch. 8 para. 16**
- C45** S. 34 restricted (3.2.1995) by 1994 c. 37, **ss. 33(6)(a), 69(2)** (with s. 66(2))  
S. 34 restricted (1.4.1996) by 1995 c. 43, ss. 44(1), 50(2), **Sch. 2 para. 1(5)**
- C46** S. 34 applied (with modifications) (4.4.2006) by [The Cross-Border Insolvency Regulations 2006 \(S.I.2006/1030\)](#), [reg. 2\(1\)](#), **Sch. 1 Article 23 paras. 1-3** (subject to paras. 6, 9)
- C47** S. 34 restricted (24.3.2003) by [Proceeds of Crime Act 2002 \(c. 29\)](#), **ss. 422(2), 458(1)**; S.I. 2003/333, [art. 2\(1\)](#), [Sch.](#) (subject to transitional provisions and savings in arts. 3-14) (as amended by S.I. 2003/531, [art. 2](#))
- C48** S. 34 restricted (11.12.1999) by S.I. 1999/2979, [reg. 17\(2\)\(a\)](#)

#### Marginal Citations

- M4** 1889 c. 39.  
**M5** 1880 c. 26.  
**M6** 1889 c. 39.

### 35 Recalling of order for payment of capital sum on divorce.

(1) This section applies where—

- (a) a court has made an order, whether before or after the coming into force of this section, under section 5 of the <sup>M7</sup>Divorce (Scotland) Act 1976 or section 8(2) of the <sup>M8</sup>Family Law (Scotland) Act 1985, for the payment by a debtor of a capital sum or [<sup>F511</sup>a court has, under the said section 8(2), made an order for the transfer of property by him or made a pension sharing order];
- (b) on the date of the making of the order the debtor was absolutely insolvent or was rendered so by implementation of the order; and
- (c) within 5 years after the making of the order—
  - (i) the debtor's estate has been sequestrated other than after his death; or
  - (ii) he has granted a trust deed which has (whether or not within the 5 years) become a protected trust deed; or
  - (iii) he has died and, within 12 months after his death, his estate has been sequestrated; or
  - (iv) he has died and, within the said 12 months, a judicial factor has been appointed under section 11A of the Judicial Factors (Scotland) Act 1889 to administer his estate.

(2) Where this section applies, the court, on an application brought by the <sup>F512</sup>. . . trustee, the trustee acting under the trust deed or the judicial factor, may make an order for recall of the order made under the said section 5 or 8(2) and for the repayment to the applicant of the whole or part of any sum already paid, or as the case may be for the return to the applicant of all or part of any property already transferred, under that

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order, or, where such property has been sold, for payment to the applicant of all or part of the proceeds of sale:

Provided that before making an order under this subsection the court shall have regard to all the circumstances including, without prejudice to the generality of this proviso, the financial, and other, circumstances (in so far as made known to the court) of the person against whom the order would be made.

<sup>F513</sup>(3) . . . . .

**Textual Amendments**

- F511** Words in s. 35(1)(a) substituted (26.3.2002 for certain purposes and otherwise 6.4.2002) by 1999 c. 30, ss. 84, 89(1), Sch. 12 Pt. II para. 68; S.I. 2002/818, art. 3(b)
- F512** Words in s. 35 repealed (1.4.2008) by Bankruptcy and Diligence etc. (Scotland) Act 2007 (asp 3), ss. 226, 227(3), Sch. 6 Pt. 1 (with s. 223); S.S.I. 2008/115, art. 3(2)(3), Sch. 2 (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))
- F513** S. 35(3) repealed (1.4.2015) by Bankruptcy and Debt Advice (Scotland) Act 2014 (asp 11), s. 57(2), sch. 4; S.S.I. 2014/261, art. 3 (with arts. 4-7, 12) (as amended by S.S.I. 2015/54, art. 2)

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

- C49** S. 35 applied (with modifications) (4.4.2006) by The Cross-Border Insolvency Regulations 2006 (S.I. 2006/1030), reg. 2(1), Sch. 1 Article 23 paras. 1-3 (subject to paras. 6, 9)

**Marginal Citations**

- M7** 1976 c. 39.
- M8** 1985 c. 37.

**36 Unfair preferences.**

- (1) Subject to subsection (2) below, subsection (4) below applies to a transaction entered into by a debtor, whether before or after the coming into force of this section, which has the effect of creating a preference in favour of a creditor to the prejudice of the general body of creditors, being a preference created not earlier than 6 months before—
  - (a) the date of sequestration of the debtor's estate (if, in the case of a natural person, a date within his lifetime); or
  - (b) the granting by him of a trust deed which has become a protected trust deed; or
  - (c) his death where, within 12 months after his death—
    - (i) his estate has been sequestered, or
    - (ii) a judicial factor has been appointed under section 11A of the <sup>M9</sup>Judicial Factors (Scotland) Act 1889 to administer his estate and his estate was absolutely insolvent at the date of death.
- (2) Subsection (4) below shall not apply to any of the following transactions—
  - (a) a transaction in the ordinary course of trade or business;
  - (b) a payment in cash for a debt which when it was paid had become payable unless the transaction was collusive with the purpose of prejudicing the general body of creditors;
  - (c) a transaction whereby the parties thereto undertake reciprocal obligations (whether the performance by the parties of their respective obligations occurs

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- at the same time or at different times) unless the transaction was collusive as aforesaid;
- (d) the granting of a mandate by a debtor authorising an arrestee to pay over the arrested funds or part thereof to the arrester where—
- (i) there has been a decree for payment or a warrant for summary diligence; and
  - (ii) the decree or warrant has been preceded by an arrestment on the dependence of the action or followed by an arrestment in execution.
- (3) For the purposes of subsection (1) above, the day on which a preference was created shall be the day on which the preference became completely effectual.
- (4) A transaction to which this subsection applies shall be challengeable by—
- (a) any creditor who is a creditor by virtue of a debt incurred on or before the date of sequestration, the granting of the protected trust deed or the debtor's death, as the case may be; or
  - (b) the <sup>F514</sup> . . . trustee, the trustee acting under the protected trust deed, or the judicial factor, as the case may be.
- (5) On a challenge being brought under subsection (4) above, the court, if satisfied that the transaction challenged is a transaction to which this section applies, shall grant decree of reduction or for such restoration of property to the debtor's estate or other redress as may be appropriate:
- Provided that this subsection shall be without prejudice to any right <sup>F515</sup> . . . acquired in good faith and for value from or through the creditor in whose favour the preference was created.
- (6) A <sup>F514</sup> . . . trustee, the trustee acting under a protected trust deed and a judicial factor appointed under section 11A of the <sup>M10</sup> Judicial Factors (Scotland) Act 1889 shall have the same right as a creditor has under any rule of law to challenge a preference created by a debtor.

<sup>F516</sup>(7) . . . . .

#### Textual Amendments

- F514** Words in s. 36 repealed (1.4.2008) by [Bankruptcy and Diligence etc. \(Scotland\) Act 2007 \(asp 3\)](#), ss. 226, 227(3), [Sch. 6 Pt. 1](#) (with s. 223); S.S.I. 2008/115, [art. 3\(2\)\(3\)](#), Sch. 2 (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))
- F515** Words in s. 36(5) repealed (1.4.2015) by [Bankruptcy and Debt Advice \(Scotland\) Act 2014 \(asp 11\)](#), s. 57(2), [sch. 4](#); S.S.I. 2014/261, [art. 3](#) (with arts. 4-7, 12) (as amended by S.S.I. 2015/54, art. 2)
- F516** S. 36(7) repealed (1.4.2015) by [Bankruptcy and Debt Advice \(Scotland\) Act 2014 \(asp 11\)](#), s. 57(2), [sch. 4](#); S.S.I. 2014/261, [art. 3](#) (with arts. 4-7, 12) (as amended by S.S.I. 2015/54, art. 2)

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

- C50** S. 36 restricted (24.3.2003) by [Proceeds of Crime Act 2002 \(c. 29\)](#), [ss. 422\(2\)](#), 458(1); S.I. 2003/333, [art. 2\(1\)](#), [Sch.](#) (subject to transitional provisions and savings in [arts. 3-14](#)) (as amended by S.I. 2003/531, art. 2)
- C51** S. 36 restricted by [Drug Trafficking Offences Act 1986 \(c. 32, SIF 39:1\)](#), [s. 16\(6\)\(a\)](#)
- C52** S. 36 excluded (25.4.1991) by [Companies Act 1989 \(c. 40, SIF 27\)](#), [ss. 154](#), 155, 165(2)(a); S.I. 1991/878, [art. 2](#), Sch.
- C53** S. 36 restricted (25.4.1991) by [Companies Act 1989 \(c. 40, SIF 27\)](#), ss. 182(4), [Sch. 22 para. 8\(2\)\(a\)](#); S.I. 1991/878, [art. 2](#), Sch.



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- C54** S. 36 restricted by Criminal Justice Act 1988 (c. 33, SIF 39:1), ss. 85(6)(a), 123, **Sch. 8 para. 16**
- C55** S. 36 amended by Criminal Justice Act 1988 (c. 33, SIF 39:1), ss. 85(6)(b), 123, **Sch. 8 para. 16**
- C56** S. 36 restricted (3.2.1995) by 1994 c. 37, **ss. 33(6)(a)**, 69(2) (with s. 66(2))  
S. 36 restricted (1.4.1996) by 1995 c. 43, ss. 44(1), 50(2), **Sch. 2 para. 1(5)(a)(b)**  
S. 36 restricted (11.12.1999) by S.I. 1999/2979, **reg. 17(2)(a)**
- C57** S. 36 applied (with modifications) (4.4.2006) by The Cross-Border Insolvency Regulations 2006 (S.I. 2006/1030), **reg. 2(1)**, **Sch. 1 Article 23 paras. 1-3** (subject to paras. 6, 9)

#### Marginal Citations

- M9** 1889 c. 39.  
**M10** 1889 c. 39.

### <sup>F517</sup>[36A Recovery of excessive pension contributions.

- (1) Where a debtor's estate has been sequestrated and he—
  - (a) has rights under an approved pension arrangement, or
  - (b) has excluded rights under an unapproved pension arrangement,the <sup>F518</sup> . . . trustee may apply to the court for an order under this section.
- (2) If the court is satisfied—
  - (a) that the rights under the arrangement are to any extent, and whether directly or indirectly, the fruits of relevant contributions, and
  - (b) that the making of any of the relevant contributions (“the excessive contributions”) has unfairly prejudiced the debtor's creditors,the court may make such order as it thinks fit for restoring the position to what it would have been had the excessive contributions not been made.
- (3) Subsection (4) applies where the court is satisfied that the value of the rights under the arrangement is, as a result of rights of the debtor under the arrangement or any other pension arrangement having at any time become subject to a debit under section 29(1) (a) of the Welfare Reform and Pensions Act 1999 (debts giving effect to pension-sharing), less than it would otherwise have been.
- (4) Where this subsection applies—
  - (a) any relevant contributions which were represented by the rights which became subject to the debit shall, for the purposes of subsection (2), be taken to be contributions of which the rights under the arrangement are the fruits, and
  - (b) where the relevant contributions represented by the rights under the arrangement (including those so represented by virtue of paragraph (a)) are not all excessive contributions, relevant contributions which are represented by the rights under the arrangement otherwise than by virtue of paragraph (a) shall be treated as excessive contributions before any which are so represented by virtue of that paragraph.
- (5) In subsections (2) to (4) “relevant contributions” means contributions to the arrangement or any other pension arrangement—
  - (a) which the debtor has at any time made on his own behalf, or
  - (b) which have at any time been made on his behalf.
- (6) The court shall, in determining whether it is satisfied under subsection (2)(b), consider in particular—

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- (a) whether any of the contributions were made for the purpose of putting assets beyond the reach of the debtor’s creditors or any of them, and
  - (b) whether the total amount of any contributions—
    - (i) made by or on behalf of the debtor to pension arrangements, and
    - (ii) represented (whether directly or indirectly) by rights under approved pension arrangements or excluded rights under unapproved pensions arrangements,
 is an amount which is excessive in view of the debtor’s circumstances when those contributions were made.
- (7) For the purposes of this section and sections 36B and 36C (“the recovery provisions”), rights of a debtor under an unapproved pension arrangement are excluded rights if they are rights which are excluded from his estate by virtue of regulations under section 12 of the Welfare Reform and Pensions Act 1999.
- (8) In the recovery provisions—
- “approved pension arrangement” has the same meaning as in section 11 of the Welfare Reform and Pensions Act 1999;
  - “unapproved pension arrangement” has the same meaning as in section 12 of that Act.]

#### Textual Amendments

**F517** Ss. 36A-36C substituted (11.11.1999 for certain purposes and 6.4.2002 in so far as not already in force) by [1999 c. 30, ss. 16, 89\(5\)\(a\)](#); [S.I. 2002/153, art. 2\(f\)](#)

**F518** Word in s. 36A repealed (1.4.2008) by [Bankruptcy and Diligence etc. \(Scotland\) Act 2007 \(asp 3\), ss. 226, 227\(3\), Sch. 6 Pt. 1](#) (with s. 223); [S.S.I. 2008/115, art. 3\(2\)\(3\)](#), [Sch. 2](#) (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by [S.S.I. 2011/31, art. 5](#)))

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

**C58** S. 36A applied (with modifications) (4.4.2006) by [The Cross-Border Insolvency Regulations 2006 \(S.I. 2006/1030\), reg. 2\(1\), Sch. 1 Article 23 paras. 1-3](#) (subject to [paras. 6, 9](#))

### <sup>F519</sup>36B Orders under section 36A.

- (1) Without prejudice to the generality of section 36A(2) an order under section 36A may include provision—
  - (a) requiring the person responsible for the arrangement to pay an amount to the <sup>F520</sup> . . . trustee,
  - (b) adjusting the liabilities of the arrangement in respect of the debtor,
  - (c) adjusting any liabilities of the arrangement in respect of any other person that derive, directly or indirectly, from rights of the debtor under the arrangement,
  - (d) for the recovery by the person responsible for the arrangement (whether by deduction from any amount which that person is ordered to pay or otherwise) of costs incurred by that person in complying in the debtor’s case with any requirement under section 36C(1) or in giving effect to the order.
- (2) In subsection (1), references to adjusting the liabilities of the arrangement in respect of a person include (in particular) reducing the amount of any benefit or future benefit to which that person is entitled under the arrangement.

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- (3) In subsection (1)(c), the reference to liabilities of the arrangement does not include liabilities in respect of a person which result from giving effect to an order or provision falling within section 28(1) of the Welfare Reform and Pensions Act 1999 (pension sharing orders and agreements).
- (4) The maximum amount which the person responsible for an arrangement may be required to pay by an order under section 36A is the lesser of—
  - (a) the amount of the excessive contributions, and
  - (b) the value of the debtor's rights under the arrangement (if the arrangement is an approved pension arrangement) or of his excluded rights under the arrangement (if the arrangement is an unapproved pension arrangement).
- (5) An order under section 36A which requires the person responsible for an arrangement to pay an amount ("the restoration amount") to the <sup>F520</sup> . . . trustee must provide for the liabilities of the arrangement to be correspondingly reduced.
- (6) For the purposes of subsection (5), liabilities are correspondingly reduced if the difference between—
  - (a) the amount of the liabilities immediately before the reduction, and
  - (b) the amount of the liabilities immediately after the reduction,is equal to the restoration amount.
- (7) An order under section 36A in respect of an arrangement—
  - (a) shall be binding on the person responsible for the arrangement; and
  - (b) overrides provisions of the arrangement to the extent that they conflict with the provisions of the order.

#### Textual Amendments

**F519** Ss. 36A-36C substituted (11.11.1999 for certain purposes and 6.4.2002 in so far as not already in force) by 1999 c. 30, s. 16; S.I. 2002/153, art. 2(f)

**F520** Words in s. 36B repealed (1.4.2008) by Bankruptcy and Diligence etc. (Scotland) Act 2007 (asp 3), ss. 226, 227(3), Sch. 6 Pt. 1 (with s. 223); S.S.I. 2008/115, art. 3(2)(3), Sch. 2 (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))

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

**C59** S. 36B applied (with modifications) (4.4.2006) by The Cross-Border Insolvency Regulations 2006 (S.I. 2006/1030), reg. 2(1), Sch. 1 Article 23 paras. 1-3 (subject to paras. 6, 9)

### <sup>F521</sup> 36C Orders under section 36A: supplementary.

- (1) The person responsible for—
  - (a) an approved pension arrangement under which a debtor has rights,
  - (b) an unapproved pension arrangement under which a debtor has excluded rights,  
or
  - (c) a pension arrangement under which a debtor has at any time had rights,shall, on the <sup>F522</sup> . . . trustee making a written request, provide the <sup>F522</sup> . . . trustee with such information about the arrangement and rights as the <sup>F522</sup> . . . trustee may reasonably require for, or in connection with, the making of applications under section 36A.
- (2) Nothing in—

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- (a) any provision of section 159 of the <sup>M11</sup>Pensions Schemes Act 1993 or section 91 of the <sup>M12</sup>Pensions Act 1995 (which prevent assignation and the making of orders that restrain a person from receiving anything which he is prevented from assigning),
  - (b) any provision of any enactment (whether passed or made before or after the passing of the Welfare Reform and Pensions Act 1999) corresponding to any of the provisions mentioned in paragraph (a), or
  - (c) any provision of the arrangement in question corresponding to any of those provisions,
- applies to a court exercising its powers under section 36A.
- (3) Where any sum is required by an order under section 36A to be paid to the <sup>F522</sup> . . . trustee, that sum shall be comprised in the debtor's estate.
- (4) Regulations may, for the purposes of the recovery provisions, make provision about the calculation and verification of—
- (a) any such value as is mentioned in section 36B(4)(b);
  - (b) any such amounts as are mentioned in section 36B(6)(a) and (b).
- (5) The power conferred by subsection (4) includes power to provide for calculation or verification—
- (a) in such manner as may, in the particular case, be approved by a prescribed person; or
  - <sup>F523</sup>(b) in accordance with guidance from time to time prepared by a prescribed person.]
- (6) References in the recovery provisions to the person responsible for a pension arrangement are to—
- (a) the trustees, managers or provider of the arrangement, or
  - (b) the person having functions in relation to the arrangement corresponding to those of a trustee, manager or provider.
- (7) In this section and sections 36A and 36B—
- “the recovery provisions” means this section and sections 36A and 36B;
  - “regulations” means regulations made by the Secretary of State.
- (8) Regulations under the recovery provisions may contain such incidental, supplemental and transitional provisions as appear to the Secretary of State necessary or expedient.

#### Textual Amendments

- F521** Ss. 36A-36C substituted (11.11.1999 for certain purposes and 6.4.2002 in so far as not already in force) by 1999 c. 30, ss. 16, 89; S.I. 2002/153, **art. 2(f)**
- F522** Words in s. 36C repealed (1.4.2008) by *Bankruptcy and Diligence etc. (Scotland) Act 2007 (asp 3)*, ss. 226, 227(3), **Sch. 6 Pt. 1** (with s. 223); S.S.I. 2008/115, **art. 3(2)(3)**, Sch. 2 (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))
- F523** S. 36C(5)(b) substituted (1.11.2007) by *Pensions Act 2007 (c. 22)*, ss. 17, 30(2)(c), **Sch. 5 para. 1**; S.I. 2007/3063, **art. 2(a)(b)**

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

- C60** S. 36C applied (with modifications) (4.4.2006) by *The Cross-Border Insolvency Regulations 2006* (S.I. 2006/1030), reg. 2(1), **Sch. 1 Article 23 paras. 1-3** (subject to paras. 6, 9)

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#### Marginal Citations

M11 1993 c. 48.

M12 1995 c. 26.

### [<sup>F524</sup>36D Recovery of excessive contributions in pension-sharing cases.

- (1) For the purposes of section 34 of this Act, a pension-sharing transaction shall be taken—
  - (a) to be a transaction, entered into by the transferor with the transferee, by which the appropriate amount is transferred by the transferor to the transferee; and
  - (b) to be capable of being an alienation challengeable under that section only so far as it is a transfer of so much of the appropriate amount as is recoverable.
- (2) For the purposes of section 35 of this Act, a pension-sharing transaction shall be taken—
  - (a) to be a pension sharing order made by the court under section 8(2) of the Family Law (Scotland) Act 1985; and
  - (b) to be an order capable of being recalled under that section only so far as it is a payment or transfer of so much of the appropriate amount as is recoverable.
- (3) For the purposes of section 36 of this Act, a pension-sharing transaction shall be taken—
  - (a) to be something (namely a transfer of the appropriate amount to the transferee) done by the transferor; and
  - (b) to be capable of being an unfair preference given to the transferee only so far as it is a transfer of so much of the appropriate amount as is recoverable.
- (4) Where—
  - (a) an alienation is challenged under section 34;
  - (b) an application is made under section 35 for the recall of an order made in divorce proceedings; or
  - (c) a transaction is challenged under section 36,if any question arises as to whether, or the extent to which, the appropriate amount in the case of a pension-sharing transaction is recoverable, the question shall be determined in accordance with subsections (5) to (9).
- (5) The court shall first determine the extent (if any) to which the transferor's rights under the shared arrangement at the time of the transaction appear to have been (whether directly or indirectly) the fruits of contributions ("personal contributions")—
  - (a) which the transferor has at any time made on his own behalf, or
  - (b) which have at any time been made on the transferor's behalf,to the shared arrangement or any other pension arrangement.
- (6) Where it appears that those rights were to any extent the fruits of personal contributions, the court shall then determine the extent (if any) to which those rights appear to have been the fruits of personal contributions whose making has unfairly prejudiced the transferor's creditors ("the unfair contributions").
- (7) If it appears to the court that the extent to which those rights were the fruits of the unfair contributions is such that the transfer of the appropriate amount could have been

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made out of rights under the shared arrangement which were not the fruits of the unfair contributions, then the appropriate amount is not recoverable.

- (8) If it appears to the court that the transfer could not have been wholly so made, then the appropriate amount is recoverable to the extent to which it appears to the court that the transfer could not have been so made.
- (9) In making the determination mentioned in subsection (6) the court shall consider in particular—
- (a) whether any of the personal contributions were made for the purpose of putting assets beyond the reach of the transferor’s creditors or any of them; and
  - (b) whether the total amount of any personal contributions represented, at the time the pension sharing arrangement was made, by rights under pension arrangements is an amount which is excessive in view of the transferor’s circumstances when those contributions were made.

- (10) In this section and sections 36E and 36F—

“appropriate amount”, in relation to a pension-sharing transaction, means the appropriate amount in relation to that transaction for the purposes of section 29(1) of the Welfare Reform and Pensions Act 1999 (creation of pension credits and debits);

“pension-sharing transaction” means an order or provision falling within section 28(1) of the Welfare Reform and Pensions Act 1999 (orders and agreements which activate pension-sharing);

“shared arrangement”, in relation to a pension-sharing transaction, means the pension arrangement to which the transaction relates;

“transferee”, in relation to a pension-sharing transaction, means the person for whose benefit the transaction is made;

“transferor”, in relation to a pension-sharing transaction, means the person to whose rights the transaction relates.]

#### Textual Amendments

**F524** S. 36D inserted (26.3.2002 for certain purposes and otherwise 6.4.2002) by 1999 c. 30, ss. 84(1), 89(1), **Sch. 12 Pt. II para. 69**; S.I 2002/818 {art. 3(b)}

#### [<sup>F525</sup>36E Recovery orders.

- (1) In this section and section 36F of this Act, “recovery order” means—
- (a) a decree granted under section 34(4) of this Act;
  - (b) an order made under section 35(2) of this Act;
  - (c) a decree granted under section 36(5) of this Act,
- in any proceedings to which section 36D of this Act applies.
- (2) Without prejudice to the generality of section 34(4), 35(2) or 36(5) a recovery order may include provision—
- (a) requiring the person responsible for a pension arrangement in which the transferee has acquired rights derived directly or indirectly from the pension-sharing transaction to pay an amount to the <sup>F526</sup> . . . trustee,
  - (b) adjusting the liabilities of the pension arrangement in respect of the transferee,

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- (c) adjusting any liabilities of the pension arrangement in respect of any other person that derive, directly or indirectly, from rights of the transferee under the arrangement,
  - (d) for the recovery by the person responsible for the pension arrangement (whether by deduction from any amount which that person is ordered to pay or otherwise) of costs incurred by that person in complying in the debtor's case with any requirement under section 36F(1) or in giving effect to the order.
- (3) In subsection (2), references to adjusting the liabilities of a pension arrangement in respect of a person include (in particular) reducing the amount of any benefit or future benefit to which that person is entitled under the arrangement.
- (4) The maximum amount which the person responsible for an arrangement may be required to pay by a recovery order is the smallest of—
- (a) so much of the appropriate amount as, in accordance with section 36D of this Act, is recoverable,
  - (b) so much (if any) of the amount of the unfair contributions (within the meaning given by section 36D(6)) as is not recoverable by way of an order under section 36A of this Act containing provision such as is mentioned in section 36B(1)(a), and
  - (c) the value of the debtor's rights under the arrangement acquired by the transferee as a consequence of the transfer of the appropriate amount.
- (5) A recovery order which requires the person responsible for an arrangement to pay an amount ("the restoration amount") to the <sup>F526</sup> . . . trustee must provide for the liabilities of the arrangement to be correspondingly reduced.
- (6) For the purposes of subsection (5), liabilities are correspondingly reduced if the difference between—
- (a) the amount of the liabilities immediately before the reduction, and
  - (b) the amount of the liabilities immediately after the reduction,
- is equal to the restoration amount.
- (7) A recovery order in respect of an arrangement—
- (a) shall be binding on the person responsible for the arrangement, and
  - (b) overrides provisions of the arrangement to the extent that they conflict with the provisions of the order.]

#### Textual Amendments

**F525** S. 36E inserted (26.3.2002 for certain purposes and otherwise 6.4.2002) by 1999 c. 30, ss. 84(1), 89(1), **Sch. 12 Pt. II para. 69**; S.I. 2002/818, {art. 3(b)}

**F526** Words in s. 36E repealed (1.4.2008) by **Bankruptcy and Diligence etc. (Scotland) Act 2007 (asp 3)**, ss. 226, 227(3), **Sch. 6 Pt. 1** (with s. 223); S.S.I. 2008/115, **art. 3(2)(3)**, Sch. 2 (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))

#### [<sup>F527</sup>36F Recovery orders: supplementary.

- (1) The person responsible for a pension arrangement under which the transferee has, at any time, acquired rights by virtue of the transfer of the appropriate amount shall, on the <sup>F528</sup> . . . trustee making a written request, provide the trustee with such information about the arrangement and the rights under it of the transferor and transferee as the

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<sup>F528</sup> . . . trustee may reasonably require for, or in connection with, the making of an application for a recovery order.

(2) Nothing in—

- (a) any provision of section 159 of the <sup>M13</sup>Pension Schemes Act 1993 or section 91 of the <sup>M14</sup>Pensions Act 1995 (which prevent assignation and the making of orders which restrain a person from receiving anything which he is prevented from assigning),
- (b) any provision of any enactment (whether passed or made before or after the passing of the Welfare Reform and Pensions Act 1999) corresponding to any of the provisions mentioned in paragraph (a), or
- (c) any provision of the arrangement in question corresponding to any of those provisions,

applies to a court exercising its power to make a recovery order.

(3) Regulations may, for the purposes of the recovery provisions, make provision about the calculation and verification of—

- (a) any such value as is mentioned in section 36E(4)(c);
- (b) any such amounts as are mentioned in section 36E(6)(a) and (b).

(4) The power conferred by subsection (3) includes power to provide for calculation or verification—

- (a) in such manner as may, in the particular case, be approved by a prescribed person; or
- <sup>F529</sup>(b) in accordance with guidance from time to time prepared by a prescribed person.]

(5) References in the recovery provisions to the person responsible for a pension arrangement are to—

- (a) the trustees, managers or provider of the arrangement, or
- (b) the person having functions in relation to the arrangement corresponding to those of a trustee, manager or provider.

(6) In this section—

- “prescribed” means prescribed by regulations;
- “the recovery provisions” means this section and sections 34, 35, 36 and 36E of this Act;
- “regulations” means regulations made by the Secretary of State.

(7) Regulations under the recovery provisions may—

- (a) make different provision for different cases;
- (b) contain such incidental, supplemental and transitional provisions as appear to the Secretary of State necessary or expedient.

(8) Regulations under the recovery provisions shall be made by statutory instrument subject to annulment in pursuance of a resolution of either House of Parliament.]

#### Textual Amendments

**F527** S. 36F inserted (26.3.2002 for certain purposes and otherwise 6.4.2002) by 1999 c. 30, ss. 84(1), 89(1), Sch. 12 Pt. II para. 69; S.I 2002/818 {art. 3(b)}



*Status: Point in time view as at 01/03/2016.*

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**F528** Words in s. 36F repealed (1.4.2008) by [Bankruptcy and Diligence etc. \(Scotland\) Act 2007 \(asp 3\)](#), ss. 226, 227(3), [Sch. 6 Pt. 1](#) (with s. 223); S.S.I. 2008/115, [art. 3\(2\)\(3\)](#), Sch. 2 (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))

**F529** S. 36F(4)(b) substituted (1.11.2007) by [Pensions Act 2007 \(c. 22\)](#), ss. 17, 30(2)(c), [Sch. 5 para. 2](#); S.I. 2007/3063, [art. 2\(a\)\(b\)](#)

#### Marginal Citations

**M13** 1993 c. 48.

**M14** 1995 c. 26.

### *Effect of sequestration on diligence*

#### 37 Effect of sequestration on diligence.

(1) The order of the [<sup>F530</sup>sheriff or, as the case may be, the determination of the debtor application by the Accountant in Bankruptcy] awarding sequestration shall as from the date of sequestration have the effect, in relation to diligence done (whether before or after the date of sequestration) in respect of any part of the debtor's estate, of—

(a) a decree of adjudication of the heritable estate of the debtor for payment of his debts which has been duly recorded in the register of inhibitions and adjudications on that date; and

(b) an arrestment in execution and decree of furthcoming, an arrestment in execution and warrant of sale, and [<sup>F531</sup>an attachment],

in favour of the creditors according to their respective entitlements.

(2) [<sup>F532</sup>Where an] inhibition on the estate of the debtor <sup>F533</sup> . . . takes effect within the period of 60 days before the date of sequestration <sup>F534</sup> . . . any relevant right of challenge shall, at the date of sequestration, vest in the <sup>F535</sup> . . . trustee as shall any right of the inhibitor to receive payment for the discharge of the inhibition:

Provided that this subsection shall neither entitle the trustee to receive any payment made to the inhibitor before the date of sequestration nor affect the validity of anything done before that date in consideration of such payment.

(3) In subsection (2) above, “any relevant right of challenge” means any right to challenge a deed voluntarily granted by the debtor if it is a right which vested in the inhibitor by virtue of the inhibition.

(4) No arrestment [<sup>F536</sup>, money attachment, interim attachment] or [<sup>F537</sup>attachment] of the estate of the debtor (including any estate vesting in the <sup>F538</sup> . . . trustee under section 32(6) of this Act) executed—

(a) within the period of 60 days before the date of sequestration and whether or not subsisting at that date; or

(b) on or after the date of sequestration,

shall be effectual to create a preference for the arrester or [<sup>F539</sup>attacher] ; and the estate so arrested or [<sup>F540</sup>attached][<sup>F541</sup>, or any funds released under section 73J(2) of the Debtors (Scotland) Act 1987 (c. 18) (automatic release of funds)] , or the proceeds of sale thereof, shall be handed over to the <sup>F542</sup> . . . trustee.

(5) An arrester or [<sup>F539</sup>attacher] whose arrestment [<sup>F543</sup>, money attachment, interim attachment] or [<sup>F537</sup>attachment] is executed within the said period of 60 days shall be

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entitled to payment, out of the arrested or [<sup>F540</sup>attached] estate or out of the proceeds of the sale thereof, of the expenses incurred—

- (a) in obtaining
  - [<sup>F544</sup>(i) warrant for interim attachment; or
  - (ii) the extract of the decree or other document on which the arrestment [<sup>F545</sup>, money attachment] or [<sup>F537</sup>attachment] proceeded;
- (b) in executing the arrestment [<sup>F546</sup>, money attachment, interim attachment] or [<sup>F537</sup>attachment] ; and
- (c) in taking any further action in respect of the diligence.

[<sup>F547</sup>(5A) Nothing in subsection (4) or (5) above shall apply to an earnings arrestment, a current maintenance arrestment [<sup>F548</sup>, a conjoined arrestment order or a deduction from earnings order under the Child Support Act 1991].]

(6) No pouncing of the ground in respect of the estate of the debtor (including any estate vesting in the <sup>F549</sup> . . . trustee under section 32(6) of this Act) executed within the period of 60 days before the date of sequestration or on or after that date shall be effectual in a question with the <sup>F549</sup> . . . trustee, except for the interest on the debt of a secured creditor, being interest for the current half-yearly term and arrears of interest for one year immediately before the commencement of that term.

(7) The foregoing provisions of this section shall apply to the estate of a deceased debtor which—

- (a) has been sequestrated; or
- (b) was absolutely insolvent at the date of death and in respect of which a judicial factor has been appointed under section 11A of the <sup>M15</sup>Judicial Factors (Scotland) Act 1889,

within 12 months after his death, but as if for any reference to the date of sequestration and the debtor there were substituted respectively a reference to the date of the deceased's death and to the deceased debtor.

(8) It shall be incompetent on or after the date of sequestration for any creditor to raise or insist in an adjudication against the estate of a debtor (including any estate vesting in the permanent trustee under section 32(6) of this Act) or to be confirmed as executor-creditor on the estate.

[<sup>F550</sup>(8A) A notice of land attachment registered—

- (a) on or after the date of sequestration against land forming part of the heritable estate of the debtor (including any estate vesting in the trustee by virtue of section 32(6) of this Act); or
- (b) before that date in relation to which, by that date, no land attachment is created, shall be of no effect.

(8B) Subject to subsections (8C) to (8F) below, it shall not be competent for a creditor to insist in a land attachment—

- (a) created over heritable estate of the debtor before the beginning of the period of six months mentioned in subsection (5B) above; and
- (b) which subsists on the date of sequestration.

(8C) Where, in execution of a warrant for sale, a contract to sell the land has been concluded—

- (a) the trustee shall concur in and ratify the deed implementing that contract; and

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- (b) the appointed person shall account for and pay to the trustee any balance of the proceeds of sale which would, but for the sequestration, be due to the debtor after disbursing those proceeds in accordance with section 116 of the Bankruptcy and Diligence etc. (Scotland) Act 2007 (asp 3) (disbursement of proceeds of sale of attached land).
- (8D) Subsection (8C) above shall not apply where the deed implementing the contract is not registered before the expiry of the period of 28 days beginning with the day on which—
- (a) the certified copy of the order of the sheriff granting warrant is recorded under subsection (1)(a) of section 14 of this Act; or
- (b) the certified copy of the determination of the Accountant in Bankruptcy awarding sequestration is recorded under subsection (1A) of that section, in the register of inhibitions.
- (8E) Where a decree of foreclosure has been granted but an extract of it has not registered, the creditor may proceed to complete title to the land by so registering that extract provided that the extract is registered before the expiry of the period mentioned in subsection (8D) above.
- (8F) The Scottish Ministers may—
- (a) prescribe such other period for the period mentioned in subsection (8D) above; and
- (b) prescribe different periods for the purposes of that subsection and subsection (8E) above,
- as they think fit.]
- (9) Where—
- (a) a deceased debtor's estate is sequestrated; or
- (b) a judicial factor is appointed under section 11A of the <sup>M16</sup>Judicial Factors (Scotland) Act 1889 to administer his estate (in a case where the estate is absolutely insolvent),
- within 12 months after the debtor's death, no confirmation as executor-creditor on that estate at any time after the debtor's death shall be effectual in a question with the <sup>F551</sup> . . . trustee or the judicial factor; but the executor-creditor shall be entitled out of that estate, or out of the proceeds of sale thereof, to the expenses incurred by him in obtaining the confirmation.
- [<sup>F552</sup>(10) Expressions used in subsections (5B), (5C) and (8A) to (8F) above which are also used in Chapter 2 of Part 4 of the Bankruptcy and Diligence etc. (Scotland) Act 2007 (asp 3) have the same meanings in those subsections as they have in that Chapter.]

#### Textual Amendments

**F530** Words in s. 37(1) substituted (1.4.2008) by [Bankruptcy and Diligence etc. \(Scotland\) Act 2007 \(asp 3\)](#), ss. 36, 227(3), [Sch. 1 para. 33](#) (with s. 223); S.S.I. 2008/115, [art. 3\(1\)\(i\)](#) (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))

**F531** Words in s. 37(1)(b) substituted (1.4.2008) by [Bankruptcy and Diligence etc. \(Scotland\) Act 2007 \(asp 3\)](#), ss. 226, 227(3), [Sch. 5 para. 13\(3\)\(a\)](#) (with s. 223); S.S.I. 2008/115, [art. 3\(2\)\(3\)](#) Sch. 1 (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))

**F532** Word in s. 37(2) substituted (22.4.2009) by [Bankruptcy and Diligence etc. \(Scotland\) Act 2007 \(asp 3\)](#), ss. 226(1), 227(3), [Sch. 5 para. 13\(3\)\(b\)](#) (with s. 223); S.S.I. 2009/67, [art. 3\(2\)\(3\)](#), Sch. 1

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- F533** Word in s. 37(2) repealed (22.4.2009) by Bankruptcy and Diligence etc. (Scotland) Act 2007 (asp 3), ss. 226, 227(3), **Sch. 6 Pt. 1** (with s. 223); S.S.I. 2009/67, **art. 3(2)(3)**, Sch. 2
- F534** Words in s. 37(2) repealed (1.4.2008) by Bankruptcy and Diligence etc. (Scotland) Act 2007 (asp 3), ss. 226, 227(3), **Sch. 6 Pt. 1** (with s. 223); S.S.I. 2008/115, **art. 3(1)(h)(2)(3)**, Sch. 2 (with arts. 4-6, 10) (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5)
- F535** Word in s. 37(2) repealed (1.4.2008) by Bankruptcy and Diligence etc. (Scotland) Act 2007 (asp 3), ss. 226, 227(3), **Sch. 6 Pt. 1** (with s. 223); S.S.I. 2008/115, **art. 3(1)(h)(2)(3)**, Sch. 2 (with arts. 4-6, 10) (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5)
- F536** Words in s. 37(4) inserted (1.4.2008 for specified purposes and 23.11.2009 otherwise) by Bankruptcy and Diligence etc. (Scotland) Act 2007 (asp 3), ss. 226, 227(3), **Sch. 5 para. 13(3)(c)(i)** (with s. 223); S.S.I. 2008/115, **art. 3(2)(3)**, Sch. 1 (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5)); S.S.I. 2009/369, **art. 3**, Sch. 1 (with transitional provisions in art. 4)
- F537** Words in s. 37(4)(5) substituted (30.12.2002) by Debt Arrangement and Attachment (Scotland) Act 2002 (asp. 17), s. 61, **Sch. 3 Pt. 1 para. 15(4)(a)**
- F538** Word in s. 37(4) repealed (1.4.2008) by Bankruptcy and Diligence etc. (Scotland) Act 2007 (asp 3), ss. 226, 227(3), **Sch. 6 Pt. 1** (with s. 223); S.S.I. 2008/115, **art. 3(1)(h)(2)(3)**, Sch. 2 (with arts. 4-6, 10) (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5)
- F539** Words in s. 37(4)(5) substituted (30.12.2002) by Debt Arrangement and Attachment (Scotland) Act 2002 (asp. 17), s. 61, **Sch. 3 Pt. 1 para. 15(4)(b)**
- F540** Words in s. 37(4)(5) substituted (30.12.2002) by Debt Arrangement and Attachment (Scotland) Act 2002 (asp. 17), s. 61, **Sch. 3 Pt. 1 para. 15(4)(c)**
- F541** Words in s. 37(4) inserted (1.4.2008) by Bankruptcy and Diligence etc. (Scotland) Act 2007 (asp 3), ss. 226, 227(3), **Sch. 5 para. 13(3)(c)(ii)** (with s. 223); S.S.I. 2008/115, **art. 3(2)(3)**, Sch. 1 (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))
- F542** Word in s. 37(4) repealed (1.4.2008) by Bankruptcy and Diligence etc. (Scotland) Act 2007 (asp 3), ss. 226, 227(3), **Sch. 6 Pt. 1** (with s. 223); S.S.I. 2008/115, **art. 3(1)(h)(2)(3)**, Sch. 2 (with arts. 4-6, 10) (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5)
- F543** Words in s. 37(5) inserted (1.4.2008 for specified purposes and 23.11.2009 otherwise) by Bankruptcy and Diligence etc. (Scotland) Act 2007 (asp 3), ss. 226, 227(3), **Sch. 5 para. 13(3)(d)(i)** (with s. 223); S.S.I. 2008/115, **art. 3(2)(3)**, Sch. 1 (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5)); S.S.I. 2009/369, **art. 3**, Sch. 1 (with transitional provisions in art. 4)
- F544** Words in s. 37(5)(a) inserted (1.4.2008) by Bankruptcy and Diligence etc. (Scotland) Act 2007 (asp 3), ss. 226, 227(3), **Sch. 5 para. 13(3)(d)(ii)** (with s. 223); S.S.I. 2008/115, **art. 3(1)(h)(2)(3)**, Sch. 1 (with arts. 4-6, 10) (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5)
- F545** Words in s. 37(5) inserted (23.11.2009) by Bankruptcy and Diligence etc. (Scotland) Act 2007 (asp 3), ss. 226, 227(3), **Sch. 5 para. 13(3)(d)(iii)** (with s. 223); S.S.I. 2009/369, art. 3(2)(3), Sch. 1
- F546** Words in s. 37(5)(b) inserted (1.4.2008 for specified purposes and 23.11.2009 otherwise) by Bankruptcy and Diligence etc. (Scotland) Act 2007 (asp 3), ss. 226, 227(3), **Sch. 5 para. 13(3)(d)(iv)** (with s. 223); S.S.I. 2008/115, **art. 3(2)(3)**, Sch. 1 (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5)); S.S.I. 2009/369, **art. 3**, Sch. 1 (with transitional provisions in art. 4)
- F547** S. 37(5A) inserted by Debtors (Scotland) Act 1987 (c. 18, SIF 45:2), s. 108(1)(2), Sch. 6 para. 27, Sch. 7 paras. 5, **9(1)**
- F548** Words in s. 37(5A) substituted (4.4.1993) by Child Support Act 1991 (c. 48, SIF 20), s. 58(13), **Sch. 5 para. 6(3)** (with s. 9(2)); S.I. 1992/2644, **art. 2**.
- F549** Words in s. 37(6) repealed (1.4.2008) by Bankruptcy and Diligence etc. (Scotland) Act 2007 (asp 3), ss. 226, 227(3), **Sch. 6 Pt. 1** (with s. 223); S.S.I. 2008/115, **art. 3(1)(h)(2)(3)**, Sch. 2 (with arts. 4-6, 10) (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5)
- F550** S. 37(8A)-(8F) inserted (1.4.2008 for certain purposes, otherwise prosp.) by Bankruptcy and Diligence etc. (Scotland) Act 2007 (asp 3), ss. 226, 227(3), **Sch. 5 para. 13(3)(f)** (with s. 223); S.S.I. 2008/115, **art. 3(2)(3)**, Sch. 1 (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))

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**F551** Word in s. 37(9) repealed (1.4.2008) by [Bankruptcy and Diligence etc. \(Scotland\) Act 2007 \(asp 3\)](#), ss. 226, 227(3), [Sch. 6 Pt. 1](#) (with s. 223); S.S.I. 2008/115, [art. 3\(1\)\(h\)\(2\)\(3\)](#), Sch. 2 (with arts. 4-6, 10) (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5)

**F552** S. 37(10) inserted (1.4.2008 for certain purposes, otherwise prosp.) by [Bankruptcy and Diligence etc. \(Scotland\) Act 2007 \(asp 3\)](#), ss. 226, 227(3), [Sch. 5 para. 13\(3\)\(g\)](#) (with s. 223); S.S.I. 2008/115, [art. 3\(2\)\(3\)](#), Sch. 1 (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))

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

**C61** S. 37(1)–(5)(6) applied with modifications by [Insolvency Act 1986 \(c. 45, SIF 66\)](#), [ss. 185\(1\)\(a\)](#), 443

**C62** S. 37(4) applied (1.7.2010) by 1956 c. 46, s. 47G(3) (as inserted by the [Bankruptcy and Diligence etc. \(Scotland\) Act 2007 \(asp 3\)](#), ss. 213, 227(3), [Sch. 4 para. 12](#) (with s. 223)); S.S.I. 2010/249, [art. 2](#) (with art. 3)

**C63** S. 37(5) applied (1.7.2010) by 1956 c. 46, s. 47G(3) (as inserted by the [Bankruptcy and Diligence etc. \(Scotland\) Act 2007 \(asp 3\)](#), ss. 213, 227(3), [Sch. 4 para. 12](#) (with s. 223)); S.S.I. 2010/249, [art. 2](#) (with art. 3)

#### Marginal Citations

**M15** 1889 c. 39.

**M16** 1889 c. 39.

### *[<sup>F553</sup>Administration of estate by trustee]*

#### Textual Amendments

**F553** Cross-heading preceding s. 38 substituted (1.4.2008) by virtue of [Bankruptcy and Diligence etc. \(Scotland\) Act 2007 \(asp 3\)](#), ss. 36, 227(3), [Sch. 1 para. 34\(3\)](#) (with s. 223); S.S.I. 2008/115, [art. 3\(1\)\(i\)](#) (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))

### 38 *[<sup>F554</sup>Taking possession of estate by trustee]*

- (1) The <sup>F555</sup> . . . trustee shall—
  - (a) as soon as may be after his [<sup>F556</sup>appointment], for the purpose of recovering the debtor's estate under section 3(1)(a) of this Act, and subject to section 40 of this Act, take possession of the debtor's whole estate so far as vesting in the <sup>F555</sup> . . . trustee under sections 31 and 32 of this Act and any document in the debtor's possession or control relating to his assets or his business or financial affairs;
  - (b) make up and maintain an inventory and valuation of the estate <sup>F557</sup> . . . ; and
  - (c) forthwith thereafter send a copy of any such inventory and valuation to the Accountant in Bankruptcy.
- (2) The <sup>F555</sup> . . . trustee shall be entitled to have access to all documents relating to the assets or the business or financial affairs of the debtor sent by or on behalf of the debtor to a third party and in that third party's hands and to make copies of any such documents.
- (3) If any person obstructs a <sup>F555</sup> . . . trustee who is exercising, or attempting to exercise, a power conferred by subsection (2) above, the sheriff, on the application of the <sup>F555</sup> . . . trustee, may order that person to cease so to obstruct the <sup>F555</sup> . . . trustee.

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- (4) The <sup>F555</sup> . . . trustee may require delivery to him of any title deed or other document of the debtor, notwithstanding that a right of lien is claimed over the title deed or document; but this subsection is without prejudice to any preference of the holder of the lien.

#### Textual Amendments

- F554** S. 38 heading substituted (1.4.2008) by virtue of [Bankruptcy and Diligence etc. \(Scotland\) Act 2007 \(asp 3\)](#), ss. 36, 227(3), [Sch. 1 para. 34\(2\)](#) (with s. 223); S.S.I. 2008/115, [art. 3\(1\)\(i\)](#) (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))
- F555** Words in s. 38 repealed (1.4.2008) by [Bankruptcy and Diligence etc. \(Scotland\) Act 2007 \(asp 3\)](#), ss. 226, 227(3), [Sch. 6 Pt. 1](#) (with s. 223); S.S.I. 2008/115, [art. 3\(2\)\(3\)](#), Sch. 2 (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))
- F556** Word in s. 38(1)(a) substituted (1.4.2008) by [Bankruptcy and Diligence etc. \(Scotland\) Act 2007 \(asp 3\)](#), ss. 36, 227(3), [Sch. 1 para. 34\(1\)](#) (with s. 223); S.S.I. 2008/115, [art. 3\(1\)\(i\)](#) (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))
- F557** Words in s. 38(1)(b) repealed (1.4.2015) by [Bankruptcy and Debt Advice \(Scotland\) Act 2014 \(asp 11\)](#), s. 57(2), [sch. 4](#); S.S.I. 2014/261, [art. 3](#) (with arts. 4-7, 12) (as amended by S.S.I. 2015/54, art. 2)

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

- C64** Ss. 38, 39(4)(7) applied with modifications by [S.I. 1986/1915](#), [Rule 4.22.\(1\)](#)

### 39 Management and realisation of estate.

- (1) As soon as may be after his [<sup>F558</sup>appointment], the <sup>F559</sup> . . . trustee shall consult <sup>F560</sup> . . . with the Accountant in Bankruptcy concerning the exercise of his functions under section 3(1)(a) of this Act; and, subject to [<sup>F561</sup>subsections (1A), (6) and (9)] below, the <sup>F559</sup> . . . trustee shall comply with any general or specific directions given to him, as the case may be—

- (a) by the creditors;
  - (b) on the application under this subsection of the commissioners, by the [<sup>F562</sup>sheriff]; or
  - (c) <sup>F563</sup> . . . by the Accountant in Bankruptcy,
- as to the exercise by him of such functions.

[<sup>F564</sup>(1A) Subsection (1) above does not apply in any case where the Accountant in Bankruptcy is the trustee.]

- (2) The <sup>F565</sup> . . . trustee may <sup>F565</sup> . . . do any of the following things <sup>F565</sup> . . . —
- (a) carry on [<sup>F566</sup>or close down] any business of the debtor;
  - (b) bring, defend or continue any legal proceedings relating to the estate of the debtor;
  - (c) create a security over any part of the estate;
  - (d) where any right, option or other power forms part of the debtor's estate, make payments or incur liabilities with a view to obtaining, for the benefit of the creditors, any property which is the subject of the right, option or power.
- [<sup>F567</sup>(e) borrow money in so far as it is necessary for the trustee to do so to safeguard the debtor's estate;
- (f) effect or maintain insurance policies in respect of the business or property of the debtor.]

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- (3) Any sale of the debtor's estate by the <sup>F568</sup> . . . trustee may be by either public sale or private bargain.
- (4) The following rules shall apply to the sale of any part of the debtor's heritable estate over which a heritable security is held by a creditor or creditors if the rights of the secured creditor or creditors are preferable to those of the <sup>F568</sup> . . . trustee—
- (a) the <sup>F568</sup> . . . trustee may sell that part only with the concurrence of every such creditor unless he obtains a sufficiently high price to discharge every such security;
  - (b) subject to paragraph (c) below, the following acts shall be precluded—
    - (i) the taking of steps by a creditor to enforce his security over that part after the <sup>F568</sup> . . . trustee has intimated to the creditor that he intends to sell it;
    - (ii) the commencement by the <sup>F568</sup> . . . trustee of the procedure for the sale of that part after a creditor has intimated to the <sup>F568</sup> . . . trustee that he intends to commence the procedure for its sale;
  - (c) where the <sup>F568</sup> . . . trustee or a creditor has given intimation under paragraph (b) above, but has unduly delayed in proceeding with the sale, then, if authorised by the [<sup>F569</sup> sheriff] in the case of intimation under—
    - (i) sub-paragraph (i) of that paragraph, any creditor to whom intimation has been given may enforce his security; or
    - (ii) sub-paragraph (ii) of that paragraph, the <sup>F568</sup> . . . trustee may sell that part.
- (5) The function of the <sup>F568</sup> . . . trustee under section 3(1)(a) of this Act to realise the debtor's estate shall include the function of selling, with or without recourse against the estate, debts owing to the estate.
- (6) The <sup>F568</sup> . . . trustee may sell any perishable goods without complying with any directions given to him under subsection (1)(a) or (c) above if the <sup>F568</sup> . . . trustee considers that compliance with such directions would adversely affect the sale.
- (7) The validity of the title of any purchaser shall not be challengeable on the ground that there has been a failure to comply with a requirement of this section.
- (8) It shall be incompetent for the <sup>F568</sup> . . . trustee or an associate of his or for any commissioner, to purchase any of the debtor's estate in pursuance of this section.
- [<sup>F570</sup>(9) The trustee—
- (a) shall comply with the requirements of subsection (4) of this section; and
  - (b) may do anything permitted by this section,
- only in so far as, in his view, it would be of financial benefit to the estate of the debtor and in the interests of the creditors to do so.]

#### Textual Amendments

**F558** Words in s. 39(1) substituted (1.4.2008) by [Bankruptcy and Diligence etc. \(Scotland\) Act 2007 \(asp 3\)](#), ss. 36, 227(3), [Sch. 1 para. 35\(2\)\(a\)](#) (with s. 223); S.S.I. 2008/115, [art. 3\(1\)\(i\)](#) (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))

**F559** Words in s. 39(1) repealed (1.4.2008) by [Bankruptcy and Diligence etc. \(Scotland\) Act 2007 \(asp 3\)](#), ss. 226, 227(3), [Sch. 6 Pt. 1](#) (with s. 223); S.S.I. 2008/115, [art. 3\(2\)\(3\)](#), [Sch. 2](#) (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))

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- F560** Words in s. 39(1) repealed (1.4.2008) by Bankruptcy and Diligence etc. (Scotland) Act 2007 (asp 3), ss. 226, 227(3), **Sch. 6 Pt. 1** (with s. 223); S.S.I. 2008/115, **art. 3(2)(3)**, Sch. 2 (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))
- F561** Words in s. 39(1) substituted (1.4.2008) by Bankruptcy and Diligence etc. (Scotland) Act 2007 (asp 3), ss. 36, 227(3), **Sch. 1 para. 35(2)(b)** (with s. 223); S.S.I. 2008/115, **art. 3(1)(i)** (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))
- F562** Word in s. 39(1)(b) substituted (1.4.2008) by Bankruptcy and Diligence etc. (Scotland) Act 2007 (asp 3), ss. 36, 227(3), **Sch. 1 para. 35(2)(c)** (with s. 223); S.S.I. 2008/115, **art. 3(1)(i)** (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))
- F563** Words in s. 39(1)(c) repealed (1.4.2008) by Bankruptcy and Diligence etc. (Scotland) Act 2007 (asp 3), ss. 226, 227(3), **Sch. 6 Pt. 1** (with s. 223); S.S.I. 2008/115, **art. 3(1)(i)** (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))
- F564** S. 39(1A) inserted (1.4.2008) by Bankruptcy and Diligence etc. (Scotland) Act 2007 (asp 3), ss. 36, 227(3), **Sch. 1 para. 35(3)** (with s. 223); S.S.I. 2008/115, **art. 3(1)(i)** (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))
- F565** Words in s. 39(2) repealed (1.4.2008) by Bankruptcy and Diligence etc. (Scotland) Act 2007 (asp 3), ss. 226, 227(3), **Sch. 6 Pt. 1** (with s. 223); S.S.I. 2008/115, **art. 3(2)(3)**, Sch. 2 (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))
- F566** Words in s. 39(2)(a) inserted (1.4.2008) by Bankruptcy and Diligence etc. (Scotland) Act 2007 (asp 3), ss. 36, 227(3), **Sch. 1 para. 35(4)(a)** (with s. 223); S.S.I. 2008/115, **art. 3(1)(i)** (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))
- F567** S. 39(2)(e)(f) inserted (1.4.2008) by Bankruptcy and Diligence etc. (Scotland) Act 2007 (asp 3), ss. 36, 227(3), **Sch. 1 para. 35(4)(b)** (with s. 223); S.S.I. 2008/115, **art. 3(1)(i)** (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))
- F568** Words in s. 39(3)-(6)(8) repealed (1.4.2008) by Bankruptcy and Diligence etc. (Scotland) Act 2007 (asp 3), ss. 226, 227(3), **Sch. 6 Pt. 1** (with s. 223); S.S.I. 2008/115, **art. 3(2)(3)**, Sch. 2 (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))
- F569** Word in s. 39(4)(c) substituted (1.4.2008) by Bankruptcy and Diligence etc. (Scotland) Act 2007 (asp 3), ss. 36, 227(3), **Sch. 1 para. 35(5)** (with s. 223); S.S.I. 2008/115, **art. 3(1)(i)** (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))
- F570** S. 39(9) inserted (1.4.2008) by Bankruptcy and Diligence etc. (Scotland) Act 2007 (asp 3), ss. 8(2), 227(3) (with s. 223); S.S.I. 2008/115, **art. 3(1)(a)** (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))

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

- C65** S. 39(3)(4)(7)(8) applied with modifications by Insolvency Act 1986 (c. 45, SIF 66), **ss. 185(1)(b)**, 443
- C66** Ss. 38, 39(4)(7) applied with modifications by S.I. 1986/1915, **Rule 4.22.(1)**

### [<sup>F571</sup>39A Debtor's home ceasing to form part of sequestrated estate

- (1) This section applies where a debtor's sequestrated estate includes any right or interest in the debtor's family home.
- (2) At the end of the period of 3 years beginning with the date of sequestration the right or interest mentioned in subsection (1) above shall—
  - (a) cease to form part of the debtor's sequestrated estate; and
  - (b) be reinvested in the debtor (without disposition, conveyance, assignation or other transfer).
- (3) Subsection (2) above shall not apply if, during the period mentioned in that subsection—



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- (a) the trustee disposes of or otherwise realises the right or interest mentioned in subsection (1) above;
  - (b) the trustee concludes missives for sale of the right or interest;
  - (c) the trustee sends a memorandum to the keeper of the register of inhibitions under section 14(4) of this Act;
  - (d) the trustee <sup>F572</sup> completes title in the Land Register of Scotland or, as the case may be, the Register of Sasines] in relation to the right or interest mentioned in subsection (1) above;
  - (e) the trustee commences proceedings—
    - (i) to obtain the authority of the sheriff under section 40(1)(b) of this Act to sell or dispose of the right or interest;
    - (ii) in an action for division and sale of the family home; or
    - (iii) in an action for the purpose of obtaining vacant possession of the family home;
  - (f) the trustee and the debtor enter into an agreement such as is mentioned in subsection (5) below;
  - <sup>F573</sup>(g) the trustee has commenced an action under section 34 of this Act in respect of any right or interest mentioned in subsection (1) above or the trustee has not known about the facts giving rise to a right of action under section 34 of this Act, provided the trustee commences such an action reasonably soon after the trustee becomes aware of such right.]
- (4) The Scottish Ministers may, by regulations, modify paragraphs (a) to (f) of subsection (3) above so as to—
- (a) add or remove a matter; or
  - (b) vary any such matter,
- referred to in that subsection.
- (5) The agreement referred to in subsection (3)(f) above is an agreement that the debtor shall incur a specified liability to his estate (with or without interest from the date of the agreement) in consideration of which the right or interest mentioned in subsection (1) above shall—
- (a) cease to form part of the debtor's sequestrated estate; and
  - (b) be reinvested in the debtor (without disposition, conveyance, assignation or other transfer).
- (6) If the debtor does not inform the trustee or the Accountant in Bankruptcy of his right or interest in the family home before the end of the period of 3 months beginning with the date of sequestration, the period of 3 years mentioned in subsection (2) above—
- (a) shall not begin with the date of sequestration; but
  - (b) shall begin with the date on which the trustee <sup>F574</sup> ... becomes aware of the debtor's right or interest.
- (7) The sheriff may, on the application of the trustee, substitute for the period of 3 years mentioned in subsection (2) above a longer period—
- (a) in prescribed circumstances; and
  - (b) in such other circumstances as the sheriff thinks appropriate.
- (8) The Scottish Ministers may, by regulations—

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- (a) make provision for this section to have effect with the substitution, in such circumstances as the regulations may prescribe, of a shorter period for the period of 3 years mentioned in subsection (2) above;
- (b) prescribe circumstances in which this section does not apply;
- (c) prescribe circumstances in which a sheriff may disapply this section;
- (d) make provision requiring the trustee to give notice that this section applies or does not apply;
- (e) make provision about compensation;
- (f) make such provision as they consider necessary or expedient in consequence of regulations made under paragraphs (a) to (e) above.

(9) In this section, “family home” has the same meaning as in section 40 of this Act.]

#### Textual Amendments

- F571** S. 39A inserted (1.4.2008) by [Bankruptcy and Diligence etc. \(Scotland\) Act 2007 \(asp 3\), ss. 19\(2\), 227\(3\)](#) (with s. 223); S.S.I. 2008/115, [art. 3\(1\)\(a\)](#) (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))
- F572** Words in s. 39A(3)(d) substituted (1.4.2015) by [Bankruptcy and Debt Advice \(Scotland\) Act 2014 \(asp 11\), s. 57\(2\), sch. 3 para. 21](#); S.S.I. 2014/261, [art. 3](#) (with arts. 4-7, 12) (as amended by S.S.I. 2015/54, art. 2)
- F573** S. 39A(3)(g) substituted (1.4.2015) by [The Bankruptcy \(Money Advice and Deduction from Income etc.\) \(Scotland\) Regulations 2014 \(S.S.I. 2014/296\), regs. 1\(2\), 9](#)
- F574** Words in s. 39A(6)(b) repealed (1.4.2015) by [Bankruptcy and Debt Advice \(Scotland\) Act 2014 \(asp 11\), s. 57\(2\), sch. 4](#); S.S.I. 2014/261, [art. 3](#) (with arts. 4-7, 12) (as amended by S.S.I. 2015/54, art. 2)

#### 40 [F575 Power of trustee in relation to the debtor's family home]

- (1) Before the <sup>F576</sup> . . . trustee [<sup>F577</sup> or the trustee acting under the trust deed] sells or disposes of any right or interest in the debtor’s family home he shall—
- (a) obtain the relevant consent; or
  - (b) where he is unable to do so, obtain the authority of the [<sup>F578</sup>sheriff] in accordance with subsection (2) [<sup>F579</sup>or, as the case may be, subsection (3)] below.
- (2) Where the <sup>F576</sup> . . . trustee [<sup>F577</sup> or the trustee acting under the trust deed] requires to obtain the authority of the [<sup>F580</sup>sheriff] in terms of subsection (1)(b) above, the [<sup>F580</sup>sheriff] , after having regard to all the circumstances of the case, including—
- (a) the needs and financial resources of the debtor’s spouse or former spouse;
  - [F581](aa) the needs and financial resources of the debtor’s civil partner or former civil partner;]
  - (b) the needs and financial resources of any child of the family;
  - (c) the interests of the creditors;
  - (d) the length of the period during which (whether before or after the relevant date) the family home was used as a residence by any of the persons referred to in [<sup>F582</sup>paragraphs (a) to (b)] above,

may refuse to grant the application or may postpone the granting of the application for such period (not exceeding [<sup>F583</sup>3 years]) as [<sup>F584</sup>he] may consider reasonable in the circumstances or may grant the application subject to such conditions as [<sup>F584</sup>he] may prescribe.

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(3) Subsection (2) above shall apply—

- (a) to an action for division and sale of the debtor’s family home; or
- (b) to an action for the purpose of obtaining vacant possession of the debtor’s family home,

brought by the <sup>F576</sup> . . . trustee [<sup>F577</sup> or the trustee acting under the trust deed] as it applies to an application under subsection (1)(b) above and, for the purposes of this subsection, any reference in the said subsection (2) to that granting of the application shall be construed as a reference to the granting of decree in the action.

<sup>F585</sup>(3A) Before commencing proceedings to obtain the authority of the sheriff under [<sup>F586</sup>subsection (2) or (3)] the trustee, or the trustee acting under the trust deed, must give notice of the proceedings to the local authority in whose area the home is situated.

(3B) Notice under subsection (3A) must be given in such form and manner as may be prescribed by the Scottish Ministers.]

(4) In this section—

- (a) “family home” means any property in which, at the relevant date, the debtor had (whether alone or in common with any other person) a right or interest, being property which was occupied at that date as a residence by the debtor and his spouse [<sup>F587</sup> or civil partner] or by the debtor’s spouse [<sup>F588</sup> or civil partner] or former spouse [<sup>F588</sup> or civil partner](in any case with or without a child of the family) or by the debtor with a child of the family;

- (b) “child of the family” includes any child or grandchild of either the debtor or his spouse [<sup>F589</sup> or civil partner] or former spouse [<sup>F589</sup> or civil partner], and any person who has been brought up or accepted by either the debtor or his spouse [<sup>F590</sup> or civil partner] or former spouse [<sup>F590</sup> or civil partner] as if he or she were a child of the debtor, spouse [<sup>F590</sup> or civil partner] or former spouse [<sup>F590</sup> or civil partner] whatever the age of such a child, grandchild or person may be;

<sup>F591</sup>(ba) “local authority” means a council constituted under section 2 of the Local Government etc. (Scotland) Act 1994 (c. 39);]

- (c) “relevant consent” means in relation to the sale or disposal of any right or interest in a family home—

- (i) in a case where the family home is occupied by the debtor’s spouse [<sup>F592</sup> or civil partner] or former spouse [<sup>F592</sup> or civil partner] , the consent of the spouse [<sup>F592</sup> or civil partner] , or, as the case may be, the former spouse [<sup>F592</sup> or civil partner] , whether or not the family home is also occupied by the debtor;

- (ii) where sub-paragraph (i) above does not apply, in a case where the family home is occupied by the debtor with a child of the family, the consent of the debtor; and

- (d) “relevant date” means the day immediately preceding the date of sequestration [<sup>F593</sup> or, as the case may be, the day immediately preceding the date the trust deed was granted].

#### Textual Amendments

**F575** S. 40 heading substituted (1.4.2008) by virtue of [Bankruptcy and Diligence etc. \(Scotland\) Act 2007 \(asp 3\)](#), ss. 36, 227(3), [Sch. 1 para. 36\(c\)](#) (with s. 223); S.S.I. 2008/115, [art. 3\(1\)\(i\)](#) (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))

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- F576** Words in s. 40 repealed (1.4.2008) by Bankruptcy and Diligence etc. (Scotland) Act 2007 (asp 3), ss. 226, 227(3), **Sch. 6 Pt. 1** (with s. 223); S.S.I. 2008/115, **art. 3(2)(3)**, Sch. 2 (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))
- F577** Words in s. 40(1)(2)(3) inserted (15.11.2010) by Home Owner and Debtor Protection (Scotland) Act 2010 (asp 6), **ss. 11(a), 17(3)(4)** (with s. 14); S.S.I. 2010/314, art. 6 (subject to transitional provisions and savings in S.S.I. 2010/316, arts 4-7)
- F578** Word in s. 40(1) substituted (1.4.2008) by Bankruptcy and Diligence etc. (Scotland) Act 2007 (asp 3), ss. 36, 227(3), **Sch. 1 para. 36(a)** (with s. 223); S.S.I. 2008/115, **art. 3(1)(a)** (with arts. 4-6, 10) (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5)
- F579** Words in s. 40(1)(b) inserted (1.4.2015) by Bankruptcy and Debt Advice (Scotland) Act 2014 (asp 11), **ss. 49(a), 57(2)**; S.S.I. 2014/261, art. 3 (with arts. 4-7, 11, 12) (as amended by S.S.I. 2015/54, art. 2)
- F580** Words in s. 40(2) substituted (1.4.2008) by Bankruptcy and Diligence etc. (Scotland) Act 2007 (asp 3), ss. 36, 227(3), **Sch. 1 para. 36(b)(i)** (with s. 223); S.S.I. 2008/115, **art. 3(1)(i)** (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))
- F581** S. 40(2)(aa) inserted (5.12.2005) by Civil Partnership Act 2004 (c. 33), ss. 261(2), 263, **Sch. 28 para. 36(1)(2)**; S.S.I. 2005/604 {art. 2(c)}
- F582** Words in s. 40(2)(d) substituted (5.12.2005) by Civil Partnership Act 2004 (c. 33), ss. 261(2), 263, **Sch. 28 para. 36(1)(3)**; S.S.I. 2005/604 {art. 2(c)}
- F583** Words in s. 40(2) substituted (15.11.2010) by Home Owner and Debtor Protection (Scotland) Act 2010 (asp 6), **ss. 11(b), 17(3)(4)** (with s. 14); S.S.I. 2010/314, art. 6 (subject to transitional provisions and savings in S.S.I. 2010/316, arts 4-7)
- F584** Words in s. 40(2) substituted (1.4.2008) by Bankruptcy and Diligence etc. (Scotland) Act 2007 (asp 3), ss. 36, 227(3), **Sch. 1 para. 36(b)(ii)** (with s. 223); S.S.I. 2008/115, **art. 3(1)(i)** (with arts. 4-6, 10) (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5); S.S.I. 2008/115, **art. 3(1)(a)(i)** (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))
- F585** S. 40(3A)(3B) inserted (7.9.2010 for specified purposes and 15.11.2010 otherwise) by Home Owner and Debtor Protection (Scotland) Act 2010 (asp 6), **ss. 11(c), 17(3)(4)** (with s. 14); S.S.I. 2010/314, arts. 5, 6 (subject to transitional provisions and savings in S.S.I. 2010/316, arts 4-7)
- F586** Words in s. 40(3A) substituted (1.4.2015) by Bankruptcy and Debt Advice (Scotland) Act 2014 (asp 11), **ss. 49(b), 57(2)**; S.S.I. 2014/261, art. 3 (with arts. 4-7, 11, 12) (as amended by S.S.I. 2015/54, art. 2)
- F587** Words in s. 40(4)(a) inserted (5.12.2005) by Civil Partnership Act 2004 (c. 33), ss. 261(2), 263, **Sch. 28 para. 36(1)(4)(a)**; S.S.I. 2005/604, art. 2(c)
- F588** Words in s. 40(4)(a) inserted (5.12.2005) by Civil Partnership Act 2004 (c. 33), ss. 261(2), 263, **Sch. 28 para. 36(1)(4)(a)**; S.S.I. 2005/604, art. 2(c)
- F589** Words in s. 40(4)(b) inserted (5.12.2005) by Civil Partnership Act 2004 (c. 33), ss. 261(2), 263, **Sch. 28 para. 36(1)(4)(b)**; S.S.I. 2005/604, art. 2(c)
- F590** Words in s. 40(4)(b) inserted (5.12.2005) by Civil Partnership Act 2004 (c. 33), ss. 261(2), 263, **Sch. 28 para. 36(1)(4)(b)**; S.S.I. 2005/604, art. 2(c)
- F591** S. 40(4)(ba) inserted (15.11.2010) by Home Owner and Debtor Protection (Scotland) Act 2010 (asp 6), **ss. 11(d)(i), 17(3)(4)** (with s. 14); S.S.I. 2010/314, art. 6 (subject to transitional provisions and savings in S.S.I. 2010/316, arts 4-7)
- F592** Words in s. 40(4)(c)(i) inserted (5.12.2005) by Civil Partnership Act 2004 (c. 33), ss. 261(2), 263, **Sch. 28 para. 36(1)(4)(c)**; S.S.I. 2005/604 {art. 2(c)}
- F593** Words in s. 40(4)(d) inserted (15.11.2010) by Home Owner and Debtor Protection (Scotland) Act 2010 (asp 6), **ss. 11(d)(ii), 17(3)(4)** (with s. 14); S.S.I. 2010/314, art. 6 (subject to transitional provisions and savings in S.S.I. 2010/316, arts 4-7)

#### 41 Protection of rights of spouse against arrangements intended to defeat them.

- (1) If a debtor's sequestrated estate includes a matrimonial home of which the debtor, immediately before the date [F594 the order is made appointing] the F595 . . . trustee (or,

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if more than one [<sup>F596</sup>trustee is appointed] in the sequestration, of the first [<sup>F597</sup>order making such an appointment]) was an entitled spouse and the other spouse is a non-entitled spouse—

- (a) the <sup>F595</sup> . . . trustee shall, where he—
- (i) is aware that the entitled spouse is married to the non-entitled spouse; and
  - (ii) knows where the non-entitled spouse is residing,
- inform the non-entitled spouse, within the period of 14 days beginning with that date, of the fact that sequestration of the entitled spouse’s estate has been awarded, of the right of petition which exists under section 16 of this Act and of the effect of paragraph (b) below; and
- (b) the [<sup>F598</sup>sheriff] , on the petition under section 16 of this Act of the non-entitled spouse presented either within the period of 40 days beginning with that date or within the period of 10 weeks beginning with the date [<sup>F599</sup>of the award] of sequestration may—
- (i) under section 17 of this Act recall the sequestration; or
  - (ii) make such order as [<sup>F600</sup>he] thinks appropriate to protect the occupancy rights of the non-entitled spouse;
- if [<sup>F600</sup>he] is satisfied that the purpose of the petition for sequestration [<sup>F601</sup>or, as the case may be, the debtor application] was wholly or mainly to defeat the occupancy rights of the non-entitled spouse.

(2) In subsection (1) above—

“entitled spouse” and “non-entitled spouse” have the same meanings as in section 6 of the <sup>M17</sup>Matrimonial Homes (Family Protection) (Scotland) Act 1981;

“matrimonial home” has the meaning assigned by section 22 of that Act as amended by the <sup>M18</sup>Law Reform (Miscellaneous Provisions) (Scotland) Act 1985; and

“occupancy rights” has the meaning assigned by section 1(4) of the said Act of 1981.

### Textual Amendments

- F594** Words in s. 41(1) substituted (1.4.2008) by Bankruptcy and Diligence etc. (Scotland) Act 2007 (asp 3), ss. 36, 227(3), **Sch. 1 para. 37(a)** (with s. 223); S.S.I. 2008/115, **art. 3(1)(i)** (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))
- F595** Words in s. 41 repealed (1.4.2008) by Bankruptcy and Diligence etc. (Scotland) Act 2007 (asp 3), ss. 226, 227(3), **Sch. 6 Pt. 1** (with s. 223); S.S.I. 2008/115, **art. 3(2)(3)**, Sch. 2 (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))
- F596** Words in s. 41(1) substituted (1.4.2008) by Bankruptcy and Diligence etc. (Scotland) Act 2007 (asp 3), ss. 36, 227(3), **Sch. 1 para. 37(b)** (with s. 223); S.S.I. 2008/115, **art. 3(1)(i)** (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))
- F597** Words in s. 41(1) substituted (1.4.2008) by Bankruptcy and Diligence etc. (Scotland) Act 2007 (asp 3), ss. 36, 227(3), **Sch. 1 para. 37(c)** (with s. 223); S.S.I. 2008/115, **art. 3(1)(i)** (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))
- F598** Words in s. 41(1)(b) substituted (1.4.2008) by Bankruptcy and Diligence etc. (Scotland) Act 2007 (asp 3), ss. 36, 227(3), **Sch. 1 para. 37(d)(i)** (with s. 223); S.S.I. 2008/115, **art. 3(1)(i)** (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))

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- F599** Words in s. 41(1)(b) inserted (1.4.2008) by *Bankruptcy and Diligence etc. (Scotland) Act 2007 (asp 3)*, ss. 36, 227(3), **Sch. 1 para. 37(d)(ii)** (with s. 223); S.S.I. 2008/115, **art. 3(1)(i)** (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))
- F600** Words in s. 41(1)(b) substituted (1.4.2008) by *Bankruptcy and Diligence etc. (Scotland) Act 2007 (asp 3)*, ss. 36, 227(3), **Sch. 1 para. 37(d)(iii)** (with s. 223); S.S.I. 2008/115, **art. 3(1)(i)** (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))
- F601** Words in s. 41(1)(b) inserted (1.4.2008) by *Bankruptcy and Diligence etc. (Scotland) Act 2007 (asp 3)*, ss. 36, 227(3), **Sch. 1 para. 37(d)(iv)** (with s. 223); S.S.I. 2008/115, **art. 3(1)(i)** (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))

#### Marginal Citations

- M17** 1981 c. 59.  
**M18** 1985 c. 73.

### [<sup>F602</sup>41A Protection of rights of civil partner against arrangements intended to defeat them

- (1) If a debtor's sequestrated estate includes a family home of which the debtor, immediately before the date [<sup>F603</sup>the order is made appointing] the <sup>F604</sup> . . . trustee (or, if more than one [<sup>F605</sup>trustee is appointed] in the sequestration, of the first [<sup>F606</sup>order making such an appointment]) was an entitled partner and the other partner in the civil partnership is a non-entitled partner—
- (a) the <sup>F604</sup> . . . trustee shall, where he—
- (i) is aware that the entitled partner is in civil partnership with the non-entitled partner; and
- (ii) knows where the non-entitled partner is residing,
- inform the non-entitled partner, within the period of 14 days beginning with that date, of the fact that sequestration of the entitled partner's estate has been awarded, of the right of petition which exists under section 16 of this Act and of the effect of paragraph (b) below; and
- (b) the [<sup>F607</sup>sheriff], on the petition under section 16 of this Act of the non-entitled partner presented either within the period of 40 days beginning with that date or within the period of 10 weeks beginning with the date [<sup>F608</sup>of the award] of sequestration may—
- (i) under section 17 of this Act recall the sequestration; or
- (ii) make such order as [<sup>F609</sup>he] thinks appropriate to protect the occupancy rights of the non-entitled partner,
- if [<sup>F609</sup>he] is satisfied that the purpose of the petition for sequestration [<sup>F610</sup>or, as the case may be, the debtor application] was wholly or mainly to defeat the occupancy rights of the non-entitled partner.
- (2) In subsection (1) above—
- “entitled partner” and “non-entitled partner” have the same meanings as in section 101 of the Civil Partnership Act 2004;
- “family home” has the meaning assigned by section 135 of the 2004 Act; and
- “occupancy rights” means the rights conferred by subsection (1) of that section 101.]

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### Textual Amendments

- F602** S. 41A inserted (5.12.2005) by [Civil Partnership Act 2004 \(c. 33\)](#), ss. 261(2), 263, [Sch. 28 para. 37](#); [S.S.I. 2005/604](#) {art. 2(c)}
- F603** Words in s. 41A(1) substituted (1.4.2008) by [Bankruptcy and Diligence etc. \(Scotland\) Act 2007 \(asp 3\)](#), ss. 36, 227(3), [Sch. 1 para. 38\(a\)](#) (with s. 223); [S.S.I. 2008/115](#), [art. 3\(1\)\(i\)](#) (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by [S.S.I. 2011/31](#), art. 5))
- F604** Words in s. 41A repealed (1.4.2008) by [Bankruptcy and Diligence etc. \(Scotland\) Act 2007 \(asp 3\)](#), ss. 226, 227(3), [Sch. 6 Pt. 1](#) (with s. 223); [S.S.I. 2008/115](#), [art. 3\(2\)\(3\)](#), [Sch. 2](#) (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by [S.S.I. 2011/31](#), art. 5))
- F605** Words in s. 41A(1) substituted (1.4.2008) by [Bankruptcy and Diligence etc. \(Scotland\) Act 2007 \(asp 3\)](#), ss. 36, 227(3), [Sch. 1 para. 38\(b\)](#) (with s. 223); [S.S.I. 2008/115](#), [art. 3\(1\)\(i\)](#) (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by [S.S.I. 2011/31](#), art. 5))
- F606** Words in s. 41A(1) substituted (1.4.2008) by [Bankruptcy and Diligence etc. \(Scotland\) Act 2007 \(asp 3\)](#), ss. 36, 227(3), [Sch. 1 para. 38\(c\)](#) (with s. 223); [S.S.I. 2008/115](#), [art. 3\(1\)\(i\)](#) (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by [S.S.I. 2011/31](#), art. 5))
- F607** Words in s. 41A(b) substituted (1.4.2008) by [Bankruptcy and Diligence etc. \(Scotland\) Act 2007 \(asp 3\)](#), ss. 36, 227(3), [Sch. 1 para. 38\(d\)\(i\)](#) (with s. 223)
- F608** Words in s. 41A(1)(b) inserted (1.4.2008) by [Bankruptcy and Diligence etc. \(Scotland\) Act 2007 \(asp 3\)](#), ss. 36, 227(3), [Sch. 1 para. 38\(d\)\(ii\)](#) (with s. 223); [S.S.I. 2008/115](#), [art. 3\(1\)\(i\)](#) (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by [S.S.I. 2011/31](#), art. 5))
- F609** Words in s. 41A(1)(b) substituted (1.4.2008) by [Bankruptcy and Diligence etc. \(Scotland\) Act 2007 \(asp 3\)](#), ss. 36, 227(3), [Sch. 1 para. 38\(d\)\(iii\)](#) (with s. 223); [S.S.I. 2008/115](#), [art. 3\(1\)\(i\)](#) (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by [S.S.I. 2011/31](#), art. 5))
- F610** Words in s. 41A(1)(b) inserted (1.4.2008) by [Bankruptcy and Diligence etc. \(Scotland\) Act 2007 \(asp 3\)](#), ss. 36, 227(3), [Sch. 1 para. 38\(d\)\(iv\)](#) (with s. 223); [S.S.I. 2008/115](#), [art. 3\(1\)\(i\)](#) (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by [S.S.I. 2011/31](#), art. 5))

## 42 [F611] Contractual powers of trustee]

- (1) Subject to subsections (2) and (3) below, the <sup>F612</sup> . . . trustee may adopt any contract entered into by the debtor before the date of sequestration where he considers that its adoption would be beneficial to the administration of the debtor's estate, except where the adoption is precluded by the express or implied terms of the contract, or may refuse to adopt any such contract.
- [F613](2) The trustee must, within 28 days from the receipt by the trustee of a request in writing from any party to a contract entered into by the debtor, adopt or refuse to adopt the contract.
- (2A) The period mentioned in subsection (2) may be extended—
- in a case where the Accountant in Bankruptcy is the trustee, by the sheriff on the application of the Accountant in Bankruptcy,
  - in any other case, by the Accountant in Bankruptcy on the application of the trustee.
- (2B) The trustee may, before the expiry of the period of 14 days beginning with the day of the decision, apply to the Accountant in Bankruptcy for a review of a decision of the Accountant in Bankruptcy under subsection (2A)(b).
- (2C) If an application for a review under subsection (2B) is made, the Accountant in Bankruptcy must—

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- (a) take into account any representations made by an interested person before the expiry of the period of 21 days beginning with the day on which the application is made, and
  - (b) confirm, amend or revoke the decision before the expiry of the period of 28 days beginning with the day on which the application is made.
- (2D) The trustee may appeal to the sheriff against a decision by the Accountant in Bankruptcy under subsection (2C)(b), before the expiry of the period of 14 days beginning with the day of the decision.
- (2E) The Accountant in Bankruptcy may refer a case to the sheriff for a direction before—
- (a) making a decision under subsection (2A)(b), or
  - (b) undertaking any review under this section.
- (2F) An application for a review under subsection (2B) may not be made in relation to a matter on which the Accountant in Bankruptcy has applied to the sheriff for a direction under subsection (2E).]
- (3) If the <sup>F612</sup> . . . trustee does not reply in writing to the request under subsection (2) above within the said period of 28 days or longer period, as the case may be, he shall be deemed to have refused to adopt the contract.
- (4) The <sup>F612</sup> . . . trustee may enter into any contract where he considers that this would be beneficial for the administration of the debtor's estate.

#### Textual Amendments

- F611** S. 42 heading substituted (1.4.2008) by virtue of [Bankruptcy and Diligence etc. \(Scotland\) Act 2007](#) (asp 3), ss. 36, 227(3), **Sch. 1 para. 39(b)** (with s. 223); S.S.I. 2008/115, **art. 3(1)(i)** (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))
- F612** Words in s. 42 repealed (1.4.2008) by [Bankruptcy and Diligence etc. \(Scotland\) Act 2007](#) (asp 3), ss. 226, 227(3), **Sch. 6 Pt. 1** (with s. 223); S.S.I. 2008/115, **art. 3(2)(3)**, Sch. 2 (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))
- F613** S. 42(2)-(2F) substituted for s. 42(2) (1.4.2015) by [Bankruptcy and Debt Advice \(Scotland\) Act 2014](#) (asp 11), **ss. 32, 57(2)**; S.S.I. 2014/261, **art. 3** (with arts. 4-7, 12) (as amended by S.S.I. 2015/54, art. 2)

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

- C67** S. 42 excluded (25.4.1991) by [Companies Act 1989](#) (c. 40, SIF 27), **ss. 154, 155, 164(2)**; S.I. 1991/878, **art. 2**, Sch.

### 43 <sup>F614</sup> Money received by trustee]

- (1) Subject to [<sup>F615</sup>subsections (1A) and (2)] below, all money received by the <sup>F616</sup> . . . trustee in the exercise of his functions shall be deposited by him in the name of the debtor's estate in an [<sup>F617</sup>interest-bearing account in an] appropriate bank or institution.
- <sup>F618</sup>(1A) In any case where the Accountant in Bankruptcy is the trustee, subject to subsection (2) below, all money received by the Accountant in Bankruptcy in the exercise of his functions as trustee shall be deposited by him in an interest bearing account in the name of the debtor's estate or in the name of the Scottish Ministers in an appropriate bank or institution.]



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- (2) The <sup>F616</sup> . . . trustee may at any time retain in his hands a sum not exceeding £200 or such other sum as may be prescribed.

#### Textual Amendments

- F614** S. 43 heading substituted (1.4.2008) by virtue of [Bankruptcy and Diligence etc. \(Scotland\) Act 2007 \(asp 3\)](#), ss. 36, 227(3), [Sch. 1 para. 40](#) (with s. 223); S.S.I. 2008/115, [art. 3\(1\)\(i\)](#) (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))
- F615** Words in s. 43(1) substituted (1.4.2008) by [Bankruptcy and Diligence etc. \(Scotland\) Act 2007 \(asp 3\)](#), [ss. 13\(a\)\(i\)](#), 227(3) (with s. 223); S.S.I. 2008/115, [art. 3\(1\)\(a\)](#) (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))
- F616** Words in s. 43 repealed (1.4.2008) by [Bankruptcy and Diligence etc. \(Scotland\) Act 2007 \(asp 3\)](#), ss. 226, 227(3), [Sch. 6 Pt. 1](#) (with s. 223); S.S.I. 2008/115, [art. 3\(2\)\(3\)](#), [Sch. 2](#) (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))
- F617** Words in s. 43(1) inserted (1.4.2008) by [Bankruptcy and Diligence etc. \(Scotland\) Act 2007 \(asp 3\)](#), [ss. 13\(a\)\(ii\)](#), 227(3) (with s. 223); S.S.I. 2008/115, [art. 3\(1\)\(a\)](#) (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))
- F618** S. 43(1A) inserted (1.4.2008) by [Bankruptcy and Diligence etc. \(Scotland\) Act 2007 \(asp 3\)](#), [ss. 13\(b\)](#), 227(3) (with s. 223); S.S.I. 2008/115, [art. 3\(1\)\(a\)](#) (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))

#### [<sup>F619</sup> 43A Debtor's requirement to give account of state of affairs

- (1) This section applies to a debtor who—
- (a) has not been discharged under this Act; or
  - [<sup>F620</sup>(b) is subject to a debtor contribution order.]
- (2) The trustee shall, at the end of—
- (a) the period of 6 months beginning with the date of sequestration; and
  - (b) each subsequent period of 6 months,
- require the debtor to give an account in writing, in such form as may be prescribed, of his current state of affairs.]

#### Textual Amendments

- F619** S. 43A inserted (1.4.2008) by [Bankruptcy and Diligence etc. \(Scotland\) Act 2007 \(asp 3\)](#), [ss. 30](#), 227(3) (with s. 223); S.S.I. 2008/115, [art. 3\(1\)\(a\)](#) (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))
- F620** S. 43A(1)(b) substituted (1.4.2015) by [Bankruptcy and Debt Advice \(Scotland\) Act 2014 \(asp 11\)](#), s. 57(2), [sch. 3 para. 22](#); S.S.I. 2014/261, art. 3 (with arts. 4-7, 12) (as amended by S.S.I. 2015/54, art. 2)

#### [<sup>F621</sup> 43B Financial education

- (1) The trustee must notify a living debtor that the debtor is required to undertake a prescribed course of financial education (a “financial education course”) specified by the trustee if, in the opinion of the trustee—
- (a) any of the circumstances mentioned in subsection (2) apply, and
  - (b) undertaking the course would be appropriate for the debtor.
- (2) The circumstances are—

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- (a) in the period of 5 years ending on the date on which the sequestration of the debtor's estate was awarded—
    - (i) the debtor's estate was sequestered,
    - (ii) the debtor granted a protected trust deed,
    - (iii) an analogous remedy (within the meaning of section 10(7)) was in force in respect of the debtor, or
    - (iv) the debtor participated in a debt management programme under which the debtor made regular payments (including in particular a programme approved in accordance with section 2 of the [Debt Arrangement and Attachment \(Scotland\) Act 2002 \(asp 17\)](#)),
  - (b) the debtor is subject to, or under investigation with a view to an application being made for, a bankruptcy restrictions order,
  - (c) the trustee considers that the pattern of the debtor's behaviour, whether before or after the award of sequestration, is such that the debtor would benefit from a financial education course,
  - (d) the debtor agrees to undertake a financial education course.
- (3) The trustee must decide whether to issue a notification under subsection (1)—
- (a) before the end of the period of 6 months beginning with the date of award of sequestration, and
  - (b) in a case where section 54F applies, as soon as reasonably practicable after the trustee ascertains the whereabouts of the debtor or the debtor makes contact with the trustee.
- (4) A debtor must not be required to undertake or, as the case may be, complete the financial education course specified by the trustee if, in the opinion of the trustee—
- (a) the debtor is unable to participate in the course as a result of the debtor's health (including by reason of disability or physical or mental illness), or
  - (b) the debtor has completed a financial education course in the period of 5 years ending on the date on which the sequestration of the debtor's estate was awarded.
- (5) Regulations under subsection (1) may in particular—
- (a) prescribe the content, format and method of delivery of a course,
  - (b) prescribe different courses for different circumstances,
  - (c) make provision for particular courses to be specified by a trustee where particular circumstances in subsection (2) apply.]

#### Textual Amendments

**F621** S. 43B inserted (30.6.2014 for specified purposes, 1.4.2015 in so far as not already in force) by [Bankruptcy and Debt Advice \(Scotland\) Act 2014 \(asp 11\)](#), ss. 2, 57(2); S.S.I. 2014/172, art. 2, sch.; S.S.I. 2014/261, art. 3 (with arts. 4-7, 12) (as amended by S.S.I. 2015/54, art. 2)

### *Examination of debtor*

#### 44 Private examination.

- (1) The <sup>F622</sup> . . . trustee may request—

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- (a) the debtor to appear before him and to give information relating to his assets, his dealings with them or his conduct in relation to his business or financial affairs; or
- (b) the debtor's spouse [<sup>F623</sup>or civil partner] or any other person who the <sup>F622</sup> . . . trustee believes can give such information (in this Act such spouse [<sup>F624</sup>, civil partner] or other person being referred to as a "relevant person"), to give that information,

and, if he considers it necessary, the <sup>F622</sup> . . . trustee may apply to the sheriff for an order to be made under subsection (2) below.

- (2) Subject to section 46(2) of this Act, on application to him under subsection (1) above the sheriff may make an order requiring the debtor or a relevant person to attend for private examination before him on a date (being not earlier than 8 days nor later than 16 days after the date of the order) and at a time specified in the order.
- (3) A person who fails without reasonable excuse to comply with an order made under subsection (2) above shall be guilty of an offence and liable on summary conviction to a fine not exceeding level 5 on the standard scale or to imprisonment for a term not exceeding 3 months or to both.
- (4) Where the debtor is an entity whose estate may be sequestrated by virtue of section 6(1) of this Act, the references in this section and in sections 45 to 47 of this Act to the debtor shall be construed, unless the context otherwise requires, as references to a person representing the entity.

#### Textual Amendments

- F622** Words in s. 44 repealed (1.4.2008) by [Bankruptcy and Diligence etc. \(Scotland\) Act 2007 \(asp 3\)](#), ss. 226, 227(3), [Sch. 6 Pt. 1](#) (with s. 223); S.S.I. 2008/115, [art. 3\(2\)\(3\)](#), [Sch. 2](#) (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))
- F623** Words in s. 44(1)(b) inserted (5.12.2005) by [Civil Partnership Act 2004 \(c. 33\)](#), ss. 261(2), 263, [Sch. 28 para. 38\(a\)](#); S.S.I. 2005/604 {art. 2(c)}
- F624** Words in s. 44(1)(b) inserted (5.12.2005) by [Civil Partnership Act 2004 \(c. 33\)](#), ss. 261(2), 263, [Sch. 28 para. 38\(b\)](#); S.S.I. 2005/604 {art. 2(c)}

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

- C68** S. 44(2)(3) applied (with modifications) (14.11.2011) by [The Investment Bank Special Administration \(Scotland\) Rules 2011 \(S. I. 2011/2262\)](#), [rule 127](#)

## 45 Public examination.

- (1) Not less than 8 weeks before the end of the first accounting period, the <sup>F625</sup> . . . trustee—
  - (a) may; or
  - (b) if requested to do so by the Accountant in Bankruptcy or the commissioners (if any) or one quarter in value of the creditors, shall,

apply to the sheriff for an order for the public examination before the sheriff of the debtor or of a relevant person relating to the debtor's assets, his dealings with them or his conduct in relation to his business or financial affairs:

Provided that, on cause shown, such application may be made by the <sup>F625</sup> . . . trustee at any time.

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- (2) Subject to section 46(2) of this Act, the sheriff, on an application under subsection (1) above, shall make an order requiring the debtor or relevant person to attend for examination before him in open court on a date (being not earlier than 8 days nor later than 16 days after the date of the order) and at a time specified in the order.
- (3) On the sheriff making an order under subsection (2) above, the <sup>F625</sup> . . . trustee shall—
- (a) [<sup>F626</sup>send to the Accountant in Bankruptcy] a notice in such form and containing such particulars as may be prescribed; and
  - (b) send a copy of the said notice—
    - (i) to every creditor known to the <sup>F625</sup> . . . trustee; and
    - (ii) where the order is in respect of a relevant person, to the debtor, and inform the creditor and, where applicable, the debtor that he may participate in the examination.
- [<sup>F627</sup>(3A) The Accountant in Bankruptcy must enter particulars of the notice sent under subsection (3)(a) in the register of insolvencies.]
- (4) A person who fails without reasonable excuse to comply with an order made under subsection (2) above shall be guilty of an offence and liable on summary conviction to a fine not exceeding level 5 on the standard scale or to imprisonment for a term not exceeding 3 months or to both.

#### Textual Amendments

- F625** Words in s. 45 repealed (1.4.2008) by [Bankruptcy and Diligence etc. \(Scotland\) Act 2007 \(asp 3\)](#), ss. 226, 227(3), [Sch. 6 Pt. 1](#) (with s. 223); S.S.I. 2008/115, [art. 3\(2\)\(3\)](#), [Sch. 2](#) (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))
- F626** Words in s. 45(3)(a) substituted (1.4.2015) by [Bankruptcy and Debt Advice \(Scotland\) Act 2014 \(asp 11\)](#), [ss. 24\(2\)\(a\)](#), 57(2); S.S.I. 2014/261, [art. 3](#) (with arts. 4-8, 12) (as amended by S.S.I. 2015/54, art. 2)
- F627** S. 45(3A) inserted (1.4.2015) by [Bankruptcy and Debt Advice \(Scotland\) Act 2014 \(asp 11\)](#), [ss. 24\(2\)\(b\)](#), 57(2); S.S.I. 2014/261, [art. 3](#) (with arts. 4-8, 12) (as amended by S.S.I. 2015/54, art. 2)

#### 46 Provisions ancillary to sections 44 and 45.

- (1) If the debtor or relevant person is residing—
- (a) in Scotland, the sheriff may, on the application of the <sup>F628</sup> . . . trustee, grant a warrant which may be executed by a messenger-at-arms or sheriff officer anywhere in Scotland [<sup>F629</sup>to apprehend]; or
  - (b) in any other part of the United Kingdom, <sup>F628</sup> . . . the sheriff may, on the application of the <sup>F628</sup> . . . trustee, [<sup>F630</sup>grant a warrant for the arrest of]
- <sup>F631</sup> . . . the debtor or relevant person and [<sup>F632</sup>to] have him taken to the place of the examination:
- Provided that a warrant under [<sup>F633</sup>this subsection shall not be granted] unless the [<sup>F634</sup>sheriff] is satisfied that it is necessary to do so to secure the attendance of the debtor or relevant person at the examination.
- (2) If the debtor or a relevant person is for any good reason prevented from attending for examination, the sheriff may, without prejudice to subsection (3) below, grant

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a commission to take his examination (the commissioner being in this section and section 47 below referred to as an “examining commissioner”).

- (3) The sheriff or the examining commissioner may at any time adjourn the examination to such day as the sheriff or the examining commissioner may fix.
- (4) The sheriff or the examining commissioner may order the debtor or a relevant person to produce for inspection any document in his custody or control relating to the debtor’s assets, his dealings with them or his conduct in relation to his business or financial affairs, and to deliver the document or a copy thereof to the <sup>F628</sup> . . . trustee for further examination by him.

#### Textual Amendments

- F628** Words in s. 46(1)(a)(b)(4) repealed (S.) (1.4.2008) by *Bankruptcy and Diligence etc. (Scotland) Act 2007* (asp 3), ss. 226, 227(3), **Sch. 6 Pt. 1** (with s. 223); S.S.I. 2008/115, **art. 3(2)(3)**, Sch. 2 (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))
- F629** Words in s. 46(1)(a) added (1.4.1993, subject to savings in arts. 4, 5 of S.I. 1993/438) by 1993 c. 6, s. 11(3), **Sch. 1 para. 20(2)(a)** (with s. 12(6)); S.I. 1993/438, **art.3**
- F630** Words in s. 46(1)(b) substituted (1.4.1993, subject to savings in arts. 4, 5 of S.I. 1993/438) by 1993 c. 6, s. 11(3), **Sch. 1 para. 20(2)(b)** (with s. 12(6)); S.I. 1993/438, **art.3**
- F631** Words in s. 46(1) repealed (1.4.1993, subject to savings in arts. 4, 5 of S.I. 1993/438) by 1993 c. 6, s. 11(3), Sch. 1 para. 20(2)(c)(i), **Sch.2** (with s. 12(6)); S.I. 1993/438, **art.3**
- F632** Word "to" in s. 46(1) inserted (1.4.1993, subject to savings in arts. 4, 5 of S.I. 1993/438) by 1993 c. 6, s. 11(3), **Sch. 1 para. 20(2)(c)(ii)** (with s. 12(6)); S.I. 1993/438, **art.3**
- F633** Words in the proviso to s. 46(1) substituted (1.4.1993, subject to savings in arts. 4, 5 of S.I. 1993/438) by 1993 c. 6, s. 11(3), **Sch. 1 para. 20(3)** (with s. 12(6)); S.I. 1993/438, **art.3**
- F634** S. 46(1) proviso: word substituted (S.) (1.4.2008) by *Bankruptcy and Diligence etc. (Scotland) Act 2007* (asp 3), ss. 36, 227(3), **Sch. 1 para. 41(b)** (with s. 223); S.S.I. 2008/115, **art. 3(1)(i)** (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))

#### 47 Conduct of examination.

- (1) The examination, whether before the sheriff or an examining commissioner, shall be taken on oath.
- (2) At the examination—
  - (a) the <sup>F635</sup> . . . trustee or a solicitor or counsel acting on his behalf and, in the case of public examination, any creditor may question the debtor or a relevant person; and
  - (b) the debtor may question a relevant person,as to any matter relating to the debtor’s assets, his dealings with them or his conduct in relation to his business or financial affairs.
- (3) The debtor or a relevant person shall be required to answer any question relating to the debtor’s assets, his dealings with them or his conduct in relation to his business or financial affairs and shall not be excused from answering any such question on the ground that the answer may incriminate or tend to incriminate him or on the ground of confidentiality:

Provided that—

- (a) a statement made by the debtor or a relevant person in answer to such a question shall not be admissible in evidence in any subsequent criminal

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- proceedings against the person making the statement, except where the proceedings are in respect of a charge of perjury relating to the statement;
- (b) a person subject to examination shall not be required to disclose any information which he has received from a person who is not called for examination if the information is confidential between them.
- (4) [<sup>F636</sup>The rules relating to the recording of evidence in ordinary causes specified in the First Schedule to the Sheriff Courts (Scotland) Act 1907] shall apply in relation to the recording of evidence at the examination before the sheriff or the examining commissioner.
- (5) The debtor's deposition at the examination shall be subscribed by himself and by the sheriff (or, as the case may be, the examining commissioner) <sup>F637</sup>....
- [<sup>F638</sup>(6) The trustee must send a copy of the record of the examination to the Accountant in Bankruptcy.]
- (7) A relevant person shall be entitled to fees or allowances in respect of his attendance at the examination as if he were a witness in an ordinary civil cause in the sheriff court:
- Provided that, if the sheriff thinks that it is appropriate in all the circumstances, he may disallow or restrict the entitlement to such fees or allowances.

#### Textual Amendments

- F635** Words in s. 47 repealed (1.4.2008) by [Bankruptcy and Diligence etc. \(Scotland\) Act 2007 \(asp 3\)](#), ss. 226, 227(3), **Sch. 6 Pt. 1** (with s. 223); S.S.I. 2008/115, **art. 3(2)(3)**, Sch. 2 (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))
- F636** Words substituted by [S.I. 1986/517](#), **art. 5**
- F637** Words in s. 47(5) repealed (1.4.2015) by [Bankruptcy and Debt Advice \(Scotland\) Act 2014 \(asp 11\)](#), s. 57(2), **sch. 4**; S.S.I. 2014/261, **art. 3** (with arts. 4-7, 12) (as amended by S.S.I. 2015/54, art. 2)
- F638** S. 47(6) substituted (1.4.2015) by [Bankruptcy and Debt Advice \(Scotland\) Act 2014 \(asp 11\)](#), s. 57(2), **sch. 3 para. 23**; S.S.I. 2014/261, **art. 3** (with arts. 4-7, 12) (as amended by S.S.I. 2015/54, art. 2)

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

- C69** S. 47(1) applied (with modifications) (14.11.2011) by [The Investment Bank Special Administration \(Scotland\) Rules 2011 \(S. I. 2011/2262\)](#), rule {127}

### *Submission and adjudication of claims*

#### 48 [<sup>F639</sup>Submission of claims to trustee]

- (1) Subject to [<sup>F640</sup>subsections (1A) and (2)] below and subsections (8) and (9) of section 52 of this Act, a creditor in order to obtain an adjudication as to his entitlement—
- (a) to vote at a meeting of creditors other than the statutory meeting; or
- (b) (so far as funds are available), to a dividend out of the debtor's estate in respect of any accounting period,
- shall submit a claim in accordance with this section to the <sup>F641</sup>... trustee respectively—
- (i) at or before the meeting; or
- [<sup>F642</sup>(ii) in accordance with subsection (1A).]

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[<sup>F643</sup>(1A) A creditor must, in order to obtain an adjudication as to the creditor's entitlement (so far as funds are available) to a dividend out of the debtor's estate, submit a claim to the trustee not later than the relevant day.

(1B) The "relevant day", in relation to a creditor, means—

- (a) where a notice is given to the creditor under section 21A(2), the day which is 120 days after the day on which the notice is given, or
- (b) where no notice is given to the creditor under that section, the day which is 120 days after the day on which the trustee gives notice to that creditor inviting the submission of claims.

(1C) If a creditor submits a claim to the trustee after the relevant day, the trustee may, in respect of any accounting period, provide an adjudication as to the creditor's entitlement (so far as funds are available) to a dividend out of the debtor's estate if—

- (a) the claim is submitted not later than 8 weeks before the end of the accounting period, and
- (b) there were exceptional circumstances which prevented the claim from being submitted before the relevant day.]

(2) A claim submitted by a creditor—

- (a) under section 22 of this Act and accepted in whole or in part by the <sup>F644</sup> . . . trustee for the purpose of voting at the statutory meeting; or
- (b) under this section [<sup>F645</sup>which has not been rejected in whole],

shall be deemed to have been re-submitted for the purpose of obtaining an adjudication as to his entitlement both to vote at any subsequent meeting and (so far as funds are available) to a dividend in respect of an accounting period, or, as the case may be, any subsequent accounting period.

(3) Subsections (2) and (3) of section 22 of this Act shall apply for the purposes of this section but as if in the proviso to subsection (2) [<sup>F646</sup> after the word "trustee" there were inserted the words "[ with the consent of the commissioners, if any",<sup>F647</sup> . . . .

(4) A creditor who has submitted a claim under this section (or under section 22 of this Act, a statement of claim which has been deemed re-submitted as mentioned in subsection (2) above) may at any time submit a further claim under this section specifying a different amount for his claim:

Provided that a secured creditor shall not be entitled to produce a further claim specifying a different value for the security at any time after the <sup>F648</sup> . . . trustee requires the creditor to discharge, or convey or assign, the security under paragraph 5(2) of Schedule 1 to this Act.

(5) The <sup>F649</sup> . . . trustee, for the purpose of satisfying himself as to the validity or amount of a claim submitted by a creditor under this section, may require—

- (a) the creditor to produce further evidence; or
- (b) any other person who he believes can produce relevant evidence, to produce such evidence,

and, if the creditor or other person refuses or delays to do so, the <sup>F649</sup> . . . trustee may apply to the sheriff for an order requiring the creditor or other person to attend for his private examination before the sheriff.

(6) Sections 44(2) and (3) and 47(1) of this Act shall apply, subject to any necessary modifications, to the examination of the creditor or other person as they apply to the

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examination of a relevant person; and references in this subsection and subsection (5) above to a creditor in a case where the creditor is an entity mentioned in section 6(1) of this Act shall be construed, unless the context otherwise requires, as references to a person representing the entity.

(7) Subsections (5) to (10) of section 22 of this Act shall apply for the purposes of this section but as if—

(a) <sup>F650</sup> . . . . .

[<sup>F651</sup>(b) in subsection (7) the words “and keep a record of it stating the date when it was produced to him” were repealed.]

(8) At any private examination under subsection (5) above, a solicitor or counsel may act on behalf of the <sup>F652</sup> . . . trustee or he may appear himself.

### Textual Amendments

- F639** S. 48 heading substituted (1.4.2008) by virtue of the Bankruptcy and Diligence etc. (Scotland) Act 2007 (asp 3), ss. 36, 227(3), **Sch. 1 para. 42(c)** (with s. 223); S.S.I. 2008/115, **art. 3(1)(i)** (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))
- F640** Words in s. 48(1) substituted (1.4.2015) by Bankruptcy and Debt Advice (Scotland) Act 2014 (asp 11), **ss. 14(a)(i)**, 57(2); S.S.I. 2014/261, art. 3 (with arts. 4-712) (as amended by S.S.I. 2015/54, art. 2)
- F641** Word in s. 48(1) repealed (1.4.2008) by Bankruptcy and Diligence etc. (Scotland) Act 2007 (asp 3), ss. 226, 227(3), **Sch. 6 Pt. 1** (with s. 223); S.S.I. 2008/115, **art. 3(2)(3)**, Sch. 2 (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))
- F642** S. 48(1)(ii) substituted (1.4.2015) by Bankruptcy and Debt Advice (Scotland) Act 2014 (asp 11), **ss. 14(a)(ii)**, 57(2); S.S.I. 2014/261, art. 3 (with arts. 4-712) (as amended by S.S.I. 2015/54, art. 2)
- F643** S. 48(1A)-(1C) inserted (1.4.2015) by Bankruptcy and Debt Advice (Scotland) Act 2014 (asp 11), **ss. 14(b)**, 57(2); S.S.I. 2014/261, art. 3 (with arts. 4-7, 12) (as amended by S.S.I. 2015/54, art. 2)
- F644** Word in s. 48(2)(a) repealed (1.4.2008) by Bankruptcy and Diligence etc. (Scotland) Act 2007 (asp 3), ss. 226, 227(3), **Sch. 6 Pt. 1** (with s. 223); S.S.I. 2008/115, **art. 3(2)(3)**, Sch. 2 (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))
- F645** Words in s. 48(2)(b) substituted (31.3.2007) by Bankruptcy and Diligence etc. (Scotland) Act 2007 (asp 3), ss. 36, 227(3), **Sch. 1 para. 42(a)** (with savings in s. 223); S.S.I. 2007/82, **art. 4(d)**
- F646** Words in s. 48(3) substituted (1.4.2008) by Bankruptcy and Diligence etc. (Scotland) Act 2007 (asp 3), ss. 36, 227(3), **Sch. 1 para. 42(b)** (with s. 223); S.S.I. 2008/115, **art. 3(1)(i)** (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))
- F647** Words in s. 48(3) repealed (1.4.2008) by Bankruptcy and Diligence etc. (Scotland) Act 2007 (asp 3), ss. 226, 227(3), **Sch. 6 Pt. 1** (with s. 223); S.S.I. 2008/115, **art. 3(2)(3)**, Sch. 2 (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))
- F648** Word in s. 48(4) repealed (1.4.2008) by Bankruptcy and Diligence etc. (Scotland) Act 2007 (asp 3), ss. 226, 227(3), **Sch. 6 Pt. 1** (with s. 223); S.S.I. 2008/115, **art. 3(2)(3)**, Sch. 2 (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))
- F649** Word in s. 48(5) repealed (1.4.2008) by Bankruptcy and Diligence etc. (Scotland) Act 2007 (asp 3), ss. 226, 227(3), **Sch. 6 Pt. 1** (with s. 223); S.S.I. 2008/115, **art. 3(2)(3)**, Sch. 2 (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))
- F650** S. 48(7)(a) repealed (1.4.2008) by Bankruptcy and Diligence etc. (Scotland) Act 2007 (asp 3), ss. 226, 227(3), **Sch. 6 Pt. 1** (with s. 223); S.S.I. 2008/115, **art. 3(2)(3)**, Sch. 2 (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))
- F651** S. 48(7)(b) substituted (1.4.2015) by Bankruptcy and Debt Advice (Scotland) Act 2014 (asp 11), s. 57(2), **sch. 3 para. 24**; S.S.I. 2014/261, art. 3 (with arts. 4-712) (as amended by S.S.I. 2015/54, art. 2)
- F652** Word in s. 48(8) repealed (1.4.2008) by Bankruptcy and Diligence etc. (Scotland) Act 2007 (asp 3), ss. 226, 227(3), **Sch. 6 Pt. 1** (with s. 223); S.S.I. 2008/115, **art. 3(2)(3)**, Sch. 2 (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))



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

- C70** S. 48 restricted (S.) (31.3.1996) by 1995 c. 20, s. 110(1), **Sch. 4 para. 1(2)**; S.I. 1996/517, **art. 3(2)** (which 1995 c. 20 was repealed (1.4.1996) by 1995 c. 40, ss. 6, 7(2), Sch. 3 para. 16(3), Sch. 5 (with Sch. 3 paras. 1, 3))
- S. 48 restricted (S.) (17.12.2001) by 2001 asp 13, s. 20, **Sch. 6 para. 8(2)** (with s. 29); S.S.I. 2001/456, **art. 2**
- C71** S. 48(5)(6)(8) applied (with modifications) by S.I. 1986/1915, Rules 4.16(1)(b), 7.9(4) and by Rule 2.41(2) (as substituted (15.9.2003) by The Insolvency (Scotland) Amendment Rules 2003 (S.I. 2003/2111), Rule 3, **Sch. 1 Pt. 1**)
- C72** S. 48(5)(6)(8) applied (with modifications) (14.11.2011) by The Investment Bank Special Administration (Scotland) Rules 2011 (S. I. 2011/2262), **rule 127**

## 49 Adjudication of claims.

- (1) At the commencement of every meeting of creditors (other than the statutory meeting), the <sup>F653</sup> . . . trustee shall, for the purposes of section 50 of this Act so far as it relates to voting at that meeting, accept or reject the claim of each creditor.
  - (2) Where funds are available for payment of a dividend out of the debtor's estate in respect of an accounting period, the <sup>F653</sup> . . . trustee for the purpose of determining who is entitled to such a dividend shall, not later than 4 weeks before the end of the period, accept or reject every claim submitted or deemed to have been re-submitted to him under this Act; and shall at the same time make a decision on any matter requiring to be specified under paragraph (a) or (b) of subsection (5) below.
- [<sup>F654</sup>(2A) On accepting or rejecting, under subsection (2) above, every claim submitted or deemed to have been re-submitted, the trustee shall, as soon as is reasonably practicable, send a list of every claim so accepted or rejected (including the amount of each claim and whether he has accepted or rejected it) to—
- (a) the debtor; and
  - (b) every creditor known to the trustee.]
- (3) If the amount of a claim is stated in foreign currency the <sup>F653</sup> . . . trustee in adjudicating on the claim under subsection (1) or (2) above shall convert the amount into sterling, in such manner as may be prescribed, at the rate of exchange prevailing at the close of business on the date of sequestration.
  - (4) Where the <sup>F653</sup> . . . trustee rejects a claim, he shall forthwith notify the creditor giving reasons for the rejection.
  - (5) Where the <sup>F653</sup> . . . trustee accepts or rejects a claim, he shall record <sup>F655</sup> . . . his decision on the claim specifying—
    - (a) the amount of the claim accepted by him,
    - (b) the category of debt, and the value of any security, as decided by him, and
    - (c) if he is rejecting the claim, his reasons therefor.
  - [<sup>F656</sup>(6) The debtor or any creditor may apply to the Accountant in Bankruptcy for a review of—
    - (a) the acceptance or rejection of any claim, or
    - (b) a decision in respect of any matter requiring to be specified under subsection (5)(a) or (b).]

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- [<sup>F657</sup>(6A) The debtor may make an application under subsection (6) only if the debtor satisfies the Accountant in Bankruptcy that the debtor has, or is likely to have, a pecuniary interest in the outcome of the review.
- (6B) An application under subsection (6) must be made—
- (a) in the case of a review relating to an acceptance or rejection under subsection (1), before the expiry of the period of 14 days beginning with the day of that decision, and
  - (b) in the case of a review relating to an acceptance or rejection under subsection (2), before the expiry of the period of 28 days beginning with the day of that decision.
- (6C) If an application under subsection (6) is made, the Accountant in Bankruptcy must—
- (a) take into account any representations made by an interested person before the expiry of the period of 21 days beginning with the day on which the application is made, and
  - (b) confirm, amend or revoke the decision before the expiry of the period of 28 days beginning with the day on which the application is made.
- (6D) The debtor or any creditor may appeal to the sheriff against a decision by the Accountant in Bankruptcy under subsection (6C)(b) before the expiry of the period of 14 days beginning with the day of the decision.
- (6E) The debtor may appeal under subsection (6D) only if the debtor satisfies the sheriff that the debtor has, or is likely to have, a pecuniary interest in the outcome of the appeal.]
- (7) Any reference in this section to the acceptance or rejection of a claim shall be construed as a reference to the acceptance or rejection of the claim in whole or in part.

#### Textual Amendments

- F653** Words in s. 49 repealed (1.4.2008) by [Bankruptcy and Diligence etc. \(Scotland\) Act 2007 \(asp 3\)](#), ss. 226, 227(3), [Sch. 6 Pt. 1](#) (with s. 223); S.S.I. 2008/115, [art. 3\(2\)\(3\)](#), Sch. 2 (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))
- F654** S. 49(2A) inserted (1.4.2008) by [Bankruptcy and Diligence etc. \(Scotland\) Act 2007 \(asp 3\)](#), ss. 8(3), 227(3) (with s. 223); S.S.I. 2008/115, [art. 3\(1\)\(a\)](#) (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))
- F655** Words in s. 49(5) repealed (1.4.2015) by [Bankruptcy and Debt Advice \(Scotland\) Act 2014 \(asp 11\)](#), s. 57(2), [sch. 4](#); S.S.I. 2014/261, [art. 3](#) (with arts. 4-7, 12) (as amended by S.S.I. 2015/54, art. 2)
- F656** S. 49(6) substituted (1.4.2015) by [Bankruptcy and Debt Advice \(Scotland\) Act 2014 \(asp 11\)](#), ss. 41(a), 57(2); S.S.I. 2014/261, [art. 3](#) (with arts. 4-7, 10, 12) (as amended by S.S.I. 2015/54, art. 2)
- F657** S. 49(6A)-(6E) substituted for s. 49(6A) (1.4.2015) by [Bankruptcy and Debt Advice \(Scotland\) Act 2014 \(asp 11\)](#), ss. 41(b), 57(2); S.S.I. 2014/261, [art. 3](#) (with arts. 4-7, 10, 12) (as amended by S.S.I. 2015/54, art. 2)

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

- C73** S. 49 applied (with modifications) by [S.I. 1986/1915](#), [Rules 4.16\(1\)\(c\)](#) (as amended by [S.I. 2003/3226](#), [reg. 15](#)), 7.9(4) and by [Rule 2.41\(2\)](#) (as substituted (15.9.2003) by [S.I. 2003/2111](#), [Rule 3](#), [Sch. 1 Pt. 1](#))
- C74** S. 49 applied (with modifications) (14.11.2011) by [The Investment Bank Special Administration \(Scotland\) Rules 2011 \(S. I. 2011/2262\)](#), [rule 127](#)

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### *Entitlement to vote and draw dividend*

## **50 Entitlement to vote and draw dividend.**

[<sup>F658</sup>(1)] A creditor who has had his claim accepted in whole or in part by the <sup>F659</sup> . . . trustee or [<sup>F660</sup>on review or appeal under] section 49 of this Act shall be entitled—

- (a) subject to sections 29(1)(a) and 30(1) and (4)(b) of this Act, in a case where the acceptance is under (or on appeal arising from) subsection (1) of the said section 49, to vote on any matter at the meeting of creditors for the purpose of voting at which the claim is accepted; and
- (b) in a case where the acceptance is under (or on appeal arising from) subsection (2) of the said section 49, to payment out of the debtor's estate of a dividend in respect of the accounting period for the purposes of which the claim is accepted; but such entitlement to payment shall arise only in so far as that estate has funds available to make that payment, having regard to section 51 of this Act.

[<sup>F661</sup>(2)] No vote shall be cast by virtue of a debt more than once on any resolution put to a meeting of creditors.

(3) Where a creditor—

- (a) is entitled to vote under this section;
  - (b) has lodged his claim in one or more sets of other proceedings; and
  - (c) votes (either in person or by proxy) on a resolution put to the meeting,
- only the creditor's vote shall be counted.

(4) Where—

- (a) a creditor has lodged his claim in more than one set of other proceedings; and
  - (b) more than one member State liquidator seeks to vote by virtue of that claim,
- the entitlement to vote by virtue of that claim is exercisable by the member State liquidator in main proceedings, whether or not the creditor has lodged his claim in the main proceedings.

(5) For the purposes of subsections (3) and (4) above, “other proceedings” means main proceedings, secondary proceedings or territorial proceedings in a member State other than the United Kingdom.]

### **Textual Amendments**

**F658** S. 50 renumbered (8.9.2003) as s. 50(1) by [The Insolvency \(Scotland\) Regulations 2003 \(S.I. 2003/2109\)](#), **reg. 13(a)**

**F659** Word in s. 50 repealed (1.4.2008) by [Bankruptcy and Diligence etc. \(Scotland\) Act 2007 \(asp 3\)](#), ss. 226, 227(3), **Sch. 6 Pt. 1** (with s. 223); S.S.I. 2008/115, **art. 3(2)(3)**, Sch. 2 (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))

**F660** Words in s. 50(1) substituted (1.4.2015) by [Bankruptcy and Debt Advice \(Scotland\) Act 2014 \(asp 11\)](#), s. 57(2), **sch. 3 para. 25**; S.S.I. 2014/261, **art. 3** (with arts. 4-7, 12) (as amended by S.S.I. 2015/54, art. 2)

**F661** S. 50(2)-(5) inserted (8.9.2003) by [The Insolvency \(Scotland\) Regulations 2003 \(S.I. 2003/2109\)](#), **reg. 13(b)**

*Status: Point in time view as at 01/03/2016.*

*Changes to legislation: Bankruptcy (Scotland) Act 1985 (repealed) is up to date with all changes known to be in force on or before 25 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)*

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

- C75** S. 50 applied with modifications by S.I. 1986/1915, Rules 4.16(1)(d), 7.9(4) and by Rule 2.41(2) (as substituted (15.9.2003) by S.I. 2003/2111, Rule 3, Sch. 1 Pt. 1)
- C76** S. 50(1) applied (with modifications) (14.11.2011) by The Investment Bank Special Administration (Scotland) Rules 2011 (S. I. 2011/2262), rule 127

### *Distribution of debtor's estate*

#### **51 Order of priority in distribution.**

- (1) The funds of the debtor's estate shall be distributed by the <sup>F662</sup> . . . trustee to meet the following debts in the order in which they are mentioned—
- (a) the outlays and remuneration of the interim trustee in the administration of the debtor's estate;
  - (b) the outlays and remuneration of the <sup>F662</sup> . . . trustee in the administration of the debtor's estate;
  - (c) where the debtor is a deceased debtor, deathbed and funeral expenses reasonably incurred and expenses reasonably incurred in administering the deceased's estate;
  - (d) the expenses reasonably incurred by a creditor who is a petitioner, or concurs in [<sup>F663</sup>a debtor application], for sequestration;
  - <sup>F664</sup>(e) ordinary preferred debts (excluding any interest which has accrued thereon to the date of sequestration);
  - (ea) secondary preferred debts (excluding any interest which has accrued thereon to the date of sequestration);]
  - (f) ordinary debts, that is to say a debt which is neither a secured debt nor a debt mentioned in any other paragraph of this subsection;
  - (g) interest at the rate specified in subsection (7) below on—
    - (i) the [<sup>F665</sup>ordinary] preferred debts;
    - <sup>F666</sup>(ia) the secondary preferred debts;]
    - (ii) the ordinary debts,
 between the date of sequestration and the date of payment of the debt;
  - (h) any postponed debt.
- <sup>F667</sup>(2) In this Act—
- (a) “preferred debt” means a debt listed in Part I of Schedule 3 to this Act,
  - (b) “ordinary preferred debt” means a debt within any of paragraphs 4 to 6B of Part I of Schedule 3 to this Act,
  - (c) “secondary preferred debt” means a debt within paragraph 6C or 6D of Part 1 of Schedule 3 to this Act, and
- Part II of that Schedule shall have effect for the interpretation of Part I.]
- (3) In this Act “postponed debt” means—
- (a) a loan made to the debtor, in consideration of a share of the profits in his business, which is postponed under section 3 of the <sup>M19</sup>Partnership Act 1890 to the claims of other creditors;
  - (b) a loan made to the debtor by the debtor's spouse [<sup>F668</sup>or civil partner] ;

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- (c) a creditor's right to anything vesting in the <sup>F662</sup> . . . trustee by virtue of a successful challenge under section 34 of this Act or to the proceeds of sale of such a thing.
- (4) Any debt falling within any of paragraphs (c) to (h) of subsection (1) above shall have the same priority as any other debt falling within the same paragraph and, where the funds of the estate are inadequate to enable the debts mentioned in the paragraph to be paid in full, they shall abate in equal proportions.
- (5) Any surplus remaining, after all the debts mentioned in this section have been paid in full, shall be made over to the debtor or to his successors or assignees; and in this subsection "surplus" includes any kind of estate but does not include any unclaimed dividend.
- [<sup>F669</sup>(5A) Subsection (5) above is subject to Article 35 of the EC Regulation (surplus in secondary proceedings to be transferred to main proceedings).]
- (6) Nothing in this section shall affect—
- (a) the right of a secured creditor which is preferable to the rights of the <sup>F662</sup> . . . trustee; or
- (b) any preference of the holder of a lien over a title deed or other document which has been delivered to the <sup>F662</sup> . . . trustee in accordance with a requirement under section 38(4) of this Act.
- (7) The rate of interest referred to in paragraph (g) of subsection (1) above shall be whichever is the greater of—
- (a) the prescribed rate at the date of sequestration; and
- (b) the rate applicable to that debt apart from the sequestration.

#### Textual Amendments

- F662** Words in s. 51 repealed (1.4.2008) by [Bankruptcy and Diligence etc. \(Scotland\) Act 2007 \(asp 3\)](#), ss. 226, 227(3), [Sch. 6 Pt. 1](#) (with s. 223); S.S.I. 2008/115, [art. 3\(2\)\(3\)](#), Sch. 2 (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))
- F663** Words in s. 51(1)(d) substituted (1.4.2008) by [Bankruptcy and Diligence etc. \(Scotland\) Act 2007 \(asp 3\)](#), ss. 36, 227(3), [Sch. 1 para. 43](#) (with s. 223); S.S.I. 2008/115, [art. 3\(1\)\(i\)](#) (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))
- F664** S. 51(1)(e)(ea) substituted for s. 51(1)(e) (1.1.2015) by [The Banks and Building Societies \(Depositor Preference and Priorities\) Order 2014 \(S.I. 2014/3486\)](#), arts. 1(2), [28\(2\)\(a\)\(i\)](#) (with art. 3)
- F665** Word in s. 51(1)(g)(i) inserted (1.1.2015) by [The Banks and Building Societies \(Depositor Preference and Priorities\) Order 2014 \(S.I. 2014/3486\)](#), arts. 1(2), [28\(2\)\(a\)\(ii\)](#) (with art. 3)
- F666** S. 51(1)(g)(ia) inserted (1.1.2015) by [The Banks and Building Societies \(Depositor Preference and Priorities\) Order 2014 \(S.I. 2014/3486\)](#), arts. 1(2), [28\(2\)\(a\)\(iii\)](#) (with art. 3)
- F667** S. 51(2) substituted (1.1.2015) by [The Banks and Building Societies \(Depositor Preference and Priorities\) Order 2014 \(S.I. 2014/3486\)](#), arts. 1(2), [28\(2\)\(b\)](#) (with art. 3)
- F668** Words in s. 51(3)(b) inserted (5.12.2005) by [Civil Partnership Act 2004 \(c. 33\)](#), ss. 261(2), 263, [Sch. 28 para. 39](#); S.S.I. 2005/604 {art. 2(c)}
- F669** S. 51(5A) inserted (8.9.2003) by [The Insolvency \(Scotland\) Regulations 2003 \(S.I. 2003/2109\)](#), [reg. 14](#)

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

- C77** S. 51 applied (11.12.1999) by [S.I. 1999/2979](#), [reg. 14\(5\)\(b\)](#)

*Status: Point in time view as at 01/03/2016.*

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**C78** S. 51(1)(d)-(h) excluded (10.8.2005) by [The Insurers \(Reorganisation and Winding up\) Regulations 2004 \(S.I. 2004/353\)](#), reg. 20 (as amended by [The Insurers \(Reorganisation and Winding up\) \(Lloyd's\) Regulations 2005 \(S.I. 2005/1998\)](#), reg. 40(1)-(5))

#### Marginal Citations

**M19** 1890 c. 39.

## 52 Estate to be distributed in respect of accounting periods.

<sup>F670</sup>(1) The <sup>F671</sup> . . . trustee shall make up accounts of his intromissions with the debtor's estate in respect of each accounting period.

(2) In this Act "accounting period" shall be construed as follows—

- (a) [<sup>F672</sup>subject to subsection (2ZA) below,] the first accounting period shall be the period of [<sup>F673</sup>12] months [<sup>F674</sup>or such shorter period as may be agreed or determined in accordance with subsection (2ZB), either period] beginning with the date [<sup>F675</sup>on which sequestration is awarded]; and
- (b) any subsequent accounting period shall be the period of [<sup>F673</sup>12] months beginning with the end of the last accounting period; except that—
  - (i) in a case where the Accountant in Bankruptcy is not the <sup>F671</sup> . . . trustee, the <sup>F671</sup> . . . trustee and the commissioners or, if there are no commissioners, the Accountant in Bankruptcy agree; or
  - (ii) in a case where the Accountant in Bankruptcy is the <sup>F671</sup> . . . trustee, he determines,

that the accounting period shall be such other period beginning with the end of the last accounting period as may be agreed or, as the case may be determined, it shall be that other period.

[ Where the trustee was appointed under section 2(5) of this Act as interim trustee in <sup>F676</sup>(2ZA) the sequestration, the first accounting period shall be the period beginning with the date of his appointment as interim trustee and ending on the date 12 months after the date on which sequestration is awarded [<sup>F677</sup>or such shorter period as may be agreed or determined in accordance with subsection (2ZB)] .]

[ This subsection applies where the trustee considers that the funds of the debtor's estate <sup>F678</sup>(2ZB) are sufficient to pay a dividend in accordance with subsection (3) in respect of—

- (a) in the case where the trustee is the Accountant in Bankruptcy, a shorter period of not less than 6 months determined by the Accountant in Bankruptcy,
- (b) in any other case, a shorter period of not less than 6 months agreed—
  - (i) between the trustee and the commissioners, or
  - (ii) if there are no commissioners, between the trustee and the Accountant in Bankruptcy.]

(2A) An agreement or determination under subsection (2)(b)(i) or (ii) above—

- (a) may be made in respect of one or more than one accounting period;
- (b) may be made before the beginning of the accounting period in relation to which it has effect and, in any event, shall not have effect unless made before the day on which such accounting period would, but for the agreement or determination, have ended;
- (c) may provide for different accounting periods to be of different durations,

<sup>F679</sup> . . . ]

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(3) Subject to the following provisions of this section, the <sup>F671</sup> . . . trustee shall, if the funds of the debtor's estate are sufficient and after making allowance for future contingencies, pay under section 53(7) of this Act a dividend out of the estate to the creditors in respect of each accounting period.

(4) The <sup>F671</sup> . . . trustee may pay—

- (a) the debts mentioned in subsection (1)(a) to (d) of section 51 of this Act, other than his own remuneration, at any time;
- (b) the preferred debts at any time but only with the consent of the commissioners or, if there are no commissioners, of the Accountant in Bankruptcy.

(5) If the <sup>F671</sup> . . . trustee—

- (a) is not ready to pay a dividend in respect of an accounting period; or
  - (b) considers it would be inappropriate to pay such a dividend because the expense of doing so would be disproportionate to the amount of the dividend,
- he may, with the consent of the commissioners, or if there are no commissioners of the Accountant in Bankruptcy, postpone such payment to a date not later than the time for payment of a dividend in respect of the next accounting period.

<sup>F680</sup>(6) . . . . .

(7) Where [<sup>F681</sup>a review or appeal is made under section 49] of this Act against the acceptance or rejection of a creditor's claim, the <sup>F671</sup> . . . trustee shall, at the time of payment of dividends and until the [<sup>F682</sup>review or appeal] is determined, set aside an amount which would be sufficient, if the determination in the [<sup>F682</sup>review or appeal] were to provide for the claim being accepted in full, to pay a dividend in respect of that claim.

(8) Where a creditor—

- (a) has failed to produce evidence in support of his claim earlier than 8 weeks before the end of an accounting period on being required by the <sup>F671</sup> . . . trustee to do so under section 48(5) of this Act; and
  - (b) has given a reason for such failure which is acceptable to the <sup>F671</sup> . . . trustee,
- the <sup>F671</sup> . . . trustee shall set aside, for such time as is reasonable to enable him to produce that evidence or any other evidence that will enable the <sup>F671</sup> . . . trustee to be satisfied under the said section 48(5), an amount which would be sufficient, if the claim were accepted in full, to pay a dividend in respect of that claim.

(9) Where a creditor submits a claim to the <sup>F671</sup> . . . trustee later than 8 weeks before the end of an accounting period but more than 8 weeks before the end of a subsequent accounting period in respect of which, after making allowance for contingencies, funds are available for the payment of a dividend, the <sup>F671</sup> . . . trustee shall, if he accepts the claim in whole or in part, pay to the creditor—

- (a) the same dividend or dividends as has or have already been paid to creditors of the same class in respect of any accounting period or periods; and
- (b) whatever dividend may be payable to him in respect of the said subsequent accounting period:

Provided that paragraph (a) above shall be without prejudice to any dividend which has already been paid.

[<sup>F683</sup>(10) In the declaration of and payment of a dividend, no payments shall be made more than once by virtue of the same debt.

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(11) Any dividend paid in respect of a claim should be paid to the creditor.]

#### Textual Amendments

- F670** S. 52(1)(2)(2A) substituted for s. 52(1)(2) (1.4.1993, subject to savings in arts. 4,5 of S.I. 1993/438) by 1993 c. 6, s. 11(3), **Sch. 1 para.21** (with s. 12(6)); S.I. 1993/438, **art.3**
- F671** Words in s. 52 repealed (1.4.2008) by **Bankruptcy and Diligence etc. (Scotland) Act 2007 (asp 3)**, ss. 226, 227(3), **Sch. 6 Pt. 1** (with s. 223); S.S.I. 2008/115, **art. 3(2)(3)**, Sch. 2 (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))
- F672** Words in s. 52(2)(a) inserted (1.4.2008) by **Bankruptcy and Diligence etc. (Scotland) Act 2007 (asp 3)**, ss. 36, 227(3), **Sch. 1 para. 44(2)(b)(i)** (with s. 223); S.S.I. 2008/115, **art. 3(1)(a)(i)** (with arts. 4-6, 10) (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5)
- F673** Words in s. 52(2) substituted (1.4.2008 for specified purposes, otherwise prosp.) by **Bankruptcy and Diligence etc. (Scotland) Act 2007 (asp 3)**, ss. 36, 227(3), **Sch. 1 para. 44(2)(a)** (with s. 223); S.S.I. 2008/115, **art. 3(1)(i)** (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))
- F674** Words in s. 52(2)(a) inserted (1.4.2015) by **Bankruptcy and Debt Advice (Scotland) Act 2014 (asp 11)**, ss. 15(a), 57(2); S.S.I. 2014/261, art. 3 (with arts. 4-7, 12) (as amended by S.S.I. 2015/54, art. 2)
- F675** Words in s. 52(2)(a) substituted (1.4.2008) by **Bankruptcy and Diligence etc. (Scotland) Act 2007 (asp 3)**, ss. 36, 227(3), **Sch. 1 para. 44(2)(b)(ii)** (with s. 223); S.S.I. 2008/115, **art. 3(1)(i)** (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))
- F676** S. 52(2ZA) inserted (1.4.2008) by **Bankruptcy and Diligence etc. (Scotland) Act 2007 (asp 3)**, ss. 36, 227(3), **Sch. 1 para. 44(3)** (with s. 223); S.S.I. 2008/115, **art. 3(1)(i)** (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))
- F677** Words in s. 52(2ZA) inserted (1.4.2015) by **Bankruptcy and Debt Advice (Scotland) Act 2014 (asp 11)**, ss. 15(b), 57(2); S.S.I. 2014/261, art. 3 (with arts. 4-7, 12) (as amended by S.S.I. 2015/54, art. 2)
- F678** S. 52(2ZB) inserted (1.4.2015) by **Bankruptcy and Debt Advice (Scotland) Act 2014 (asp 11)**, ss. 15(c), 57(2); S.S.I. 2014/261, art. 3 (with arts. 4-7, 12) (as amended by S.S.I. 2015/54, art. 2)
- F679** Words in s. 52(2A) repealed (1.4.2015) by **Bankruptcy and Debt Advice (Scotland) Act 2014 (asp 11)**, s. 57(2), **sch. 4**; S.S.I. 2014/261, art. 3 (with arts. 4-7, 12) (as amended by S.S.I. 2015/54, art. 2)
- F680** S. 52(6) repealed (1.4.1993, subject to savings in arts. 4,5 of S.I. 1993/438) by 1993 c. 6, s. 11(4), **Sch.2** (with s. 12(6)); S.I. 1993/438, **art.3**
- F681** Words in s. 52(7) substituted (1.4.2015) by **Bankruptcy and Debt Advice (Scotland) Act 2014 (asp 11)**, s. 57(2), **sch. 3 para. 26(a)**; S.S.I. 2014/261, art. 3 (with arts. 4-7, 12) (as amended by S.S.I. 2015/54, art. 2)
- F682** Words in s. 52(7) substituted (1.4.2015) by **Bankruptcy and Debt Advice (Scotland) Act 2014 (asp 11)**, s. 57(2), **sch. 3 para. 26(b)**; S.S.I. 2014/261, art. 3 (with arts. 4-7, 12) (as amended by S.S.I. 2015/54, art. 2)
- F683** S. 52(10)(11) inserted (8.9.2003) by **The Insolvency (Scotland) Regulations 2003 (S.I. 2003/2109)**, **reg. 15**

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

- C79** S. 52 applied with modifications by S.I. 1986/1915, **Rule 4.68** and by Rule 2.41(2) (as substituted (15.9.2003) by S.I. 2003/2111, **rule 3**, {Sch. 1Pt. 1})
- C80** S. 52 applied (with modifications) (14.11.2011) by **The Investment Bank Special Administration (Scotland) Rules 2011 (S. I. 2011/2262)**, rules 127(2), **132**



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### 53 Procedure after end of accounting period.

(1) Within 2 weeks after the end of an accounting period, the <sup>F684</sup> . . . trustee shall in respect of that period submit to the commissioners or, if there are no commissioners, to the Accountant in Bankruptcy—

(a) his accounts of his intromissions with the debtor's estate for audit and, where funds are available after making allowance for contingencies, a scheme of division of the divisible funds; and

(b) a claim for the outlays reasonably incurred by him and for his remuneration; and, where the said documents are submitted to the commissioners, he shall send a copy of them to the Accountant in Bankruptcy.

<sup>F685</sup>(2) Subject to subsection (2A) below, all accounts in respect of legal services incurred by the <sup>F684</sup> . . . trustee shall, before payment thereof by him, be submitted for taxation to the auditor of the court before which the sequestration is pending.

(2A) Where—

(a) any such account has been agreed between the <sup>F684</sup> . . . trustee and the person entitled to payment in respect of that account (in this subsection referred to as “the payee”);

(b) the <sup>F684</sup> . . . trustee is not an associate of the payee; and

(c) the commissioners [<sup>F686</sup>or, if there are no commissioners, the Accountant in Bankruptcy, have determined that the account need not] be submitted for taxation,

the <sup>F684</sup> . . . trustee may pay such account without submitting it for taxation.]

(3) Within 6 weeks after the end of an accounting period—

(a) the commissioners or, as the case may be, the Accountant in Bankruptcy <sup>F687</sup> . . .

(i) [<sup>F688</sup>may] audit the accounts; and

(ii) [<sup>F688</sup>shall] issue a determination fixing the amount of the outlays and the remuneration payable to the <sup>F684</sup> . . . trustee; and

(b) the <sup>F684</sup> . . . trustee shall make the audited accounts, scheme of division and the said determination available for inspection by the debtor and the creditors.

(4) The basis for fixing the amount of the remuneration payable to the <sup>F684</sup> . . . trustee may be a commission calculated by reference to the value of the debtor's estate which has been realised by the <sup>F684</sup> . . . trustee, but there shall in any event be taken into account—

(a) the work which, having regard to that value, was reasonably undertaken by him; and

(b) the extent of his responsibilities in administering the debtor's estate.

(5) If fixing the amount of such remuneration in respect of [<sup>F689</sup>any] accounting period, the commissioners or, as the case may be, the Accountant in Bankruptcy may take into account any adjustment which the commissioners or the Accountant in Bankruptcy may wish to make in the amount of the remuneration fixed in respect of any earlier accounting period.

(6) Not later than 8 weeks after the end of an accounting period, the <sup>F684</sup> . . . trustee, the debtor [<sup>F690</sup>(subject to subsection (6A) below)] or any creditor may appeal against a determination issued under subsection (3)(a)(ii) above—

(a) where it is a determination of the commissioners, to the Accountant in Bankruptcy; and

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(b) where it is a determination of the Accountant in Bankruptcy, to the sheriff; and the determination of the Accountant in Bankruptcy under paragraph (a) above shall be appealable to the sheriff <sup>F691</sup>; and the decision of the sheriff on <sup>F692</sup>an appeal against a determination under paragraph (a) or, as the case may be, an appeal under paragraph (b)] shall be final.]

<sup>F693</sup>(6A) A debtor may appeal under subsection <sup>F694</sup>(6)(a) or (b)] above if, and only if, he satisfies the Accountant in Bankruptcy or, as the case may be, the sheriff that he has, or is likely to have, a pecuniary interest in the outcome of the appeal.]

<sup>F695</sup>(6B) Before—

- (a) a debtor; or
- (b) a creditor,

appeals under subsection (6) above, he must give notice to the trustee of his intention to appeal.]

(7) On the expiry of the period within which an appeal may be taken under subsection (6) above or, if an appeal is so taken, on the final determination of the last such appeal, the <sup>F684</sup> . . . trustee shall pay to the creditors their dividends in accordance with the scheme of division.

(8) Any dividend—

- (a) allocated to a creditor which is not cashed or uplifted; or
- (b) dependent on a claim in respect of which an amount has been set aside under subsection (7) or (8) of section 52 of this Act,

shall be deposited by the <sup>F684</sup> . . . trustee in an appropriate bank or institution.

(9) If a creditor's claim is revalued, the <sup>F684</sup> . . . trustee may—

- (a) in paying any dividend to that creditor, make such adjustment to it as he considers necessary to take account of that revaluation; or
- (b) require the creditor to repay to him the whole or part of a dividend already paid to him.

<sup>F696</sup>(10) . . . . .

#### Textual Amendments

**F684** Words in s. 53 repealed (1.4.2008) by Bankruptcy and Diligence etc. (Scotland) Act 2007 (asp 3), ss. 226, 227(3), **Sch. 6 Pt. 1** (with s. 223); S.S.I. 2008/115, **art. 3(2)(3)**, Sch. 2 (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))

**F685** S. 53(2)(2A) substituted for s. 53(2) (1.4.1993, subject to savings in arts. 4,5 of S.I. 1993/438) by 1993 c. 6, s. 11(3), **Sch. 1 para. 22(2)** (with s. 12(6)); S.I. 1993/438, **art.3**

**F686** Words in s. 53(2A)(c) substituted (1.4.2008) by Bankruptcy and Diligence etc. (Scotland) Act 2007 (asp 3), ss. 36, 227(3), **Sch. 1 para. 45(a)** (with s. 223); S.S.I. 2008/115, **art. 3(1)(i)** (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))

**F687** Word "shall" in s. 53(3)(a) repealed (1.4.1993, subject to savings in arts. 4,5 of S.I. 1993/438) by 1993 c. 6, s. 11(4), **Sch.2** (with s. 12(6)); S.I. 1993/438, **art.3**

**F688** Words in s. 53(a)(i)(ii) inserted (1.4.1993, subject to savings in arts. 4,5 of S.I. 1993/438) by 1993 c. 6, s. 11(3), **Sch. 1 para. 22(3)** (with s. 12(6)); S.I. 1993/438, **art.3**

**F689** Words in s. 53(5) substituted (1.4.1993, subject to savings in arts. 4, 5 of S.I. 1993/438) by 1993 c. 6, s. 11(3), **Sch. 1 para. 22(4)** (with s. 12(6)); S.I. 1993/438, **art.3**

*Status: Point in time view as at 01/03/2016.*

*Changes to legislation: Bankruptcy (Scotland) Act 1985 (repealed) is up to date with all changes known to be in force on or before 25 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)*

- F690** Words in s. 53(6) inserted (1.4.2008) by Bankruptcy and Diligence etc. (Scotland) Act 2007 (asp 3), **ss. 31(2)(a), 227(3)** (with s. 223); S.S.I. 2008/115, **art. 3(1)(a)** (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))
- F691** Words at the end of s. 53(6) added (18.2.1993) by 1993 c. 6, s. 11(3), **Sch. 1 para. 22(5)**
- F692** Words in s. 53(6) substituted (1.4.2015) by Bankruptcy and Debt Advice (Scotland) Act 2014 (asp 11), s. 57(2), **sch. 3 para. 27(a)**; S.S.I. 2014/261, art. 3 (with arts. 4-7, 12) (as amended by S.S.I. 2015/54, art. 2)
- F693** S. 53(6A) inserted (1.4.2008) by Bankruptcy and Diligence etc. (Scotland) Act 2007 (asp 3), **ss. 31(2)(a), 227(3)** (with s. 223); S.S.I. 2008/115, **art. 3(1)(a)** (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))
- F694** Words in s. 53(6A) substituted (1.4.2015) by Bankruptcy and Debt Advice (Scotland) Act 2014 (asp 11), s. 57(2), **sch. 3 para. 27(b)**; S.S.I. 2014/261, art. 3 (with arts. 4-7, 12) (as amended by S.S.I. 2015/54, art. 2)
- F695** S. 53(6B) inserted (1.4.2008) by Bankruptcy and Diligence etc. (Scotland) Act 2007 (asp 3), **ss. 36, 227(3), Sch. 1 para. 45(b)** (with s. 223); S.S.I. 2008/115, **art. 3(1)(i)** (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))
- F696** S. 53(10) repealed (1.4.2015) by Bankruptcy and Debt Advice (Scotland) Act 2014 (asp 11), s. 57(2), **sch. 4**; S.S.I. 2014/261, art. 3 (with arts. 4-7, 12) (as amended by S.S.I. 2015/54, art. 2)

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

- C81** S. 53 applied with modifications by S.I. 1986/1915, Rule 4.32.(1), 68 and by Rule 2.41(2)-(4) (as substituted (15.9.2003) by S.I. 2003/2111, Rule 3, **Sch. 1 Pt. 1**)  
S. 53 modified (18.2.1993) by 1993 c. 6, s. 9(1)(2)

**[<sup>F697</sup>53A Modification of procedure under section 53 where Accountant in Bankruptcy is trustee**

- (1) In any case where the Accountant in Bankruptcy is the trustee, section 53 of this Act shall have effect subject to the following modifications.
- (2) For subsections (1) to (7) of that section, there shall be substituted—
  - “(1) At the end of each accounting period, the Accountant in Bankruptcy shall prepare accounts of his intromissions with the debtor's estate and he shall make a determination of his fees and outlays calculated in accordance with regulations made under section 69A of this Act.
  - (2) Such accounts and determination shall be available for inspection by the debtor and the creditors not later than 6 weeks after the end of the accounting period to which they relate.
  - (3) In making a determination as mentioned in subsection (1) above, the Accountant in Bankruptcy may take into account any adjustment which he may wish to make in the amount of his remuneration fixed in respect of any earlier accounting period.
  - (4) Not later than 8 weeks after the end of an accounting period, the debtor (subject to subsection (5) below) or any creditor may appeal to the sheriff against the determination of the Accountant in Bankruptcy; and the decision of the sheriff on such an appeal shall be final.
  - (5) A debtor may appeal under subsection (4) above if, and only if, he satisfies the sheriff that he has, or is likely to have, a pecuniary interest in the outcome of the appeal.

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(6) Before—

- (a) a debtor; or
- (b) any creditor,

appeals under subsection (4) above, he must give notice to the Accountant in Bankruptcy of his intention to appeal.

(7) On the expiry of the period within which an appeal may be made under subsection (4) above, the Accountant in Bankruptcy shall pay to the creditors their dividends in accordance with the scheme of division.”.

(3) In subsection (10) for the words “the audited” there shall be substituted the word “his ”.]

#### Textual Amendments

**F697** S. 53A inserted (1.4.2008) by [Bankruptcy and Diligence etc. \(Scotland\) Act 2007 \(asp 3\), ss. 36, 227\(3\), Sch. 1 para. 46](#) (with s. 223); S.S.I. 2008/115, [art. 3\(1\)\(i\)](#) (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))

### *Discharge of debtor*

#### <sup>F698</sup> 54 Discharge where Accountant in Bankruptcy not the trustee

- (1) This section applies where the Accountant in Bankruptcy is not the trustee.
- (2) The Accountant in Bankruptcy may discharge the debtor at any time after the date which is 12 months after the date on which sequestration is awarded by granting a certificate of discharge in the prescribed form.
- (3) Before deciding whether to discharge the debtor under subsection (2), the Accountant in Bankruptcy must—
  - (a) consider the report provided by the trustee under subsection (4), and
  - (b) take into account any representations received during the period mentioned in subsection (6)(b).
- (4) The trustee must prepare and send a report to the Accountant in Bankruptcy—
  - (a) without delay after the date which is 10 months after the date on which sequestration is awarded, and
  - (b) if the debtor is not otherwise discharged, before sending to the Accountant in Bankruptcy the documentation referred to in section 57(1)(b).
- (5) The report must include—
  - (a) information about—
    - (i) the debtor’s assets, liabilities, financial affairs and business affairs,
    - (ii) the debtor’s conduct in relation to those assets, liabilities, financial affairs and business affairs,
    - (iii) the sequestration, and
    - (iv) the debtor’s conduct in the course of the sequestration,
  - (b) a statement of whether, in the opinion of the trustee, the debtor has as at the date of the report—

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- (i) complied with any debtor contribution order,
  - (ii) co-operated with the trustee in accordance with section 64,
  - (iii) complied with the statement of undertakings,
  - (iv) made a full and fair surrender of the debtor's estate,
  - (v) made a full disclosure of all claims which the debtor is entitled to make against other persons, and
  - (vi) delivered to the trustee every document under the debtor's control relating to the debtor's estate, business or financial affairs, and
- (c) a statement of whether the trustee has, as at the date that the report is sent to the Accountant in Bankruptcy, carried out all of the trustee's functions in accordance with section 3.
- (6) The trustee must, at the same time as sending a report to the Accountant in Bankruptcy under this section, give to the debtor and every creditor known to the trustee—
- (a) a copy of the report, and
  - (b) a notice informing the recipient that the person has a right to make representations to the Accountant in Bankruptcy in relation to the report before the expiry of the period of 28 days beginning with the day on which the notice is given.
- (7) A discharge under this section must not take effect before the end of the period of 14 days beginning with the day of notification of the decision.

#### Textual Amendments

**F698** Ss. 54-54B substituted for s. 54 (30.6.2014 for specified purposes, 1.4.2015 in so far as not already in force) by [Bankruptcy and Debt Advice \(Scotland\) Act 2014 \(asp 11\)](#), **ss. 17, 57(2)**; [S.S.I. 2014/172](#), **art. 2, sch.**; [S.S.I. 2014/261](#), **art. 3** (with **arts. 4-7, 12**) (as amended by [S.S.I. 2015/54](#), **art. 2**)

### 54A Discharge where Accountant in Bankruptcy the trustee

- (1) This section applies where the Accountant in Bankruptcy is the trustee.
- (2) The Accountant in Bankruptcy may discharge the debtor at any time after the date which is 12 months after the date on which sequestration is awarded by granting a certificate of discharge in the prescribed form.
- (3) The Accountant in Bankruptcy must, as soon as is practicable after the date which is 12 months after the date on which sequestration is awarded—
- (a) decide whether to discharge the debtor under subsection (2),
  - (b) notify the debtor and every creditor known to the Accountant in Bankruptcy of that decision, and
  - (c) send a report to those persons.
- (4) The report must give an account of—
- (a) the debtor's assets, liabilities, financial affairs and business affairs,
  - (b) the debtor's conduct in relation to those assets, liabilities, financial affairs and business affairs,
  - (c) the sequestration, and
  - (d) the debtor's conduct in the course of the sequestration, including compliance with the statement of undertakings.

*Status: Point in time view as at 01/03/2016.*

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- (5) Subsection (6) applies where—
- (a) the Accountant in Bankruptcy refuses to discharge the debtor under subsection (2), and
  - (b) the debtor is not otherwise discharged.
- (6) The Accountant in Bankruptcy must, as soon as is practicable after the date which is 12 months after the date of the refusal—
- (a) decide whether to discharge or refuse to discharge the debtor under subsection (2),
  - (b) notify the debtor and every creditor known to the Accountant in Bankruptcy of that decision, and
  - (c) send a report giving an account of the matters mentioned in subsection (4) to those persons.
- (7) A discharge under this section must not take effect before the end of the period of 14 days beginning with the day of notification of the decision.

#### Textual Amendments

**F698** Ss. 54-54B substituted for s. 54 (30.6.2014 for specified purposes, 1.4.2015 in so far as not already in force) by [Bankruptcy and Debt Advice \(Scotland\) Act 2014 \(asp 11\)](#), **ss. 17, 57(2)**; [S.S.I. 2014/172](#), [art. 2, sch.](#); [S.S.I. 2014/261](#), [art. 3](#) (with [arts. 4-7, 12](#)) (as amended by [S.S.I. 2015/54](#), [art. 2](#))

#### 54B Discharge of debtor: review and appeal

- (1) The trustee or the debtor may apply to the Accountant in Bankruptcy for a review of a decision under section 54(2) or 54A(2) to refuse to discharge the debtor.
- (2) Any creditor may apply to the Accountant in Bankruptcy for a review of a decision under section 54(2) or 54A(2) to discharge the debtor.
- (3) An application under subsection (1) or (2) must be made before the end of the period of 14 days beginning with the day of notification of the decision under section 54(2) or, as the case may be, 54A(2).
- (4) If an application for a review under subsection (2) is made, the discharge is suspended until the determination of that review by the Accountant in Bankruptcy.
- (5) If an application for a review under subsection (1) or (2) is made, the Accountant in Bankruptcy must—
  - (a) take into account any representations made by an interested person before the expiry of the period of 21 days beginning with the day on which the application is made, and
  - (b) confirm or revoke the decision before the expiry of the period of 28 days beginning with the day on which the application is made.
- (6) The debtor, the trustee or any creditor may appeal to the sheriff against any decision of the Accountant in Bankruptcy under subsection (5)(b) before the end of the period of 14 days beginning with the date of the decision.]

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#### Textual Amendments

**F698** Ss. 54-54B substituted for s. 54 (30.6.2014 for specified purposes, 1.4.2015 in so far as not already in force) by [Bankruptcy and Debt Advice \(Scotland\) Act 2014 \(asp 11\)](#), ss. 17, 57(2); S.S.I. 2014/172, art. 2, sch.; S.S.I. 2014/261, art. 3 (with arts. 4-7, 12) (as amended by S.S.I. 2015/54, art. 2)

#### [<sup>F699</sup>54C Debtor to whom section 5(2ZA) applies: discharge

- (1) Where section 5(2ZA) applies to a debtor, the debtor is discharged on the date which is 6 months after the date on which sequestration is awarded.
- (2) A debtor may, following a discharge, apply to the Accountant in Bankruptcy for a certificate of discharge in the prescribed form.]

#### Textual Amendments

**F699** S. 54C inserted (30.6.2014 for specified purposes, 1.4.2015 in so far as not already in force) by [Bankruptcy and Debt Advice \(Scotland\) Act 2014 \(asp 11\)](#), ss. 7(1), 57(2); S.S.I. 2014/172, art. 2, sch.; S.S.I. 2014/261, art. 3 (with arts. 4-7, 12) (as amended by S.S.I. 2015/54, art. 2)

#### [<sup>F700</sup>54D Deferral of discharge where debtor cannot be traced

- (1) Subsection (2) applies where—
  - (a) the trustee, having made reasonable inquiries, is unable to ascertain the whereabouts of the debtor, and
  - (b) as a result is unable to carry out the trustee's functions in accordance with section 3.
- (2) The trustee must—
  - (a) notify the debtor by sending to the last known address of the debtor a deferral notice in the prescribed form,
  - (b) give a deferral notice to every creditor known to the trustee, and
  - (c) where the trustee is not the Accountant in Bankruptcy, apply in the prescribed form to the Accountant in Bankruptcy for a deferral.
- (3) A deferral application under subsection (2)(c) must be made by the trustee—
  - (a) no earlier than the date which is 8 months after the date on which sequestration is awarded, and
  - (b) no later than the date which is 10 months after the date on which sequestration is awarded.
- (4) After receiving a deferral application, the Accountant in Bankruptcy must—
  - (a) take into account any representations made by an interested person before the expiry of the period of 14 days beginning with the day on which the application is made, and
  - (b) if satisfied of the matters mentioned in subsection (5), issue a certificate deferring indefinitely the discharge of the debtor.
- (5) The matters are—
  - (a) that the trustee is unable to ascertain the whereabouts of the debtor, and

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- (b) it would not be reasonably practicable for the trustee to continue to search for the debtor.
- (6) Where the Accountant in Bankruptcy is the trustee and has given a deferral notice in accordance with subsection (2)(b), the Accountant in Bankruptcy must—
  - (a) take into account any representations made by an interested person before the expiry of the period of 14 days beginning with the day on which the deferral notice is given, and
  - (b) if satisfied that it would not be reasonably practicable to continue to search for the debtor, issue a certificate deferring indefinitely the discharge of the debtor.
- (7) Where a certificate is issued under subsection (4)(b) or (6)(b), the Accountant in Bankruptcy must make an appropriate entry in the register of insolvencies.

#### Textual Amendments

**F700** Ss. 54D-54G inserted (30.6.2014 for specified purposes, 1.4.2015 in so far as not already in force) by [Bankruptcy and Debt Advice \(Scotland\) Act 2014 \(asp 11\)](#), ss. 19, 57(2); S.S.I. 2014/172, art. 2, sch.; S.S.I. 2014/261, art. 3 (with arts. 4-7, 12) (as amended by S.S.I. 2015/54, art. 2)

#### 54E Debtor not traced: new trustee

- (1) This section applies where a certificate is issued under section 54D(4)(b).
- (2) The trustee may apply to the Accountant in Bankruptcy in the prescribed form for authority to resign office.
- (3) An application under subsection (2) must include details of every creditor known to the trustee.
- (4) An application under subsection (2) may not be made—
  - (a) if after the certificate is issued the trustee ascertains the whereabouts of the debtor or the debtor makes contact with the trustee,
  - (b) after the date which is 6 months after the date on which the certificate is awarded.
- (5) Where an application is made under subsection (2), the Accountant in Bankruptcy must issue to the trustee who made the application a notice in the prescribed form granting the application.
- (6) Where a notice is issued under subsection (5)—
  - (a) the Accountant in Bankruptcy is deemed to be the trustee,
  - (b) the Accountant in Bankruptcy must notify every creditor known to the Accountant in Bankruptcy that the Accountant in Bankruptcy is deemed to be the trustee,
  - (c) the former trustee is not entitled to recover outlays and remuneration payable in accordance with section 53 other than by a claim in the final distribution of the debtor's estate, and
  - (d) subsections (6) to (8) of section 28 apply in relation to the appointment of the Accountant in Bankruptcy as the new trustee as they apply in relation to the appointment of a new trustee under that section.



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### Textual Amendments

**F700** Ss. 54D-54G inserted (30.6.2014 for specified purposes, 1.4.2015 in so far as not already in force) by [Bankruptcy and Debt Advice \(Scotland\) Act 2014 \(asp 11\)](#), **ss. 19, 57(2)**; [S.S.I. 2014/172](#), **art. 2, sch.**; [S.S.I. 2014/261](#), **art. 3** (with **arts. 4-7, 12**) (as amended by [S.S.I. 2015/54](#), **art. 2**)

## 54F Debtor not traced: subsequent debtor contact

- (1) This section applies where—
  - (a) a certificate is issued under section 54D(4)(b) or (6)(b), and
  - (b) the trustee ascertains the whereabouts of the debtor or the debtor makes contact with the trustee.
- (2) Where the Accountant in Bankruptcy is the trustee, the Accountant in Bankruptcy may discharge the debtor at any time after the date which is 12 months after the date on which—
  - (a) the whereabouts of the debtor were ascertained, or
  - (b) the debtor made contact with the trustee.
- (3) Where the Accountant in Bankruptcy is not the trustee, the trustee must prepare and send a report to the Accountant in Bankruptcy without delay after the date which is 10 months after the earlier of the date on which—
  - (a) the whereabouts of the debtor were ascertained by the trustee, or
  - (b) the debtor made contact with the trustee.
- (4) If the trustee sends a report to the Accountant in Bankruptcy under subsection (3)—
  - (a) the report must include the matters included in a report sent to the Accountant in Bankruptcy in accordance with subsection (5) of section 54, and
  - (b) subsection (6) of that section applies to the report as it applies to a report sent in accordance with subsection (4) of that section.
- (5) After receiving a report under subsection (3), the Accountant in Bankruptcy may discharge the debtor by granting a certificate of discharge in the prescribed form.
- (6) Before deciding whether to discharge the debtor under subsection (5), the Accountant in Bankruptcy must—
  - (a) consider the report prepared by the trustee under subsection (3), and
  - (b) take into account any representations received during the period mentioned in subsection (6) of section 54 (as applied in accordance with subsection (4)).
- (7) A discharge under subsection (2) or (5) must not take effect on a date before the end of the period of 14 days beginning with the day of notification of the decision.
- (8) A discharge under subsection (2) or (5) is deemed for the purposes of section 55 to have been given under section 54(2).

### Textual Amendments

**F700** Ss. 54D-54G inserted (30.6.2014 for specified purposes, 1.4.2015 in so far as not already in force) by [Bankruptcy and Debt Advice \(Scotland\) Act 2014 \(asp 11\)](#), **ss. 19, 57(2)**; [S.S.I. 2014/172](#), **art. 2, sch.**; [S.S.I. 2014/261](#), **art. 3** (with **arts. 4-7, 12**) (as amended by [S.S.I. 2015/54](#), **art. 2**)

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## 54G Subsequent debtor contact: review and appeal

- (1) The debtor may apply to the Accountant in Bankruptcy for a review of a decision under section 54F(2) or (5) to refuse to discharge the debtor.
- (2) Any creditor may apply to the Accountant in Bankruptcy for a review of a decision under section 54F(2) or (5) to discharge the debtor.
- (3) An application under subsection (1) or (2) must be made before the end of the period of 14 days beginning with the day of notification of the decision under section 54F(2) or, as the case may be, 54F(5).
- (4) If an application for a review under subsection (2) is made, the discharge is suspended until the determination of that review by the Accountant in Bankruptcy.
- (5) If an application for a review under subsection (1) or (2) is made, the Accountant in Bankruptcy must—
  - (a) take into account any representations made by an interested person before the expiry of the period of 21 days beginning with the day on which the application is made, and
  - (b) confirm or revoke the decision before the expiry of the period of 28 days beginning with the day on which the application is made.
- (6) The debtor, the trustee or any creditor may appeal to the sheriff against any decision of the Accountant in Bankruptcy under subsection (5)(b) before the end of the period of 14 days beginning with the date of the decision.]

### Textual Amendments

**F700** Ss. 54D-54G inserted (30.6.2014 for specified purposes, 1.4.2015 in so far as not already in force) by [Bankruptcy and Debt Advice \(Scotland\) Act 2014 \(asp 11\)](#), ss. 19, 57(2); S.S.I. 2014/172, art. 2, sch.; S.S.I. 2014/261, art. 3 (with arts. 4-7, 12) (as amended by S.S.I. 2015/54, art. 2)

## 55 <sup>[F701]</sup>Effect of discharge under section 54.]

- (1) Subject to <sup>[F702]</sup>subsections (2) and (3)] below, on the debtor's discharge under section 54 <sup>[F703]</sup>, 54A or 54C] of this Act, the debtor shall be discharged within the United Kingdom of all debts and obligations contracted by him, or for which he was liable, at the date of sequestration.
- (2) The debtor shall not be discharged by virtue of subsection (1) above from—
  - (a) any liability to pay a fine or other penalty due to the Crown;
  - <sup>[F704]</sup>(aa) any liability to pay a fine imposed in a <sup>[F705]</sup>district court][<sup>[F705]</sup>justice of the peace court (or a district court)] ;
  - (ab) any liability under a compensation order within the meaning of section 249 of the Criminal Procedure (Scotland) Act 1995;]
  - (b) any liability to forfeiture of a sum of money deposited in court under <sup>[F706]</sup>section 1(3) of the <sup>M20</sup>Bail etc. (Scotland) Act 1980][<sup>[F706]</sup>section 24(6) of the [Criminal Procedure \(Scotland\) Act 1995 \(c.46\)](#)] ;
  - (c) any liability incurred by reason of fraud or breach of trust;
  - (d) any obligation to pay aliment or any sum of an alimentary nature under any enactment or rule of law or any periodical allowance payable on divorce by virtue of a court order or under an obligation, not being

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- [<sup>F707</sup>(i)] aliment or a periodical allowance which could be included in the amount of a creditor's claim under paragraph 2 of Schedule 1 to this Act; [<sup>F708</sup>or
- (ii) child support maintenance within the meaning of the Child Support Act 1991 which was unpaid in respect of any period before the date of sequestration of—
- (aa) any person by whom it was due to be paid; or
- (bb) any employer by whom it was, or was due to be, deducted under section 31(5) of that Act.]
- (e) the obligation imposed on him by section 64 of this Act.
- [<sup>F709</sup>(3) The discharge of the debtor under the said section 54 [<sup>F710</sup>, 54A or 54C] shall not affect any right of a secured creditor—
- (a) [<sup>F711</sup>for a debt in respect of which the debtor has been discharged to enforce his security for payment of the debt and any interest due and payable on the debt until the debt is paid in full; or]
- (b) for an obligation in respect of which the debtor has been discharged to enforce his security in respect of the obligation.]
- [<sup>F712</sup>(4) Nothing in this section affects regulations in relation to which section 73B of the [Education \(Scotland\) Act 1980 \(c.44\)](#) (regulations relating to student loans) applies.]
- <sup>F713</sup>[<sup>F714</sup>(4) In subsection (2)(a) above the reference to a fine or other penalty due to the Crown includes a reference to a confiscation order made under Part 2, 3 or 4 of the Proceeds of Crime Act 2002.]

#### Textual Amendments

- F701** S. 55 heading substituted (1.4.2015) by [Bankruptcy and Debt Advice \(Scotland\) Act 2014 \(asp 11\)](#), s. 57(2), [sch. 3 para. 28](#); S.S.I. 2014/261, art. 3 (with arts. 4-7, 12) (as amended by S.S.I. 2015/54, art. 2)
- F702** Words in s. 55(1) substituted (retrospectively) by 1993 c. 6, s. 11(3), [Sch. 1 para. 23\(2\)\(4\)](#)
- F703** Words in s. 55(1) inserted (S.) (1.4.2015) by [Bankruptcy and Debt Advice \(Scotland\) Act 2014 \(asp 11\)](#), s. 57(2), [sch. 3 para. 29\(a\)](#); S.S.I. 2014/261, art. 3 (with arts. 4-7, 12) (as amended by S.S.I. 2015/54, art. 2)
- F704** S. 55(2)(aa)(ab) inserted (S.) (1.4.1996) by 1995 c. 40, ss. 5, 7(2), [Sch. 4 para. 58\(4\)](#)
- F705** Words in s. 55(2)(aa) substituted (S.) (1.4.2015) by [Bankruptcy and Debt Advice \(Scotland\) Act 2014 \(asp 11\)](#), s. 57(2), [sch. 3 para. 29\(b\)\(i\)](#); S.S.I. 2014/261, art. 3 (with arts. 4-7, 12) (as amended by S.S.I. 2015/54, art. 2)
- F706** Words in s. 55(2)(b) substituted (S.) (1.4.2015) by [Bankruptcy and Debt Advice \(Scotland\) Act 2014 \(asp 11\)](#), s. 57(2), [sch. 3 para. 29\(b\)\(ii\)](#); S.S.I. 2014/261, art. 3 (with arts. 4-7, 12) (as amended by S.S.I. 2015/54, art. 2)
- F707** Word "(i)" inserted (4.4.1993) by [Child Support Act 1991 \(c. 48, SIF 20\)](#), s. 58(13), [Sch. 5 para. 6\(4\)\(a\)](#) (with s. 9(2)); S.I. 1992/2644, [art. 2](#).
- F708** Word "or" and s. 55(2)(d)(ii) inserted (4.4.1993) by [Child Support Act 1991 \(c. 48, SIF 20\)](#), s. 58(13), [Sch. 5 para. 6\(4\)\(b\)](#) (with s. 9(2)); S.I. 1992/2644, [art. 2](#).
- F709** S. 55(3) inserted (retrospectively) by 1993 c. 6, s. 11(3), [Sch. 1 para. 23\(3\)\(4\)](#)
- F710** Words in s. 55(3) inserted (S.) (1.4.2015) by [Bankruptcy and Debt Advice \(Scotland\) Act 2014 \(asp 11\)](#), s. 57(2), [sch. 3 para. 29\(c\)](#); S.S.I. 2014/261, art. 3 (with arts. 4-7, 12) (as amended by S.S.I. 2015/54, art. 2)
- F711** S. 55(3)(a) and word repealed (S.) (1.4.2015) by [Bankruptcy and Debt Advice \(Scotland\) Act 2014 \(asp 11\)](#), s. 57(2), [sch. 4](#); S.S.I. 2014/261, art. 3 (with arts. 4-7, 12) (as amended by S.S.I. 2015/54, art. 2)

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- F712** S. 55(4) inserted (S.) (1.4.2015) by [Bankruptcy and Debt Advice \(Scotland\) Act 2014 \(asp 11\)](#), **ss. 50, 57(2)**; S.S.I. 2014/261, art. 3 (with arts. 4-7, 12) (as amended by S.S.I. 2015/54, art. 2)
- F713** S. 55(4): by [Bankruptcy and Diligence etc. \(Scotland\) Act 2007 \(asp 3\)](#), **ss. 36, 227(3), Sch. 1 para. 47** (with s. 223), it is provided (1.4.2008) that, in s. 55, subsection (3) (references to a fine or penalty to include a confiscation order), as inserted by paragraph 15(5) of Schedule 11 to the [Proceeds of Crime Act 2002 \(c. 29\)](#), is renumbered as subsection (2A); S.S.I. 2008/115, **art. 3(1)(i)** (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))
- F714** S. 55(4) inserted (24.3.2003) by [Proceeds of Crime Act 2002 \(c. 29\)](#), **ss. 456, 458(1)(3), Sch. 11 para. 15(5)**; S.I. 2003/333, **art. 2(1)**, Sch. (subject to transitional provisions in arts. 3-14) (as amended by S.I. 2003/531); S.S.I. 2003/210, **art. 2(1)(b)**, Sch. (subject to transitional provisions in arts. 3-7)

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

- C82** S. 55(2) amended (E.W.S.) by [Drug Trafficking Offences Act 1986 \(c. 32, SIF 39:1\)](#), **s. 39(6)**
- C83** S. 55(2) amended by [Criminal Justice \(Scotland\) Act 1987 \(c. 41, SIF 39:1\)](#), **ss. 45(5)(c), 47(4)(a)**
- C84** S. 55(2) amended by [Criminal Justice Act 1988 \(c. 33, SIF 39:1\)](#), **ss. 123, 170, Sch. 8 para. 16, Sch. 15 para. 109**
- C85** S. 55(2) extended (3.2.1995) by 1994 c. 37, **ss. 65(4), 69(2)**  
S. 55(2) extended (S.) (1.4.1996) by 1995 c. 43, **ss. 47(3), 50(2)**
- C86** S. 55(2) excluded (S.) (31.3.1996) by 1995 c. 20, **ss. 113(7)**; S.I. 1996/517, **art. 3(2)**

#### Marginal Citations

- M20** 1980 c. 4.

### [<sup>F715</sup>55A Discharge under section 54C: conditions

- (1) This section applies where a debtor is discharged under section 54C.
- (2) During the relevant period the debtor must comply with the condition in subsection (3) before the debtor, either alone or jointly with another person, obtains credit—
  - (a) to the extent of £2000 (or such other sum as may be prescribed) or more, or
  - (b) of any amount where, at the time of obtaining credit, the debtor has debts amounting to £1000 (or such other sum as may be prescribed) or more.
- (3) The condition is that the debtor must inform the person who is providing credit to the debtor (or, as the case may be, jointly to the debtor and another person) that the debtor is required to comply with the conditions in this section.
- (4) During the relevant period, the debtor must not engage (whether directly or indirectly) in a business under a name other than that to which the discharge relates unless the debtor complies with the condition in subsection (5).
- (5) The condition is that the debtor must inform any person with whom the debtor enters into any business transaction of the name of the business to which the discharge relates.
- (6) In this section, “relevant period” means the period of 6 months beginning with the date of discharge.

#### Textual Amendments

- F715** Ss. 55A, 55B inserted (30.6.2014 for specified purposes, 1.4.2015 in so far as not already in force) by [Bankruptcy and Debt Advice \(Scotland\) Act 2014 \(asp 11\)](#), **ss. 7(2), 57(2)**; S.S.I. 2014/172, art. 2, sch.; S.S.I. 2014/261, art. 3 (with arts. 4-7, 12) (as amended by S.S.I. 2015/54, art. 2)

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## **55B Section 55A: sanctions**

- (1) If a debtor fails to comply with the requirement imposed by subsection (2) or (4) of section 55A, that section applies in relation to the debtor as if the relevant period were the period of 12 months beginning with the date of discharge of the debtor.
- (2) If a debtor fails to comply with the requirement imposed by subsection (2) or (4) of section 55A during the period when the section applies in relation to the debtor by virtue of subsection (1), the debtor commits an offence.
- (3) A debtor who is guilty of an offence under subsection (2) is liable on summary conviction to—
  - (a) a fine not exceeding the statutory maximum,
  - (b) imprisonment for—
    - (i) a term not exceeding 3 months, or
    - (ii) a term not exceeding 6 months, if the person has previously been convicted of an offence inferring dishonest appropriation of property or an attempt at such appropriation, or
  - (c) both such fine and imprisonment.
- (4) A debtor who is guilty of an offence under subsection (2) is liable on conviction on indictment to—
  - (a) a fine,
  - (b) imprisonment for a term not exceeding 2 years, or
  - (c) both such fine and imprisonment.]

### **Textual Amendments**

**F715** Ss. 55A, 55B inserted (30.6.2014 for specified purposes, 1.4.2015 in so far as not already in force) by [Bankruptcy and Debt Advice \(Scotland\) Act 2014 \(asp 11\)](#), **ss. 7(2)**, 57(2); S.S.I. 2014/172, art. 2, sch.; S.S.I. 2014/261, art. 3 (with arts. 4-7, 12) (as amended by S.S.I. 2015/54, art. 2)

## **<sup>F716</sup>56 Discharge on Composition.**

### **Textual Amendments**

**F716** S. 56 repealed (1.4.2015) by [Bankruptcy and Debt Advice \(Scotland\) Act 2014 \(asp 11\)](#), **ss. 18(1)**, 57(2); S.S.I. 2014/261, art. 3 (with arts. 4-7, 12) (as amended by S.S.I. 2015/54, art. 2)

## *<sup>F717</sup>Bankruptcy restrictions orders and undertakings*

### **Textual Amendments**

**F717** Ss. 56A-56K and preceding cross-heading inserted (1.4.2008) by [Bankruptcy and Diligence etc. \(Scotland\) Act 2007 \(asp 3\)](#), **ss. 2(1)**, 227(3) (with s. 223); S.S.I. 2008/115, **art. 3(1)(a)** (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))

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## [<sup>F718</sup> 56A Bankruptcy restrictions order

- (1) Where sequestration of a living debtor's estate is awarded, an order (to be known as a "bankruptcy restrictions order") in respect of the debtor may be made by the—
  - (a) Accountant in Bankruptcy, or
  - (b) the sheriff.
- (2) A bankruptcy restrictions order may be made by the sheriff only on the application of the Accountant in Bankruptcy.
- (3) The Accountant in Bankruptcy must notify the debtor where the Accountant in Bankruptcy proposes to make a bankruptcy restrictions order.
- (4) A notice under subsection (3) must inform the debtor that the debtor has a right to make representations to the Accountant in Bankruptcy in relation to the proposed bankruptcy restrictions order.
- (5) Before making a bankruptcy restrictions order the Accountant in Bankruptcy must take into account any representations made by the debtor.]

### Textual Amendments

**F718** S. 56A substituted (1.4.2015) by [Bankruptcy and Debt Advice \(Scotland\) Act 2014 \(asp 11\)](#), ss. **33(1)**, **57(2)**; [S.S.I. 2014/261](#), art. 3 (with arts. 4-7, 12) (as amended by [S.S.I. 2015/54](#), art. 2)

## 56B Grounds for making order

- [<sup>F719</sup>(1) A bankruptcy restrictions order must be made if the Accountant in Bankruptcy, or as the case may be, the sheriff thinks it appropriate having regard to the conduct of the debtor (whether before or after the date of sequestration).]
- (2) The [<sup>F720</sup>Accountant in Bankruptcy, or as the case may be, the] sheriff shall, in particular, take into account any of the following kinds of behaviour on the part of the debtor—
  - (a) failing to keep records which account for a loss of property by the debtor, or by a business carried on by him, where the loss occurred in the period beginning 2 years before the date of presentation of the petition for sequestration or, as the case may be, the date the debtor application was made and ending with the date of the application for a bankruptcy restrictions order;
  - (b) failing to produce records of that kind on demand by—
    - (i) the Accountant in Bankruptcy;
    - (ii) the interim trustee; or
    - (iii) the trustee;
  - [<sup>F721</sup>(ba) failing to supply accurate information to an authorised person for the purpose of the granting under section 5B of a certificate for sequestration of the debtor's estate,]
  - (c) making a gratuitous alienation or any other alienation for no consideration or for no adequate consideration which a creditor has, under any rule of law, right to challenge;
  - (d) creating an unfair preference or any other preference which a creditor has, under any rule of law, right to challenge;
  - (e) making an excessive pension contribution;

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- (f) failing to supply goods or services which were wholly or partly paid for which gave rise to a claim submitted by a creditor under section 22 or 48 of this Act;
  - (g) trading at a time before the date of sequestration when the debtor knew or ought to have known that he was to be unable to meet his debts;
  - (h) incurring, before the date of sequestration, a debt which the debtor had no reasonable expectation of being able to pay;
  - (j) failing to account satisfactorily to—
    - (i) the sheriff;
    - (ii) the Accountant in Bankruptcy;
    - (iii) the interim trustee; or
    - (iv) the trustee,for a loss of property or for an insufficiency of property to meet his debts;
  - (k) carrying on any gambling, speculation or extravagance which may have materially contributed to or increased the extent of his debts or which took place between the date of presentation of the petition for sequestration or, as the case may be, the date the debtor application was made and the date on which sequestration is awarded;
  - (l) neglect of business affairs of a kind which may have materially contributed to or increased the extent of his debts;
  - (m) fraud or breach of trust;
  - (n) failing to co-operate with—
    - (i) the Accountant in Bankruptcy;
    - (ii) the interim trustee; or
    - (iii) the trustee.
- (3) The [F722 Accountant in Bankruptcy, or as the case may be, the] sheriff shall also, in particular, consider whether the debtor—
- (a) has previously been sequestrated; and
  - (b) remained undischarged from that sequestration at any time during the period of 5 years ending with the date of the sequestration to which the application relates.
- (4) For the purposes of subsection (2) above—
- “excessive pension contribution” shall be construed in accordance with section 36A of this Act; and
  - “gratuitous alienation” means an alienation challengeable under section 34(1) of this Act.

#### Textual Amendments

- F719** S. 56B(1) substituted (1.4.2015) by [Bankruptcy and Debt Advice \(Scotland\) Act 2014 \(asp 11\)](#), **ss. 33(2)(a)**, 57(2); S.S.I. 2014/261, art. 3 (with arts. 4-7, 12) (as amended by S.S.I. 2015/54, art. 2)
- F720** Words in s. 56B(2) inserted (1.4.2015) by [Bankruptcy and Debt Advice \(Scotland\) Act 2014 \(asp 11\)](#), **ss. 33(2)(b)(i)**, 57(2); S.S.I. 2014/261, art. 3 (with arts. 4-7, 12) (as amended by S.S.I. 2015/54, art. 2)
- F721** S. 56B(2)(ba) inserted (1.4.2015) by [Bankruptcy and Debt Advice \(Scotland\) Act 2014 \(asp 11\)](#), **ss. 33(2)(b)(ii)**, 57(2); S.S.I. 2014/261, art. 3 (with arts. 4-7, 12) (as amended by S.S.I. 2015/54, art. 2)
- F722** Words in s. 56B(3) inserted (1.4.2015) by [Bankruptcy and Debt Advice \(Scotland\) Act 2014 \(asp 11\)](#), **ss. 33(2)(c)**, 57(2); S.S.I. 2014/261, art. 3 (with arts. 4-7, 12) (as amended by S.S.I. 2015/54, art. 2)

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### 56C Application of section 67(9)

- (1) Where the [<sup>F723</sup>Accountant in Bankruptcy, or as the case may be, the] sheriff thinks it appropriate, the [<sup>F723</sup>Accountant in Bankruptcy, or as the case may be, the] sheriff may specify in the bankruptcy restrictions order that subsection (9) of section 67 of this Act shall apply to the debtor during the period he is subject to the order as if he were a debtor within the meaning of subsection (10)(a) of that section.
- (2) For the purposes of subsection (1) above, section 67(10) of this Act shall have effect as if, for paragraph (c) of that subsection, there were substituted—
- “(c) the relevant information about the status of the debtor is the information that—
- (i) he is subject to a bankruptcy restrictions order; or
  - (ii) where his estate has been sequestrated and he has not been discharged, that fact.”

#### Textual Amendments

**F723** Words in s. 56C(1) inserted (1.4.2015) by [Bankruptcy and Debt Advice \(Scotland\) Act 2014 \(asp 11\)](#), [ss. 33\(3\)](#), 57(2); S.S.I. 2014/261, art. 3 (with arts. 4-7, 12) (as amended by S.S.I. 2015/54, art. 2)

### 56D [<sup>F724</sup>Timing for making an order]

- (1) [<sup>F725</sup>The Accountant in Bankruptcy must make, or apply to the sheriff for, a bankruptcy restrictions order] , subject to subsection (2) below, within the period beginning with the date of sequestration and ending with the date on which the debtor's discharge becomes effective.
- [<sup>F726</sup>(2) After the end of the period referred to in subsection (1), the Accountant in Bankruptcy may—
- (a) make a bankruptcy restrictions order only with the permission of the sheriff, and
  - (b) make an application for a bankruptcy restrictions order only with the permission of the sheriff.]

#### Textual Amendments

**F724** S. 56D heading substituted (1.4.2015) by [Bankruptcy and Debt Advice \(Scotland\) Act 2014 \(asp 11\)](#), [ss. 33\(4\)](#), 57(2); S.S.I. 2014/261, art. 3 (with arts. 4-7, 12) (as amended by S.S.I. 2015/54, art. 2)

**F725** Words in s. 56D(1) substituted (1.4.2015) by [Bankruptcy and Debt Advice \(Scotland\) Act 2014 \(asp 11\)](#), [ss. 33\(5\)\(a\)](#), 57(2); S.S.I. 2014/261, art. 3 (with arts. 4-7, 12) (as amended by S.S.I. 2015/54, art. 2)

**F726** S. 56D(2) substituted (1.4.2015) by [Bankruptcy and Debt Advice \(Scotland\) Act 2014 \(asp 11\)](#), [ss. 33\(5\)\(b\)](#), 57(2); S.S.I. 2014/261, art. 3 (with arts. 4-7, 12) (as amended by S.S.I. 2015/54, art. 2)

### 56E Duration of order and application for annulment

- (1) A bankruptcy restrictions order—
- (a) shall come into force when it is made; and
  - (b) shall cease to have effect at the end of the date specified in the order.



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- [<sup>F727</sup>(2) The date specified in a bankruptcy restrictions order under subsection (1)(b)—
- (a) in the case of an order made by the Accountant in Bankruptcy—
    - (i) must not be before the end of the period of 2 years beginning with the date on which the order is made, but
    - (ii) must be before the end of the period of 5 years beginning with that date, and
  - (b) in the case of an order made by the sheriff must not be—
    - (i) before the end of the period of 5 years beginning with the date on which the order is made, or
    - (ii) after the end of the period of 15 years beginning with that date.]
- (3) On an application by the debtor the [<sup>F728</sup>person mentioned in subsection (4)] may—
- (a) annul a bankruptcy restrictions order; or
  - (b) vary such an order, including providing for such an order to cease to have effect at the end of a date earlier than the date specified in the order under subsection (1)(b) above.
- [ The person is—
- <sup>F729</sup>(4) (a) in the case of a bankruptcy restrictions order made by the Accountant in Bankruptcy, the Accountant in Bankruptcy, and
- (b) in the case of a bankruptcy restrictions order made by the sheriff, the sheriff.
- (5) If an application under subsection (3) is made to the Accountant in Bankruptcy, the Accountant in Bankruptcy must—
- (a) take into account any representations made by an interested person before the expiry of the period of 21 days beginning with the day on which the application is made, and
  - (b) confirm, amend or revoke the decision before the expiry of the period of 28 days beginning with the day on which the application is made.
- (6) The debtor may appeal to the sheriff against any decision of the Accountant in Bankruptcy under subsection (5)(b) before the end of the period of 14 days beginning with the date of the decision.
- (7) The sheriff may—
- (a) in determining such an appeal, or
  - (b) otherwise on an application by the Accountant in Bankruptcy,
- make an order providing that the debtor may not make another application under subsection (3) for such period as may be specified in the order.]

#### Textual Amendments

**F727** S. 56E(2) substituted (1.4.2015) by [Bankruptcy and Debt Advice \(Scotland\) Act 2014 \(asp 11\)](#), **ss. 33(6)(a)**, 57(2); S.S.I. 2014/261, art. 3 (with arts. 4-7, 12) (as amended by S.S.I. 2015/54, art. 2)

**F728** Words in s. 56E(3) substituted (1.4.2015) by [Bankruptcy and Debt Advice \(Scotland\) Act 2014 \(asp 11\)](#), **ss. 33(6)(b)**, 57(2); S.S.I. 2014/261, art. 3 (with arts. 4-7, 12) (as amended by S.S.I. 2015/54, art. 2)

**F729** S. 56E(4)-(7) inserted (1.4.2015) by [Bankruptcy and Debt Advice \(Scotland\) Act 2014 \(asp 11\)](#), **ss. 33(6)(c)**, 57(2); S.S.I. 2014/261, art. 3 (with arts. 4-7, 12) (as amended by S.S.I. 2015/54, art. 2)

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## 56F Interim bankruptcy restrictions order

- [<sup>F730</sup>(1) Subsection (2) applies at any time—
- (a) after the Accountant in Bankruptcy notifies the debtor under section 56A(3) that the Accountant in Bankruptcy proposes to make a bankruptcy restrictions order, and
  - (b) before the Accountant in Bankruptcy decides whether to make the order.
- (2) The Accountant in Bankruptcy may make an interim bankruptcy restrictions order if the Accountant in Bankruptcy thinks that—
- (a) there are *prima facie* grounds to suggest that a bankruptcy restrictions order will be made, and
  - (b) it is in the public interest to make an interim bankruptcy restrictions order.
- (2A) Subsection (2B) applies at any time between—
- (a) the making of an application to the sheriff for a bankruptcy restrictions order, and
  - (b) the determination of the application.
- (2B) The sheriff may, on the application of the Accountant in Bankruptcy, make an interim bankruptcy restrictions order if the sheriff thinks that—
- (a) there are *prima facie* grounds to suggest that the application for the bankruptcy restrictions order will be successful, and
  - (b) it is in the public interest to make an interim bankruptcy restrictions order.]

<sup>F731</sup>(3) .....

(4) An interim order—

    - (a) shall have the same effect as a bankruptcy restrictions order; and
    - (b) shall come into force when it is made.

[<sup>F732</sup>(5) An interim order ceases to have effect—

    - (a) in the case of an interim order made by the Accountant in Bankruptcy, on the Accountant in Bankruptcy deciding whether or not to make a bankruptcy restrictions order,
    - (b) in the case of an interim order made by the sheriff, on the determination of the application for the bankruptcy restrictions order, or
    - (c) if the sheriff discharges the interim order, on the application of the Accountant in Bankruptcy or of the debtor.]

(6) Where a bankruptcy restrictions order is made in respect of a debtor who is subject to an interim order, section 56E(2) of this Act shall have effect in relation to the bankruptcy restrictions order as if the reference to the date on which the order is made were a reference to the date on which the interim order was made.

### Textual Amendments

**F730** S. 56F(1)-(2B) substituted for s. 56F(1)(2) (1.4.2015) by [Bankruptcy and Debt Advice \(Scotland\) Act 2014 \(asp 11\)](#), **ss. 33(7)(a)**, 57(2); S.S.I. 2014/261, **art. 3** (with **arts. 4-7, 12**) (as amended by S.S.I. 2015/54, **art. 2**)

**F731** S. 56F(3) repealed (1.4.2015) by [Bankruptcy and Debt Advice \(Scotland\) Act 2014 \(asp 11\)](#), **ss. 33(7)(b)**, 57(2); S.S.I. 2014/261, **art. 3** (with **arts. 4-7, 12**) (as amended by S.S.I. 2015/54, **art. 2**)

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**F732** S. 56F(5) substituted (1.4.2015) by [Bankruptcy and Debt Advice \(Scotland\) Act 2014 \(asp 11\)](#), **ss. 33(7)(c), 57(2)**; S.S.I. 2014/261, art. 3 (with arts. 4-7, 12) (as amended by S.S.I. 2015/54, art. 2)

**F733 56G Bankruptcy restrictions undertaking**

**Textual Amendments**

**F733** S. 56G repealed (1.4.2015) by [Bankruptcy and Debt Advice \(Scotland\) Act 2014 \(asp 11\)](#), **ss. 52, 57(2)**; S.S.I. 2014/261, art. 3 (with arts. 4-7, 12) (as amended by S.S.I. 2015/54, art. 2)

**F734 56H Bankruptcy restrictions undertakings: application of section 67(9)**

**Textual Amendments**

**F734** S. 56H repealed (1.4.2015) by [Bankruptcy and Debt Advice \(Scotland\) Act 2014 \(asp 11\)](#), s. 57(2), **sch. 4**; S.S.I. 2014/261, art. 3 (with arts. 4-7, 12) (as amended by S.S.I. 2015/54, art. 2)

**56J Effect of recall of sequestration**

(1) Where an award of sequestration of a debtor's estate is recalled under section 17(1) of this Act—

- (a) the sheriff may annul any bankruptcy restrictions order, [<sup>F735</sup>or interim bankruptcy restrictions order] which is in force in respect of the debtor; [<sup>F736</sup>and]
- (b) no new bankruptcy restrictions order or interim order may be made in respect of the debtor; <sup>F737</sup>...

<sup>F737</sup>(c) .....

(2) Where the sheriff refuses to annul a bankruptcy restrictions order, [<sup>F738</sup>or interim bankruptcy restrictions order] under subsection (1)(a) above the debtor may, no later than 28 days after the date on which the award of sequestration is recalled, appeal to the sheriff principal against such a refusal.

(3) The decision of the sheriff principal on an appeal under subsection (2) above is final.]

[<sup>F739</sup>(4) Where an award of sequestration of a debtor's estate is recalled under section 17D(1) or 17E(6)—

- (a) the Accountant in Bankruptcy may annul any bankruptcy restrictions order or interim bankruptcy restrictions order which is in force in respect of the debtor, and
- (b) no new bankruptcy restrictions order or interim bankruptcy restrictions order may be made in respect of the debtor.

(5) Where the Accountant in Bankruptcy refuses to annul a bankruptcy restrictions order or interim bankruptcy restrictions order under subsection (4) the debtor may apply to the Accountant in Bankruptcy for a review of such a refusal.

*Status: Point in time view as at 01/03/2016.*

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- (6) An application under subsection (5) must be made before the end of the period of 14 days beginning with the day on which the award of sequestration is recalled.
- (7) If an application under subsection (5) is made, the Accountant in Bankruptcy must—
- (a) take into account any representations made by an interested person before the expiry of the period of 21 days beginning with the day on which the application is made, and
  - (b) confirm the refusal or annul the order before the expiry of the period of 28 days beginning with the day on which the application is made.
- (8) The debtor may appeal to the sheriff against any decision of the Accountant in Bankruptcy under subsection (7)(b) before the end of the period of 14 days beginning with the date of the decision.
- (9) The decision of the sheriff on an appeal under subsection (8) is final.]

#### Textual Amendments

- F735** Words in s. 56J(1)(a) substituted (1.4.2015) by [Bankruptcy and Debt Advice \(Scotland\) Act 2014 \(asp 11\)](#), s. 57(2), [sch. 3 para. 30\(a\)\(i\)](#); S.S.I. 2014/261, art. 3 (with arts. 4-7, 12) (as amended by S.S.I. 2015/54, art. 2)
- F736** Word in s. 56J(1)(a) inserted (1.4.2015) by [Bankruptcy and Debt Advice \(Scotland\) Act 2014 \(asp 11\)](#), s. 57(2), [sch. 3 para. 30\(a\)\(ii\)](#); S.S.I. 2014/261, art. 3 (with arts. 4-7, 12) (as amended by S.S.I. 2015/54, art. 2)
- F737** S. 56J(1)(c) and word repealed (1.4.2015) by [Bankruptcy and Debt Advice \(Scotland\) Act 2014 \(asp 11\)](#), s. 57(2), [sch. 4](#); S.S.I. 2014/261, art. 3 (with arts. 4-7, 12) (as amended by S.S.I. 2015/54, art. 2)
- F738** Words in s. 56J(2) substituted (1.4.2015) by [Bankruptcy and Debt Advice \(Scotland\) Act 2014 \(asp 11\)](#), s. 57(2), [sch. 3 para. 30\(b\)](#); S.S.I. 2014/261, art. 3 (with arts. 4-7, 12) (as amended by S.S.I. 2015/54, art. 2)
- F739** S. 56J(4)-(9) inserted (1.4.2015) by [Bankruptcy and Debt Advice \(Scotland\) Act 2014 \(asp 11\)](#), [ss. 33\(8\)](#), 57(2); S.S.I. 2014/261, art. 3 (with arts. 4-7, 12) (as amended by S.S.I. 2015/54, art. 2)

#### <sup>F740</sup>56K Effect of discharge on approval of offer of composition

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#### Textual Amendments

- F740** S. 56K repealed (1.4.2015) by [Bankruptcy and Debt Advice \(Scotland\) Act 2014 \(asp 11\)](#), [ss. 18\(2\)](#), 57(2); S.S.I. 2014/261, art. 3 (with arts. 4-7, 12) (as amended by S.S.I. 2015/54, art. 2)

#### *[<sup>F741</sup>Discharge of trustee]*

#### Textual Amendments

- F741** Cross-heading preceding s. 57 substituted (1.4.2008) by virtue of [Bankruptcy and Diligence etc. \(Scotland\) Act 2007 \(asp 3\)](#), [ss. 36](#), 227(3), [Sch. 1 para. 48](#) (with s. 223); S.S.I. 2008/115, art. 3(1) (i) (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))

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## 57 [F742] Discharge of trustee]

(1) After the <sup>F743</sup> . . . trustee has made a final division of the debtor's estate and has inserted his final audited accounts in the sederunt book, he—

- [F744](a) must pay to the Accountant in Bankruptcy any unclaimed dividends and unapplied balances,]
- (b) shall thereafter send to the Accountant in Bankruptcy the sederunt book [F745: in the format specified by subsection (1A) and] , a copy of the audited accounts <sup>F746</sup> . . . ; and
- (c) may at the same time as sending the said documents apply to the Accountant in Bankruptcy for a certificate of discharge.

[F747](1A) The trustee must send an electronic version of the sederunt book in such format as the Accountant in Bankruptcy may from time to time direct.]

[F748](1B) The Accountant in Bankruptcy must deposit any unclaimed dividends and any unapplied balances paid to the Accountant in Bankruptcy under subsection (1)(a) in an appropriate bank or institution.]

(2) The <sup>F743</sup> . . . trustee shall send notice of an application under subsection (1)(c) above to the debtor and to all the creditors known to the . . . trustee and shall inform the debtor and such creditors—

- (a) that they may make written representations relating to the application to the Accountant in Bankruptcy within a period of 14 days after such notification;
- (b) that the sederunt book is available for inspection [F749 following a request made to the Accountant in Bankruptcy] and contains the audited accounts of, and scheme of division in, the sequestration; and
- (c) of the effect mentioned in subsection (5) below.

(3) On the expiry of the period mentioned in subsection (2)(a) above, the Accountant in Bankruptcy, after examining the documents sent to him and considering any representations duly made to him, shall—

- (a) grant or refuse to grant the certificate of discharge; and
- (b) notify (in addition to the <sup>F743</sup> . . . trustee) the debtor and all creditors who have made such representations accordingly.

[F750](3A) A certificate of discharge granted under subsection (3)—

- (a) must take effect after the expiry of the period mentioned in subsection (3C), and
- (b) has no effect if an application for review is made under subsection (3B).

(3B) The trustee, the debtor or any creditor who has made representations under subsection (2)(a) may apply to the Accountant in Bankruptcy for a review of a determination under subsection (3).

(3C) An application under subsection (3B) must be made before the expiry of the period of 14 days beginning with the day of the determination.

(3D) If an application for a review under subsection (3B) is made, the Accountant in Bankruptcy must—

- (a) take into account any representations made by an interested person before the expiry of the period of 21 days beginning with the day on which the application is made, and

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- (b) confirm, amend or revoke the determination (whether or not issuing a new certificate of discharge) before the expiry of the period of 28 days beginning with the day on which the application is made.]
- (4) The <sup>F743</sup> . . . trustee, the debtor or any creditor who has made representations under subsection (2)(a) above, may within 14 days after [<sup>F751</sup>a decision by the Accountant in Bankruptcy under subsection (3D)(b)] , appeal therefrom to the sheriff and if the sheriff determines that a certificate of discharge which has been refused should be granted he shall order the Accountant in Bankruptcy to grant it; and the sheriff clerk shall send a copy of the decree of the sheriff to the Accountant in Bankruptcy.
- <sup>F752</sup>[(4A) The decision of the sheriff on an appeal under subsection (4) above shall be final.]
- (5) The grant of a certificate of discharge under this section by the Accountant in Bankruptcy shall have the effect of discharging the <sup>F743</sup> . . . trustee from all liability (other than any liability arising from fraud) to the creditors or to the debtor in respect of any act or omission of the <sup>F743</sup> . . . trustee in exercising the functions conferred on him by this Act including, where he was also the interim trustee, the functions conferred on him as interim trustee.
- (6) Where a certificate of discharge is granted under this section, the Accountant in Bankruptcy shall make an appropriate entry in the register of insolvencies and in the sederunt book.
- (7) Where the <sup>F743</sup> . . . trustee has died, resigned office or been removed from office, the provisions of this section shall, subject to any necessary modifications, apply in relation to that <sup>F743</sup> . . . trustee or, if he has died, to his executor as they apply to a <sup>F743</sup> . . . trustee who has made a final division of the debtor's estate in accordance with the foregoing provisions of this Act.
- <sup>F752</sup>[(8) This section does not apply in any case where the Accountant in Bankruptcy is the <sup>F743</sup> . . . trustee.]

#### Textual Amendments

- F742** S. 57 heading substituted (1.4.2008) by virtue of [Bankruptcy and Diligence etc. \(Scotland\) Act 2007 \(asp 3\)](#), ss. 36, 227(3), **Sch. 1 para. 49** (with s. 223); S.S.I. 2008/115, **art. 3(1)(i)** (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))
- F743** Words in s. 57 repealed (1.4.2008) by [Bankruptcy and Diligence etc. \(Scotland\) Act 2007 \(asp 3\)](#), ss. 226, 227(3), **Sch. 6 Pt. 1** (with s. 223); S.S.I. 2008/115, **art. 3(2)(3)**, Sch. 2 (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))
- F744** S. 57(1)(a) substituted (1.4.2015) by [Bankruptcy and Debt Advice \(Scotland\) Act 2014 \(asp 11\)](#), **ss. 20(a)(i)**, 57(2); S.S.I. 2014/261, **art. 3** (with arts. 4-7, 12) (as amended by S.S.I. 2015/54, art. 2)
- F745** Words in s. 57(1)(b) inserted (30.6.2014 for specified purposes, 1.4.2015 in so far as not already in force) by [Bankruptcy and Debt Advice \(Scotland\) Act 2014 \(asp 11\)](#), **ss. 23(1)(a)**, 57(2); S.S.I. 2014/172, **art. 2**, sch.; S.S.I. 2014/261, **art. 3** (with arts. 4-7, 12) (as amended by S.S.I. 2015/54, art. 2)
- F746** Words in s. 57(1)(b) repealed (1.4.2015) by [Bankruptcy and Debt Advice \(Scotland\) Act 2014 \(asp 11\)](#), **ss. 20(a)(ii)**, 57(2); S.S.I. 2014/261, **art. 3** (with arts. 4-7, 12) (as amended by S.S.I. 2015/54, art. 2)
- F747** S. 57(1A) inserted (30.6.2014 for specified purposes, 1.4.2015 in so far as not already in force) by [Bankruptcy and Debt Advice \(Scotland\) Act 2014 \(asp 11\)](#), **ss. 23(1)(b)**, 57(2); S.S.I. 2014/172, **art. 2**, sch.; S.S.I. 2014/261, **art. 3** (with arts. 4-7, 12) (as amended by S.S.I. 2015/54, art. 2)
- F748** S. 57(1B) inserted (1.4.2015) by [Bankruptcy and Debt Advice \(Scotland\) Act 2014 \(asp 11\)](#), **ss. 20(b)**, 57(2); S.S.I. 2014/261, **art. 3** (with arts. 4-7, 12) (as amended by S.S.I. 2015/54, art. 2)

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- F749** Words in s. 57(2)(b) substituted (30.6.2014 for specified purposes, 1.4.2015 in so far as not already in force) by [Bankruptcy and Debt Advice \(Scotland\) Act 2014 \(asp 11\)](#), **ss. 23(1)(c)**, 57(2); S.S.I. 2014/172, art. 2, sch.; S.S.I. 2014/261, art. 3 (with arts. 4-7, 12) (as amended by S.S.I. 2015/54, art. 2)
- F750** S. 57(3A)-(3D) inserted (1.4.2015) by [Bankruptcy and Debt Advice \(Scotland\) Act 2014 \(asp 11\)](#), **ss. 42(1)(a)**, 57(2); S.S.I. 2014/261, art. 3 (with arts. 4-7, 10, 12) (as amended by S.S.I. 2015/54, art. 2)
- F751** Words in s. 57(4) substituted (1.4.2015) by [Bankruptcy and Debt Advice \(Scotland\) Act 2014 \(asp 11\)](#), **ss. 42(1)(b)**, 57(2); S.S.I. 2014/261, art. 3 (with arts. 4-7, 10, 12) (as amended by S.S.I. 2015/54, art. 2)
- F752** S. 57(4A) inserted (1.4.1993, subject to savings in arts. 4, 5 of S.I. 1993/438) by 1993 c. 6, s. 11(3), **Sch. 1 para. 24(2)** (with s. 12(6)); S.I. 1993/438, **art.3**  
S. 57(8) inserted (1.4.1993, subject to savings in arts. 4, 5 of S.I. 1993/438) by 1993 c. 6, s. 11(3), **Sch. 1 para. 24(3)** (with s. 12(6)); S.I. 1993/438, **art.3**

## 58 Unclaimed dividends.

- (1) Any person, producing evidence of his right, may apply to the Accountant in Bankruptcy to receive a dividend deposited under section [<sup>F753</sup>57(1B)] [<sup>F754</sup>or 58A(3)] of this Act, if the application is made not later than 7 years after the date of such deposit.
- (2) If the Accountant in Bankruptcy is satisfied of the applicant's right to the dividend, he shall authorise the appropriate bank or institution to pay to the applicant the amount of that dividend and of any interest which has accrued thereon.
- (3) The Accountant in Bankruptcy shall, at the expiry of 7 years from the date of deposit of any unclaimed dividend or unapplied balance under section [<sup>F753</sup>57(1B)] [<sup>F754</sup>or 58A(3)] of this Act, hand over the deposit receipt or other voucher relating to such dividend or balance to the Secretary of State, who shall thereupon be entitled to payment of the amount due, principal and interest, from the bank or institution in which the deposit was made.

### Textual Amendments

- F753** Word in s. 58 substituted (1.4.2015) by [Bankruptcy and Debt Advice \(Scotland\) Act 2014 \(asp 11\)](#), s. 57(2), **sch. 3 para. 31**; S.S.I. 2014/261, art. 3 (with arts. 4-7, 12) (as amended by S.S.I. 2015/54, art. 2)
- F754** Words in s. 58(1)(3) inserted (1.4.1993, subject to savings in arts. 4, 5 of S.I. 1993/438) by 1993 c. 6, s. 11(3), **Sch. 1 para.25** (with s. 12(6)); S.I. 1993/438, **art.3**

### Modifications etc. (not altering text)

- C87** S. 58 applied with modifications by S.I. 1986/1915, **Rule 4.68** and by Rule 2.41(2) (as substituted (15.9.2003) by S.I. 2003/2111, **Rule 3**, {Sch. 1Pt. 1})
- C88** S. 58 applied with modifications by [Insolvency Act 1986 \(c. 45, SIF 66\)](#), **ss. 193(3)**, 443
- C89** S. 58 extended with modifications by [Companies Act 1985 \(c. 6, SIF 27\)](#), **s. 430(14)** (as substituted by [Financial Services Act 1986 \(c. 60, SIF 69\)](#), s. 172, **Sch. 12**)
- C90** S. 58 applied (6.4.2007) by [Companies Act 2006 \(c. 46\)](#), **ss. 982(8)**, 1300; S.I. 2007/1093, **art. 2(1)(b)** (with saving in [art. 11\(1\)](#))
- C91** S. 58 applied (with modifications) (20.5.2006) by [The Takeovers Directive \(Interim Implementation\) Regulations 2006 \(S.I. 2006/1183\)](#), reg. 30, **Sch. 2 para. 3(15)**
- C92** S. 58 applied (with modifications) (14.11.2011) by [The Investment Bank Special Administration \(Scotland\) Rules 2011 \(S. I. 2011/2262\)](#), rules 127(2), **132**

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## [58A <sup>F755</sup> Discharge of Accountant in Bankruptcy

- (1) This section applies where the Accountant in Bankruptcy has acted as the <sup>F756</sup> . . . trustee in any sequestration.
- <sup>F757</sup>(2) . . . . .
- (3) The Accountant in Bankruptcy shall deposit any unclaimed dividends and any unapplied balances in an appropriate bank or institution.
- (4) The Accountant in Bankruptcy shall send to the debtor and to all creditors known to him—
- (a) a copy of [<sup>F758</sup>a determination of the Accountant in Bankruptcy's fees and outlays calculated in accordance with regulations made under section 69A] ; and
  - (b) a notice in writing stating—
    - (i) that the Accountant in Bankruptcy has commenced the procedure under this Act leading to discharge in respect of his actings as <sup>F756</sup> . . . trustee;
    - (ii) that the sederunt book relating to the sequestration is available for inspection [<sup>F759</sup>following a request made to the Accountant in Bankruptcy] ;
    - <sup>F760</sup>(ia) [ that an application for a review may be made under subsection (4A)]
    - (iii) that an appeal may be made to the sheriff under subsection (5) below; and
    - (iv) the effect of subsection (7) below.
- [ The debtor or any creditor may apply to the Accountant in Bankruptcy for a review <sup>F761</sup>(4A) of the discharge of the Accountant in Bankruptcy in respect of the Accountant in Bankruptcy's actings as trustee.
- (4B) An application under subsection (4A) must be made before the expiry of the period of 14 days beginning with the day on which notice is sent under subsection (4)(b).
- (4C) If an application under subsection (4A) is made, the Accountant in Bankruptcy must—
- (a) take into account any representations made by an interested person before the expiry of the period of 21 days beginning with the day on which the application is made, and
  - (b) confirm or revoke the discharge before the expiry of the period of 28 days beginning with the day on which the application is made.]
- [<sup>F762</sup>(5) The debtor or any creditor may appeal to the sheriff against a decision by the Accountant in Bankruptcy under subsection (4C)(b) before the expiry of the period of 14 days beginning with the day on which the decision is made.]
- [<sup>F763</sup>(6) The decision of the sheriff on an appeal under subsection (5) is final.]
- (7) Where—
- (a) the requirements of this section have been complied with; and
  - (b) no appeal to the sheriff is made under subsection (5) above or such an appeal is made but is refused as regards the discharge of the Accountant in Bankruptcy,
- the Accountant in Bankruptcy shall be discharged from all liability (other than any liability arising from fraud) to the creditors or to the debtor in respect of any act



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or omission of the Accountant in Bankruptcy in exercising the functions of <sup>F756</sup> . . . trustee in the sequestration [<sup>F764</sup>including, where the Accountant in Bankruptcy was the interim trustee, the functions of the interim trustee] .

<sup>F765</sup>(8) . . . . .

(9) <sup>F766</sup> . . . . .]

### Textual Amendments

- F755** S. 58A inserted (1.4.1993, subject to savings in arts. 4, 5 of S.I. 1993/438) by 1993 c. 6, s. 11(3), **Sch. 1 para.26** (with s. 12(6)); S.I. 1993/438, **art.3**
- F756** Words in s. 58A repealed (1.4.2008) by Bankruptcy and Diligence etc. (Scotland) Act 2007 (asp 3), ss. 226, 227(3), **Sch. 6 Pt. 1** (with s. 223); S.S.I. 2008/115, **art. 3(2)(3)**, Sch. 2 (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))
- F757** S. 58A(2) repealed (1.4.2015) by Bankruptcy and Debt Advice (Scotland) Act 2014 (asp 11), s. 57(2), **sch. 4**; S.S.I. 2014/261, **art. 3** (with arts. 4-7, 12) (as amended by S.S.I. 2015/54, art. 2)
- F758** Words in s. 58A(4)(a) substituted (1.4.2015) by Bankruptcy and Debt Advice (Scotland) Act 2014 (asp 11), s. 57(2), **sch. 3 para. 32**; S.S.I. 2014/261, **art. 3** (with arts. 4-7, 12) (as amended by S.S.I. 2015/54, art. 2)
- F759** Words in s. 58A(4)(b)(ii) substituted (1.4.2015) by Bankruptcy and Debt Advice (Scotland) Act 2014 (asp 11), **ss. 23(2), 57(2)**; S.S.I. 2014/261, **art. 3** (with arts. 4-7, 12) (as amended by S.S.I. 2015/54, art. 2)
- F760** S. 58A(4)(b)(iia) inserted (1.4.2015) by Bankruptcy and Debt Advice (Scotland) Act 2014 (asp 11), **ss. 42(2)(a), 57(2)**; S.S.I. 2014/261, **art. 3** (with arts. 4-7, 10, 12) (as amended by S.S.I. 2015/54, art. 2)
- F761** S. 58A(4A)-(4C) inserted (1.4.2015) by Bankruptcy and Debt Advice (Scotland) Act 2014 (asp 11), **ss. 42(2)(b), 57(2)**; S.S.I. 2014/261, **art. 3** (with arts. 4-7, 10, 12) (as amended by S.S.I. 2015/54, art. 2)
- F762** S. 58A(5) substituted (1.4.2015) by Bankruptcy and Debt Advice (Scotland) Act 2014 (asp 11), **ss. 42(2)(c), 57(2)**; S.S.I. 2014/261, **art. 3** (with arts. 4-7, 10, 12) (as amended by S.S.I. 2015/54, art. 2)
- F763** S. 58A(6) substituted (1.4.2015) by Bankruptcy and Debt Advice (Scotland) Act 2014 (asp 11), **ss. 42(2)(d), 57(2)**; S.S.I. 2014/261, **art. 3** (with arts. 4-7, 10, 12) (as amended by S.S.I. 2015/54, art. 2)
- F764** Words in s. 58A(7) inserted (1.4.2008) by Bankruptcy and Diligence etc. (Scotland) Act 2007 (asp 3), ss. 36, 227(3), **Sch. 1 para. 50** (with s. 223); S.S.I. 2008/115, **art. 3(1)(i)** (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))
- F765** S. 58A(8) repealed (1.4.2015) by Bankruptcy and Debt Advice (Scotland) Act 2014 (asp 11), s. 57(2), **sch. 4**; S.S.I. 2014/261, **art. 3** (with arts. 4-7, 12) (as amended by S.S.I. 2015/54, art. 2)
- F766** S. 58A(9) repealed (1.4.2008) by Bankruptcy and Diligence etc. (Scotland) Act 2007 (asp 3), ss. 226, 227(3), **Sch. 6 Pt. 1** (with s. 223); S.S.I. 2008/115, **art. 3(2)(3)**, Sch. 2 (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))

### [<sup>F767</sup>58B Assets discovered after trustee discharge: appointment of trustee

- (1) This section applies where, after the trustee's discharge under section 57 or 58A but before the expiry of the period of 5 years from the date of sequestration, the trustee or the Accountant in Bankruptcy becomes aware of any newly identified estate with a value of not less than £1000 (or such other sum as may be prescribed).
- (2) In this section, "newly identified estate" means any part of the debtor's estate which—
  - (a) vested in the trustee in accordance with section 31 or 32, and
  - (b) was not, before the trustee was discharged, known to the trustee.
- (3) The Accountant in Bankruptcy may—
  - (a) in the case where the trustee was discharged under section 57—

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- (i) on the application of the trustee who was discharged, reappoint that person as trustee on the debtor's estate, or
    - (ii) appoint the Accountant in Bankruptcy as trustee on the debtor's estate,
  - (b) in the case where the Accountant in Bankruptcy was discharged under section 58A, reappoint the Accountant in Bankruptcy as trustee on the debtor's estate.
- (4) The Accountant in Bankruptcy may make an appointment or reappointment under subsection (3) only if, in the opinion of the Accountant in Bankruptcy, the value of the newly identified estate is likely to exceed the costs of—
- (a) the appointment or reappointment, and
  - (b) the recovery, management, realisation and distribution of the newly identified estate.
- (5) Where the trustee was discharged under section 57 and applies for reappointment under subsection (3)(a)(i), the discharged trustee must provide to the Accountant in Bankruptcy the information mentioned in subsection (8)(a) to (c).
- (6) Where the trustee was discharged under section 57 and does not apply for reappointment under subsection (3)(a)(i), the discharged trustee must—
- (a) provide to the Accountant in Bankruptcy details of any newly identified estate that the discharged trustee becomes aware of, where that estate has a value which is not less than the value mentioned in subsection (1), and
  - (b) if requested by the Accountant in Bankruptcy, provide to the Accountant in Bankruptcy the information mentioned in subsection (8)(b) and (c).
- (7) Where the Accountant in Bankruptcy was discharged under section 58A, the Accountant in Bankruptcy must record and consider the information mentioned in subsection (8).
- (8) The information is—
- (a) the estimated value of the newly identified estate,
  - (b) the reason why the newly identified estate forms part of the debtor's estate,
  - (c) the reason why the newly identified estate was not recovered,
  - (d) the estimated outlays and remuneration of the trustee following an appointment or reappointment under subsection (3), and
  - (e) the likely distribution under section 51 following an appointment or reappointment under subsection (3).
- (9) This section is without prejudice to any other right to take action following the discharge of the trustee.

#### **Textual Amendments**

**F767** Ss. 58B-58D inserted (30.6.2014 for specified purposes, 1.4.2015 in so far as not already in force) by [Bankruptcy and Debt Advice \(Scotland\) Act 2014 \(asp 11\)](#), ss. 21, 57(2); S.S.I. 2014/172, art. 2, sch.; S.S.I. 2014/261, art. 3 (with arts. 4-712) (as amended by S.S.I. 2015/54, art. 2)

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### **58C Assets discovered after trustee discharge: notice**

- (1) The Accountant in Bankruptcy must notify the debtor and any other person the Accountant in Bankruptcy considers to have an interest—
  - (a) where an application is made under section 58B(3)(a)(i), and
  - (b) where the Accountant in Bankruptcy proposes to make an appointment or reappointment under section 58B(3)(a)(ii) or (b).
- (2) A notice under subsection (1) must inform the recipient that the person has a right to make representations to the Accountant in Bankruptcy in relation to the application or the proposed appointment or reappointment before the expiry of the period of 14 days beginning with the day on which the notice is given.
- (3) Before making an appointment or reappointment under section 58B, the Accountant in Bankruptcy must take into account any representations made by an interested person.
- (4) If the Accountant in Bankruptcy makes an appointment or reappointment under section 58B, the Accountant in Bankruptcy must as soon as is practicable notify the debtor of the appointment or reappointment.
- (5) A notice under subsection (4) must include information in relation to the debtor's duties to co-operate with the trustee under section 64.

#### **Textual Amendments**

**F767** Ss. 58B-58D inserted (30.6.2014 for specified purposes, 1.4.2015 in so far as not already in force) by [Bankruptcy and Debt Advice \(Scotland\) Act 2014 \(asp 11\)](#), **ss. 21, 57(2)**; [S.S.I. 2014/172](#), art. 2, sch.; [S.S.I. 2014/261](#), art. 3 (with arts. 4-712) (as amended by [S.S.I. 2015/54](#), art. 2)

### **58D Assets discovered after trustee discharge: appeal**

Where the Accountant in Bankruptcy makes or refuses to make an order under section 58B, an interested person may, no later than 14 days after the date of the decision, appeal to the sheriff.]

#### **Textual Amendments**

**F767** Ss. 58B-58D inserted (30.6.2014 for specified purposes, 1.4.2015 in so far as not already in force) by [Bankruptcy and Debt Advice \(Scotland\) Act 2014 \(asp 11\)](#), **ss. 21, 57(2)**; [S.S.I. 2014/172](#), art. 2, sch.; [S.S.I. 2014/261](#), art. 3 (with arts. 4-712) (as amended by [S.S.I. 2015/54](#), art. 2)

### *Voluntary trust deeds for creditors*

### **59 Voluntary trust deeds for creditors.**

Schedule 5 to this Act shall have effect in relation to trust deeds executed after the commencement of this section.

*Status: Point in time view as at 01/03/2016.*

*Changes to legislation: Bankruptcy (Scotland) Act 1985 (repealed) is up to date with all changes known to be in force on or before 25 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)*

## [<sup>F768</sup>59A [<sup>F769</sup>Application for conversion to sequestration]

- (1) Where a member State liquidator proposes to [<sup>F770</sup>apply to the Accountant in Bankruptcy] for the conversion under Article 37 of the EC Regulation (conversion of earlier proceedings) of a protected trust deed into sequestration, an affidavit complying with section 59B of this Act must be prepared and sworn, and [<sup>F771</sup>submitted to the Accountant in Bankruptcy in support of the application] .
- (2) The [<sup>F772</sup>application] and the affidavit required under subsection (1) above shall be served upon—
  - (a) the debtor;
  - (b) the trustee;
  - (c) such other person as may be prescribed.

### Textual Amendments

- F768** Ss. 59A-59C inserted (8.9.2003) by [The Insolvency \(Scotland\) Regulations 2003 \(S.I. 2003/2109\)](#), [reg. 16](#)
- F769** S. 59A heading substituted (1.4.2015) by [Bankruptcy and Debt Advice \(Scotland\) Act 2014 \(asp 11\)](#), [ss. 34\(1\), 57\(2\)](#); [S.S.I. 2014/261](#), art. 3 (with arts. 4-7, 12) (as amended by [S.S.I. 2015/54](#), art. 2)
- F770** Words in s. 59A(1) substituted (1.4.2015) by [Bankruptcy and Debt Advice \(Scotland\) Act 2014 \(asp 11\)](#), [ss. 34\(2\)\(a\)\(i\), 57\(2\)](#); [S.S.I. 2014/261](#), art. 3 (with arts. 4-7, 12) (as amended by [S.S.I. 2015/54](#), art. 2)
- F771** Words in s. 59A(1) substituted (1.4.2015) by [Bankruptcy and Debt Advice \(Scotland\) Act 2014 \(asp 11\)](#), [ss. 34\(2\)\(a\)\(ii\), 57\(2\)](#); [S.S.I. 2014/261](#), art. 3 (with arts. 4-7, 12) (as amended by [S.S.I. 2015/54](#), art. 2)
- F772** Word in s. 59A(2) substituted (1.4.2015) by [Bankruptcy and Debt Advice \(Scotland\) Act 2014 \(asp 11\)](#), [ss. 34\(2\)\(b\), 57\(2\)](#); [S.S.I. 2014/261](#), art. 3 (with arts. 4-7, 12) (as amended by [S.S.I. 2015/54](#), art. 2)

## 59B Contents of affidavit

- (1) The affidavit shall—
  - (a) state that main proceedings have been opened in relation to the debtor in a member State other than the United Kingdom;
  - (b) state that the member State liquidator believes that the conversion of the trust deed into a sequestration would prove to be in the interests of the creditors in the main proceedings;
  - (c) contain such other information the member State liquidator considers will be of assistance to the [<sup>F773</sup>Accountant in Bankruptcy] –
    - (i) in deciding whether to make an order under section 59C; and
    - (ii) if the [<sup>F773</sup>Accountant in Bankruptcy] were to do so, in considering the need for any consequential provision that would be necessary or desirable; and
  - (d) contain any other matters as may be prescribed.
- (2) An affidavit under this section shall be sworn by, or on behalf of, the member State liquidator.

*Status: Point in time view as at 01/03/2016.*

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### Textual Amendments

- F768** Ss. 59A-59C inserted (8.9.2003) by [The Insolvency \(Scotland\) Regulations 2003 \(S.I. 2003/2109\)](#), [reg. 16](#)
- F773** Words in s. 59B(1)(c) substituted (1.4.2015) by [Bankruptcy and Debt Advice \(Scotland\) Act 2014 \(asp 11\)](#), [ss. 34\(3\), 57\(2\)](#); [S.S.I. 2014/261](#), [art. 3](#) (with arts. 4-7, 12) (as amended by [S.S.I. 2015/54](#), [art. 2](#))

## 59C <sup>[F774]</sup>Power of Accountant in Bankruptcy]

- <sup>[F775]</sup>(1) The Accountant in Bankruptcy may, after considering an application for conversion of a protected trust deed into a sequestration, make such order as the Accountant in Bankruptcy thinks fit.]
- (2) If the <sup>[F776]</sup>Accountant in Bankruptcy] makes an order for conversion into sequestration the order may contain all such consequential provisions as the <sup>[F776]</sup>Accountant in Bankruptcy] deems necessary or desirable.
- [ The provisions of this Act shall apply to an order made by the <sup>[F778]</sup>Accountant in <sup>F777</sup>(2A) Bankruptcy] under subsection (1) above as if it was a determination by the Accountant in Bankruptcy of a debtor application under section 12(1) of this Act and in relation to which the member State liquidator was a concurring creditor.]
- (3) Where the <sup>[F779]</sup>Accountant in Bankruptcy] makes an order for conversion into sequestration under sub-section (1) above, any expenses properly incurred as expenses of the administration of the trust deed in question shall be a first charge on the debtor's estate.]

### Textual Amendments

- F768** Ss. 59A-59C inserted (8.9.2003) by [The Insolvency \(Scotland\) Regulations 2003 \(S.I. 2003/2109\)](#), [reg. 16](#)
- F774** S. 59C heading substituted (1.4.2015) by [Bankruptcy and Debt Advice \(Scotland\) Act 2014 \(asp 11\)](#), [ss. 34\(4\), 57\(2\)](#); [S.S.I. 2014/261](#), [art. 3](#) (with arts. 4-7, 12) (as amended by [S.S.I. 2015/54](#), [art. 2](#))
- F775** S. 59C(1) substituted (1.4.2015) by [Bankruptcy and Debt Advice \(Scotland\) Act 2014 \(asp 11\)](#), [ss. 34\(5\)\(a\), 57\(2\)](#); [S.S.I. 2014/261](#), [art. 3](#) (with arts. 4-7, 12) (as amended by [S.S.I. 2015/54](#), [art. 2](#))
- F776** Words in s. 59C(2) substituted (1.4.2015) by [Bankruptcy and Debt Advice \(Scotland\) Act 2014 \(asp 11\)](#), [ss. 34\(5\)\(b\), 57\(2\)](#); [S.S.I. 2014/261](#), [art. 3](#) (with arts. 4-7, 12) (as amended by [S.S.I. 2015/54](#), [art. 2](#))
- F777** S. 59C(2A) inserted (1.4.2008) by [Bankruptcy and Diligence etc. \(Scotland\) Act 2007 \(asp 3\)](#), [ss. 32, 227\(3\)](#) (with s. 223); [S.S.I. 2008/115](#), [art. 3\(1\)\(a\)](#) (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by [S.S.I. 2011/31](#), [art. 5](#)))
- F778** Words in s. 59C(2A) substituted (1.4.2015) by [Bankruptcy and Debt Advice \(Scotland\) Act 2014 \(asp 11\)](#), [ss. 34\(5\)\(b\), 57\(2\)](#); [S.S.I. 2014/261](#), [art. 3](#) (with arts. 4-7, 12) (as amended by [S.S.I. 2015/54](#), [art. 2](#))
- F779** Words in s. 59C(3) substituted (1.4.2015) by [Bankruptcy and Debt Advice \(Scotland\) Act 2014 \(asp 11\)](#), [ss. 34\(5\)\(b\), 57\(2\)](#); [S.S.I. 2014/261](#), [art. 3](#) (with arts. 4-7, 12) (as amended by [S.S.I. 2015/54](#), [art. 2](#))

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### Miscellaneous and supplementary

## 60 Liabilities and rights of co-obligants.

- (1) Where a creditor has an obligant (in this section referred to as the “co-obligant”) bound to him along with the debtor for the whole or part of the debt, the co-obligant shall not be freed or discharged from his liability for the debt by reason of the discharge of the debtor or by virtue of the creditor’s voting or drawing a dividend or assenting to, or not opposing—
- (a) the discharge of the debtor; <sup>F780</sup> ...
- <sup>F780</sup>(b) .....
- (2) Where—
- (a) a creditor has had a claim accepted in whole or in part; and
- (b) a co-obligant holds a security over any part of the debtor’s estate,
- the co-obligant shall account to the <sup>F781</sup> . . . trustee so as to put the estate in the same position as if the co-obligant had paid the debt to the creditor and thereafter had had his claim accepted in whole or in part in the sequestration after deduction of the value of the security.
- (3) Without prejudice to any right under any rule of law of a co-obligant who has paid the debt, the co-obligant may require and obtain at his own expense from the creditor an assignation of the debt on payment of the amount thereof, and thereafter may in respect of that debt submit a claim, and vote and draw a dividend, if otherwise legally entitled to do so.
- (4) In this section a “co-obligant” includes a cautioner.

#### Textual Amendments

- F780** S. 60(1)(b) and word repealed (1.4.2015) by [Bankruptcy and Debt Advice \(Scotland\) Act 2014 \(asp 11\)](#), s. 57(2), [sch. 4](#); S.S.I. 2014/261, [art. 3](#) (with arts. 4-7, 12) (as amended by S.S.I. 2015/54, [art. 2](#))
- F781** Word in s. 60(2) repealed (1.4.2008) by [Bankruptcy and Diligence etc. \(Scotland\) Act 2007 \(asp 3\)](#), ss. 226, 227(3), [Sch. 6 Pt. 1](#) (with s. 223); S.S.I. 2008/115, [art. 3\(2\)\(3\)](#), [Sch. 2](#) (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, [art. 5](#)))

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

- C93** S. 60 applied with modifications by [S.I. 1986/1915](#), [Rules 4.16\(1\)\(e\)](#), 7.9(4) and by [Rule 2.41\(2\)](#) (as substituted (15.9.2003) by [S.I. 2003/2111](#), [Rule 3](#), [Sch. 1 Pt. 1](#))
- C94** S. 60 applied (with modifications) (14.11.2011) by [The Investment Bank Special Administration \(Scotland\) Rules 2011 \(S. I. 2011/2262\)](#), [rule 127](#)

### <sup>F782</sup>60A Member State liquidator deemed creditor

For the purposes of this Act, and without prejudice to the generality of the right to participate referred to in paragraph 3 of Article 32 of the EC Regulation (exercise of creditors' rights) a member State liquidator appointed in relation to the debtor is deemed to be a creditor in the sum due to creditors in proceedings in relation to which he holds office.

*Status: Point in time view as at 01/03/2016.*

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#### Textual Amendments

**F782** Ss. 60A, 60B inserted (8.9.2003) by [The Insolvency \(Scotland\) Regulations 2003 \(S.I. 2003/2109\)](#), [reg. 17](#)

### 60B Trustee's duties concerning notices and copies of documents

- (1) This section applies where a member State liquidator has been appointed in relation to the debtor.
- (2) Where an interim [<sup>F783</sup>trustee or a] trustee is obliged to give notice to, or provide a copy of a document (including an order of court) to, the [<sup>F784</sup>sheriff] or the Accountant in Bankruptcy, the trustee shall [<sup>F785</sup>also] give notice or provide copies, as appropriate, to the member State liquidator.
- (3) Subsection (2) above is without prejudice to the generality of the obligations imposed by Article 31 of the EC Regulation (duty to co-operate and communicate information).]

#### Textual Amendments

**F782** Ss. 60A, 60B inserted (8.9.2003) by [The Insolvency \(Scotland\) Regulations 2003 \(S.I. 2003/2109\)](#), [reg. 17](#)

**F783** Words in s. 60B(2) substituted (1.4.2008) by [Bankruptcy and Diligence etc. \(Scotland\) Act 2007 \(asp 3\)](#), ss. 36, 227(3), [Sch. 1 para 54\(a\)](#) (with s. 223); S.S.I. 2008/115, [art. 3\(1\)\(i\)](#) (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))

**F784** Word in s. 60B(2) substituted (1.4.2008) by [Bankruptcy and Diligence etc. \(Scotland\) Act 2007 \(asp 3\)](#), ss. 36, 227(3), [Sch. 1 para. 54\(b\)](#) (with s. 223); S.S.I. 2008/115, [art. 3\(1\)\(i\)](#) (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))

**F785** Word in s. 60B(2) inserted (S.) (1.4.2015) by [Bankruptcy and Debt Advice \(Scotland\) Act 2014 \(asp 11\)](#), s. 57(2), [sch. 3 para. 33](#); S.S.I. 2014/261, art. 3 (with arts. 4-7, 12) (as amended by S.S.I. 2015/54, art. 2)

### 61 Extortionate credit transactions.

- (1) This section applies where the debtor is or has been a party to a transaction for, or involving, the provision to him of credit and his estate is sequestered.
- (2) The [<sup>F786</sup>sheriff] may, on the application of the [<sup>F787</sup> . . . trustee, make an order with respect to the transaction if the transaction is or was extortionate and was not entered into more than three years before the date of sequestration.
- (3) For the purposes of this section a transaction is extortionate if, having regard to the risk accepted by the person providing the credit—
  - (a) the terms of it are or were such as to require grossly exorbitant payments to be made (whether unconditionally or in certain contingencies) in respect of the provision of the credit; or
  - (b) it otherwise grossly contravened ordinary principles of fair dealing; and it shall be presumed, unless the contrary is proved, that a transaction with respect to which an application is made under this section is, or as the case may be was, extortionate.

*Status: Point in time view as at 01/03/2016.*

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- (4) An order under this section with respect to any transaction may contain such one or more of the following as the <sup>F786</sup>sheriff] thinks fit—
- (a) provision setting aside the whole or part of any obligation created by the transaction;
  - (b) provision otherwise varying the terms of the transaction or varying the terms on which any security for the purposes of the transaction is held;
  - (c) provision requiring any person who is a party to the transaction to pay to the <sup>F787</sup>. . . trustee any sums paid to that person, by virtue of the transaction, by the debtor;
  - (d) provision requiring any person to surrender to the <sup>F787</sup>. . . trustee any property held by him as security for the purposes of the transaction;
  - (e) provision directing accounts to be taken between any persons.
- (5) Any sums or property required to be paid or surrendered to the <sup>F787</sup>. . . trustee in accordance with an order under this section shall vest in the <sup>F787</sup>. . . trustee.
- (6) <sup>F788</sup>. . . The powers conferred by this section shall be exercisable in relation to any transaction concurrently with any powers exercisable under this Act in relation to that transaction as a gratuitous alienation or unfair preference.
- (7) In this section “credit” has the same meaning as in the said Act of 1974.

#### Textual Amendments

**F786** Words in s. 61 substituted (1.4.2008) by [Bankruptcy and Diligence etc. \(Scotland\) Act 2007 \(asp 3\)](#), ss. 36, 227(3), [Sch. 1 para. 55](#) (with s. 223); S.S.I. 2008/115, [art. 3\(1\)\(i\)](#) (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))

**F787** Words in s. 61 repealed (1.4.2008) by [Bankruptcy and Diligence etc. \(Scotland\) Act 2007 \(asp 3\)](#), ss. 226, 227(3), [Sch. 6 Pt. 1](#) (with s. 223); S.S.I. 2008/115, [art. 3\(2\)\(3\)](#), Sch. 2 (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))

**F788** Words in s. 61(6) repealed (6.4.2007) by [Consumer Credit Act 2006 \(c. 14\)](#), ss. 70, 71, [Sch. 4](#) (with [Sch. 3 para. 15\(5\)](#)); S.I. 2007/123, [art. 3\(2\)](#), Sch. 2 (as amended by S.I. 2007/387, [art. 2\(3\)\(e\)\(iii\)](#))

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

**C95** S. 61 applied (with modifications) (4.4.2006) by [The Cross-Border Insolvency Regulations 2006 \(S.I. 2006/1030\)](#), reg. 2(1), [Sch. 1 Article 23 paras. 1-3](#) (subject to paras. 6, 9)

## 62 Sederunt book and other documents.

- (1) Subject to subsection (2) below, whoever by virtue of this Act for the time being holds the sederunt book shall make it available for inspection at all reasonable hours by any interested person.
  - (2) As regards any case in which the person on whom a duty is imposed by subsection (1) above is the Accountant in Bankruptcy, the <sup>F789</sup>the Scottish Ministers may by regulations] —
    - (a) limit the period for which the duty is so imposed; and
    - (b) prescribe conditions in accordance with which the duty shall be carried out.
- <sup>F790</sup>(2A) The trustee must insert in the sederunt book the information listed in Schedule 3A to this Act.



*Status: Point in time view as at 01/03/2016.*

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- (2B) The Scottish Ministers may by regulations modify Schedule 3A.]
- (3) Any entry in the sederunt book shall be sufficient evidence of the facts stated therein, except where it is founded on by the <sup>F791</sup> . . . trustee in his own interest.
- (4) Notwithstanding any provision of this Act, the <sup>F791</sup> . . . trustee shall not be bound to insert in the sederunt book any document of a confidential nature.
- (5) The <sup>F791</sup> . . . trustee shall not be bound to exhibit to any person other than a commissioner or the Accountant in Bankruptcy any document in his possession of a confidential nature.
- (6) An extract from the register of insolvencies bearing to be signed by the Accountant in Bankruptcy shall be sufficient evidence of the facts stated therein.

#### Textual Amendments

- F789** Words in s. 62(2) substituted (30.6.2014 for specified purposes, 1.4.2015 in so far as not already in force) by [Bankruptcy and Debt Advice \(Scotland\) Act 2014 \(asp 11\)](#), **ss. 23(3)(a)**, 57(2); S.S.I. 2014/172, art. 2, sch.; S.S.I. 2014/261, art. 3 (with arts. 4-7, 12) (as amended by S.S.I. 2015/54, art. 2)
- F790** S. 62(2A)(2B) inserted (30.6.2014 for specified purposes, 1.4.2015 in so far as not already in force) by [Bankruptcy and Debt Advice \(Scotland\) Act 2014 \(asp 11\)](#), **ss. 23(3)(b)**, 57(2); S.S.I. 2014/172, art. 2, sch.; S.S.I. 2014/261, art. 3 (with arts. 4-7, 12) (as amended by S.S.I. 2015/54, art. 2)
- F791** Words in s. 62 repealed (1.4.2008) by [Bankruptcy and Diligence etc. \(Scotland\) Act 2007 \(asp 3\)](#), **ss. 226, 227(3), Sch. 6 Pt. 1** (with s. 223); S.S.I. 2008/115, **art. 3(2)(3)**, Sch. 2 (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))

### 63 <sup>F792</sup>**Power of court to cure defects in procedure.**]

- (1) The sheriff may, on the application of any person having an interest—
- (a) if there has been a failure to comply with any requirement of this Act or any regulations made under it, make an order waiving any such failure and, so far as practicable, restoring any person prejudiced by the failure to the position he would have been in but for the failure;
- (b) if for any reason anything required or authorised to be done in, or in connection with, the sequestration process cannot be done, make such order as may be necessary to enable that thing to be done.
- <sup>F793</sup>(1A) An order under subsection (1) may waive a failure to comply with a requirement mentioned in section 63A(1)(a) or (b) only if the failure relates to—
- (a) a document to be lodged with the sheriff,
- (b) a document issued by the sheriff, or
- (c) a time limit specified in relation to proceedings before the sheriff or a document relating to those proceedings.]
- (2) The sheriff, in an order under subsection (1) above, may impose such conditions, including conditions as to expenses, as he thinks fit and may—
- (a) authorise or dispense with the performance of any act in the sequestration process;
- (b) appoint as <sup>F794</sup> . . . trustee on the debtor's estate [<sup>F795</sup>the Accountant in Bankruptcy or] a person who would be eligible to be elected under section 24 of this Act, whether or not in place of an existing trustee;

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- (c) extend or waive any time limit specified in or under this Act.
- (3) An application under subsection (1) above—
- (a) may at any time be remitted by the sheriff to the Court of Session, of his own accord or on an application by any person having an interest;
  - (b) shall be so remitted, if the Court of Session so directs on an application by any such person,

if the sheriff or the Court of Session, as the case may be, considers that the remit is desirable because of the importance or complexity of the matters raised by the application.

<sup>F796</sup>(4) .....

#### Textual Amendments

- F792** S. 63 heading substituted (1.4.2015) by [Bankruptcy and Debt Advice \(Scotland\) Act 2014 \(asp 11\)](#), [ss. 35\(1\)](#), [57\(2\)](#); [S.S.I. 2014/261](#), [art. 3](#) (with arts. 4-7, 12) (as amended by [S.S.I. 2015/54](#), [art. 2](#))
- F793** S. 63(1A) inserted (1.4.2015) by [Bankruptcy and Debt Advice \(Scotland\) Act 2014 \(asp 11\)](#), [ss. 35\(2\)\(a\)](#), [57\(2\)](#); [S.S.I. 2014/261](#), [art. 3](#) (with arts. 4-7, 12) (as amended by [S.S.I. 2015/54](#), [art. 2](#))
- F794** Words in s. 63 repealed (1.4.2008) by [Bankruptcy and Diligence etc. \(Scotland\) Act 2007 \(asp 3\)](#), [ss. 226](#), [227\(3\)](#), [Sch. 6 Pt. 1](#) (with s. 223); [S.S.I. 2008/115](#), [art. 3\(2\)\(3\)](#), [Sch. 2](#) (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by [S.S.I. 2011/31](#), [art. 5](#)))
- F795** Words in s. 63(2)(b) inserted (1.4.2015) by [Bankruptcy and Debt Advice \(Scotland\) Act 2014 \(asp 11\)](#), [ss. 35\(2\)\(b\)](#), [57\(2\)](#); [S.S.I. 2014/261](#), [art. 3](#) (with arts. 4-7, 12) (as amended by [S.S.I. 2015/54](#), [art. 2](#))
- F796** S. 63(4) repealed (1.4.2015) by [Bankruptcy and Debt Advice \(Scotland\) Act 2014 \(asp 11\)](#), [s. 57\(2\)](#), [sch. 4](#); [S.S.I. 2014/261](#), [art. 3](#) (with arts. 4-7, 12) (as amended by [S.S.I. 2015/54](#), [art. 2](#))

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

- C96** S. 63 applied with modifications by [S.I. 1986/1915](#), [Rule 7.32](#).

### [<sup>F797</sup> 63A Power of Accountant in Bankruptcy to cure defects in procedure

- (1) The Accountant in Bankruptcy may make an order—
  - (a) correcting a clerical or incidental error in a document required by or under this Act, or
  - (b) waiving a failure to comply with a time limit—
    - (i) which is specified by or under this Act, and
    - (ii) for which no provision is made by or under this Act.
- (2) An order under subsection (1) may be made—
  - (a) on the application of any person having an interest, or
  - (b) without an application if the Accountant in Bankruptcy proposes to correct or waive a matter mentioned in subsection (1).
- (3) The applicant must notify all interested persons where an application is made under subsection (2)(a).
- (4) The Accountant in Bankruptcy must notify all interested persons where the Accountant in Bankruptcy proposes to make an order by virtue of subsection (2)(b).
- (5) A notice under subsection (3) or (4) must inform the recipient that the person has a right to make representations to the Accountant in Bankruptcy in relation to the application

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or the proposed order before the expiry of the period of 14 days beginning with the day on which the notice is given.

- (6) Before making an order under subsection (1), the Accountant in Bankruptcy must take into account any representations made by an interested person.
- (7) An order under subsection (1) may—
  - (a) so far as practicable, restore any person prejudiced by the error or failure to the position that person would have been in but for the error or failure,
  - (b) impose such conditions, including conditions as to expenses, as the Accountant in Bankruptcy thinks fit.
- (8) After making an order which affects a matter which is recorded in the Register of Inhibitions, the Accountant in Bankruptcy must without delay send a certified copy of the order to the Keeper of that register for recording in that register.

#### Textual Amendments

**F797** Ss. 63A, 63B inserted (1.4.2015) by [Bankruptcy and Debt Advice \(Scotland\) Act 2014 \(asp 11\)](#), ss. [35\(3\)](#), [57\(2\)](#); [S.S.I. 2014/261](#), art. 3 (with arts. 4-7, 12) (as amended by [S.S.I. 2015/54](#), art. 2)

### **63B Decision under section 63A: review**

- (1) An interested person may apply to the Accountant in Bankruptcy for a review of a decision of the Accountant in Bankruptcy to make, or refuse to make, an order under section 63A(1).
- (2) An application under subsection (1) must be made before the expiry of the period of 14 days beginning with the day of the decision.
- (3) If an application under subsection (1) is made, the Accountant in Bankruptcy must—
  - (a) take into account any representations made by an interested person before the expiry of the period of 21 days beginning with the day on which the application is made, and
  - (b) confirm, amend or revoke the decision before the expiry of the period of 28 days beginning with the day on which the application is made.
- (4) An interested person may appeal to the sheriff against a decision by the Accountant in Bankruptcy under subsection (3)(b) before the expiry of the period of 14 days beginning with the day of the decision.
- (5) The decision of the sheriff on an appeal under subsection (4) is final.]

#### Textual Amendments

**F797** Ss. 63A, 63B inserted (1.4.2015) by [Bankruptcy and Debt Advice \(Scotland\) Act 2014 \(asp 11\)](#), ss. [35\(3\)](#), [57\(2\)](#); [S.S.I. 2014/261](#), art. 3 (with arts. 4-7, 12) (as amended by [S.S.I. 2015/54](#), art. 2)

### **[<sup>F798</sup>63C Review of decisions by Accountant in Bankruptcy: grounds of appeal**

- (1) For the avoidance of doubt, an appeal under a provision mentioned in subsection (2) may be made on—

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- (a) a matter of fact,
  - (b) a point of law, or
  - (c) the merits.
- (2) The provisions are—
- (a) section 3A(7),
  - (b) section 13A(11),
  - (c) section 13B(7),
  - (d) section 15(3D),
  - (e) section 17G(5),
  - (f) section 25A(8),
  - (g) section 26A(5),
  - (h) section 27(4),
  - (i) section 28B(4),
  - (j) section 29(4),
  - (k) section 29(6H),
  - (l) section 32C(5),
  - (m) section 32H(5),
  - (n) section 42(2D),
  - (o) section 49(6D),
  - (p) section 54B(6),
  - (q) section 54G(6),
  - (r) section 56J(8),
  - (s) section 57(4),
  - (t) section 58A(5),
  - (u) section 63B(4),
  - (v) paragraph 3(6) of Schedule 1.]

#### Textual Amendments

**F798** S. 63C inserted (1.4.2015) by [Bankruptcy and Debt Advice \(Scotland\) Act 2014 \(asp 11\)](#), ss. 43, 57(2); S.S.I. 2014/261, art. 3 (with arts. 4-7, 12) (as amended by S.S.I. 2015/54, art. 2)

#### 64 [F799 Debtor to co-operate with trustee]

- (1) The debtor shall take every practicable step, and in particular shall execute any document, which may be necessary to enable the <sup>F800</sup> . . . trustee to perform the functions conferred on him by this Act.
- (2) If the sheriff, on the application of the <sup>F800</sup> . . . trustee, is satisfied that the debtor has failed—
  - (a) to execute any document in compliance with subsection (1) above, he may authorise the sheriff clerk to do so; and the execution of a document by the sheriff clerk under this paragraph shall have the like force and effect in all respects as if the document had been executed by the debtor;
  - (b) to comply in any other respect with subsection (1) above, he may order the debtor to do so.

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- (3) If the debtor fails to comply with an order of the sheriff under subsection (2) above, he shall be guilty of an offence.
- (4) In this section “debtor” includes a debtor discharged under this Act.
- (5) A person convicted of an offence under subsection (3) above shall be liable—
  - (a) on summary conviction, to a fine not exceeding the statutory maximum or—
    - (i) to imprisonment for a term not exceeding 3 months; or
    - (ii) if he has previously been convicted of an offence inferring dishonest appropriation of property or an attempt at such appropriation, to imprisonment for a term not exceeding 6 months,or (in the case of either sub-paragraph) to both such fine and such imprisonment; or
  - (b) on conviction on indictment to a fine or to imprisonment for a term not exceeding 2 years or to both.

#### Textual Amendments

**F799** S. 64 heading substituted (1.4.2008) by virtue of the [Bankruptcy and Diligence etc. \(Scotland\) Act 2007 \(asp 3\)](#), ss. 36, 227(3), [Sch. 1 para. 56](#) (with s. 223); S.S.I. 2008/115, [art. 3\(1\)\(i\)](#) (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))

**F800** Words in s. 64 repealed (1.4.2008) by [Bankruptcy and Diligence etc. \(Scotland\) Act 2007 \(asp 3\)](#), ss. 226, 227(3), [Sch. 6 Pt. 1](#) (with s. 223); S.S.I. 2008/115, [art. 3\(2\)\(3\)](#), Sch. 2 (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))

## 65 Arbitration and compromise.

- (1) The <sup>F801</sup> . . . trustee may (but if there are commissioners only with the consent of the commissioners, the creditors or the [<sup>F802</sup>sheriff])—
  - (a) refer to arbitration any claim or question of whatever nature which may arise in the course of the sequestration; or
  - (b) make a compromise with regard to any claim of whatever nature made against or on behalf of the sequestrated estate;and the decree arbitral or compromise shall be binding on the creditors and the debtor.
- (2) Where any claim or question is referred to arbitration under this section, the Accountant in Bankruptcy may vary any time limit in respect of which any procedure under this Act has to be carried out.

<sup>F803</sup>(3) . . . . .

#### Textual Amendments

**F801** Words in s. 65 repealed (1.4.2008) by [Bankruptcy and Diligence etc. \(Scotland\) Act 2007 \(asp 3\)](#), ss. 226, 227(3), [Sch. 6 Pt. 1](#) (with s. 223); S.S.I. 2008/115, [art. 3\(2\)\(3\)](#), Sch. 2 (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))

**F802** Word in s. 65(1) substituted (1.4.2008) by [Bankruptcy and Diligence etc. \(Scotland\) Act 2007 \(asp 3\)](#), ss. 36, 227(3), [Sch. 1 para. 57](#) (with s. 223); S.S.I. 2008/115, [art. 3\(1\)\(i\)](#) (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))

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**F803** S. 65(3) repealed (1.4.2015) by [Bankruptcy and Debt Advice \(Scotland\) Act 2014 \(asp 11\)](#), s. 57(2), [sch. 4](#); [S.S.I. 2014/261](#), art. 3 (with arts. 4-7, 12) (as amended by [S.S.I. 2015/54](#), art. 2)

## 66 Meetings of creditors and commissioners.

Part I of Schedule 6 to this Act shall have effect in relation to meetings of creditors other than the statutory meeting; Part II of that Schedule shall have effect in relation to all meetings of creditors under this Act; and Part III of that Schedule shall have effect in relation to meetings of commissioners.

## 67 General offences by debtor etc.

- (1) A debtor who during the relevant period makes a false statement in relation to his assets or his business or financial affairs to any creditor or to any person concerned in the administration of his estate shall be guilty of an offence, unless he shows that he neither knew nor had reason to believe that his statement was false.
- (2) A debtor, or other person acting in his interest whether with or without his authority, who during the relevant period destroys, damages, conceals [<sup>F804</sup>, disposes of] or removes from Scotland any part of the debtor's estate or any document relating to his assets or his business or financial affairs shall be guilty of an offence, unless the debtor or other person shows that he did not do so with intent to prejudice the creditors.
- (3) A debtor who is absent from Scotland and who after the date of sequestration of his estate fails, when required by the court, to come to Scotland for any purpose connected with the administration of his estate, shall be guilty of an offence.
- (4) A debtor, or other person acting in his interest whether with or without his authority, who during the relevant period falsifies any document relating to the debtor's assets or his business or financial affairs, shall be guilty of an offence, unless the debtor or other person shows that he had no intention to mislead the <sup>F805</sup> . . . trustee, a commissioner or any creditor.
- (5) If a debtor whose estate is sequestrated—
  - (a) knows that a person has falsified any document relating to the debtor's assets or his business or financial affairs; and
  - (b) fails, within one month of the date of acquiring such knowledge, to report his knowledge to the <sup>F806</sup> . . . trustee,
 he shall be guilty of an offence.
- (6) A person who is absolutely insolvent and who during the relevant period transfers anything to another person for an inadequate consideration or grants any unfair preference to any of his creditors shall be guilty of an offence, unless the transferor or grantor shows that he did not do so with intent to prejudice the creditors.
- (7) A debtor who is engaged in trade or business shall be guilty of an offence if at any time in the period of one year ending with the date of sequestration of his estate, he pledges or disposes of, otherwise than in the ordinary course of his trade or business, any property which he has obtained on credit and has not paid for unless he shows that he did not intend to prejudice his creditors.
- (8) <sup>F807</sup> . . . . .
- (9) If a debtor, either alone or jointly with another person, obtains credit

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- [<sup>F808</sup>(a) to the extent of [<sup>F809</sup>£2000 ](or such other sum as may be prescribed) or more;  
or  
(b) of any amount, where, at the time of obtaining credit, the debtor has debts amounting to £1,000 (or such other sum as may be prescribed) or more,]  
without giving the person from whom he obtained it the relevant information about his status he shall be guilty of an offence.
- [<sup>F810</sup>(9A) For the purposes of calculating an amount of—  
(a) credit mentioned in subsection (9) above; or  
(b) debts mentioned in paragraph (b) of that subsection,  
no account shall be taken of any credit obtained or, as the case may be, any liability for charges in respect of—  
(i) any of the supplies mentioned in section 70(4) of this Act; and  
(ii) any council tax within the meaning of section 99(1) of the Local Government Finance Act 1992 (c. 14).]
- (10) For the purposes of subsection (9) above—  
(a) “debtor” means—  
(i) a debtor whose estate has been sequestered; <sup>F811</sup> . . .  
(ii) a person who has been adjudged bankrupt in England and Wales or Northern Ireland [<sup>F812</sup>; or  
(iii) a person subject to a bankruptcy restrictions order, or a bankruptcy restrictions undertaking, made in England or Wales,]  
and who, in [<sup>F813</sup>the case mentioned in sub-paragraph (i) or (ii) above], has not been discharged;  
(b) the reference to the debtor obtaining credit includes a reference to a case where goods are hired to him under a hire-purchase agreement or agreed to be sold to him under a conditional sale agreement; and  
[<sup>F814</sup>(c) the relevant information about the status of the debtor is the information that—  
(i) his estate has been sequestered and that he has not been discharged;  
(ii) he is an undischarged bankrupt in England and Wales or Northern Ireland; or  
(iii) he is subject to a bankruptcy restrictions order, or a bankruptcy restrictions undertaking, made in England or Wales,  
as the case may be.]
- (11) In this section—  
(a) “the relevant period” means the period commencing one year immediately before the date of sequestration of the debtor’s estate and ending with his discharge;  
(b) references to intent to prejudice creditors shall include references to intent to prejudice an individual creditor.
- [<sup>F815</sup>(11A) A person shall be guilty of an offence under subsection (1), (2), (4), (5), (6) or (7) above if that person does or, as the case may be, fails to do, in any place in England and Wales or Northern Ireland, anything which would, if done or, as the case may be, not done in Scotland, be an offence under the subsection in question.]
- (12) A person convicted of any offence under this section shall be liable—  
(a) on summary conviction, to a fine not exceeding the statutory maximum or—

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- (i) to imprisonment for a term not exceeding 3 months; or
  - (ii) if he has previously been convicted of an offence inferring dishonest appropriation of property or an attempt at such appropriation, to imprisonment for a term not exceeding 6 months,
- or (in the case of either sub-paragraph) to both such fine and such imprisonment; or
- (b) on conviction on indictment to a fine or—
    - (i) in the case of an offence under subsection (1), (2), (4) or (7) above to imprisonment for a term not exceeding 5 years,
    - (ii) in any other case to imprisonment for a term not exceeding 2 years.
- or (in the case of either sub-paragraph) to both such fine and such imprisonment.

#### Textual Amendments

- F804** Words in s. 67(2) inserted (1.4.2008) by [Bankruptcy and Diligence etc. \(Scotland\) Act 2007 \(asp 3\), ss 24\(2\), 227\(3\)](#) (with s. 223); S.S.I. 2008/115, [art. 3\(1\)\(a\)](#) (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))
- F805** Word in s. 67(4) repealed (1.4.2008) by [Bankruptcy and Diligence etc. \(Scotland\) Act 2007 \(asp 3\), ss. 226, 227\(3\), Sch. 6 Pt. 1](#) (with s. 223); S.S.I. 2008/115, [art. 3\(2\)\(3\)](#), Sch. 2 (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))
- F806** Words in s. 67(5)(b) repealed (1.4.2008) by [Bankruptcy and Diligence etc. \(Scotland\) Act 2007 \(asp 3\), ss. 226, 227\(3\), Sch. 6 Pt. 1](#) (with s. 223); S.S.I. 2008/115, [art. 3\(2\)\(3\)](#), Sch. 2 (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))
- F807** S. 67(8) repealed (1.4.2008) by [Bankruptcy and Diligence etc. \(Scotland\) Act 2007 \(asp 3\), ss 24\(3\), 227\(3\)](#) (with s. 223); S.S.I. 2008/115, [art. 3\(1\)\(a\)](#) (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))
- F808** S. 67(9)(a)(b) substituted (1.4.2008) for words in s. 67(9) by [Bankruptcy and Diligence etc. \(Scotland\) Act 2007 \(asp 3\), ss 24\(4\), 227\(3\)](#) (with s. 223); S.S.I. 2008/115, [art. 3\(1\)\(a\)](#) (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))
- F809** Sum in s. 67(9)(a) substituted (1.4.2015) by [Bankruptcy and Debt Advice \(Scotland\) Act 2014 \(asp 11\), ss. 51, 57\(2\)](#); S.S.I. 2014/261, [art. 3](#) (with arts. 4-7, 12) (as amended by S.S.I. 2015/54, art. 2)
- F810** S. 67(9A) inserted (1.4.2008) by [Bankruptcy and Diligence etc. \(Scotland\) Act 2007 \(asp 3\), ss 24\(5\), 227\(3\)](#) (with s. 223); S.S.I. 2008/115, [art. 3\(1\)\(a\)](#) (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))
- F811** Word following s. 67(10)(a)(i) repealed (1.4.2008) by [Bankruptcy and Diligence etc. \(Scotland\) Act 2007 \(asp 3\), ss 24\(6\)\(a\), 227\(3\)](#) (with s. 223); S.S.I. 2008/115, [art. 3\(1\)\(a\)](#) (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))
- F812** S. 67(10)(a)(iii) and word inserted (1.4.2008) by [Bankruptcy and Diligence etc. \(Scotland\) Act 2007 \(asp 3\), ss 24\(6\)\(b\), 227\(3\)](#) (with s. 223); S.S.I. 2008/115, [art. 3\(1\)\(a\)](#) (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))
- F813** Words in s. 67(10)(a) substituted (1.4.2008) by [Bankruptcy and Diligence etc. \(Scotland\) Act 2007 \(asp 3\), ss 24\(6\)\(c\), 227\(3\)](#) (with s. 223); S.S.I. 2008/115, [art. 3\(1\)\(a\)](#) (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))
- F814** S. 67(10)(c) substituted (1.4.2008) by [Bankruptcy and Diligence etc. \(Scotland\) Act 2007 \(asp 3\), ss 24\(7\), 227\(3\)](#) (with s. 223); S.S.I. 2008/115, [art. 3\(1\)\(a\)](#) (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))
- F815** S. 67(11A) inserted (1.4.2008) by [Bankruptcy and Diligence etc. \(Scotland\) Act 2007 \(asp 3\), ss 24\(8\), 227\(3\)](#) (with s. 223); S.S.I. 2008/115, [art. 3\(1\)\(a\)](#) (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))



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## 68 Summary proceedings.

(1) [<sup>F816</sup>Subject to subsection (1A) below,]summary proceedings for an offence under this Act may be commenced at any time within the period of [<sup>F817</sup>12] months after the date on which evidence sufficient in the opinion of the Lord Advocate to justify the proceedings comes to his knowledge.

<sup>F816</sup>[(1A) No such proceedings shall be commenced by virtue of this section more than three years after the commission of the offence.]

(2) Subsection (3) of [<sup>F818</sup>section 136 of the Criminal Procedure (Scotland) Act 1995] (date of commencement of summary proceedings) shall have effect for the purposes of subsection (1) above as it has effect for the purposes of that section.

(3) For the purposes of subsection (1) above, a certificate of the Lord Advocate as to the date on which the evidence in question came to his knowledge is conclusive evidence of the date on which it did so.

### Textual Amendments

**F816** Words at the beginning of s. 68(1) inserted (1.4.1993, subject to savings in arts. 4, 5 of S.I. 1993/438) by 1993 c. 6, s. 11(3), **Sch. 1 para. 27(2)(a)** (with s. 12(6)); S.I. 1993/438, **art. 3**

S. 68(1A) inserted (1.4.1993, subject to savings in arts. 4, 5 of S.I. 1993/438) by 1993 c. 6, s. 11(3), **Sch. 1 para. 27(3)** (with s. 12(6)); S.I. 1993/438, **art. 3**

**F817** Words in s. 68(1) substituted (1.4.1993, subject to savings in arts. 4, 5 of S.I. 1993/438) by 1993 c. 6, s. 11(3), **Sch. 1 para. 27(2)(b)** (with s. 12(6)); S.I. 1993/438, **art. 3**

**F818** Words in s. 68(2) substituted (1.4.1996) by 1995 c. 40, ss. 5, 7(2), **Sch. 4 para. 58(5)**

## 69 [<sup>F819</sup>Outlays of insolvency practitioner in acting as interim trustee or trustee]

The Secretary of State may, by regulations, provide for the premium (or a proportionate part thereof) of any bond of caution or other security required, for the time being, to be given by an insolvency practitioner to be taken into account as part of the outlays of the insolvency practitioner in his acting as an interim trustee or <sup>F820</sup> . . . trustee.

### Textual Amendments

**F819** S. 69 heading substituted (1.4.2008) by virtue of Bankruptcy and Diligence etc. (Scotland) Act 2007, ss. 36, 227(3), {Sch. 1 para. 58} (with s. 223); S.S.I. 2008/115, **art. 3(1)(i)** (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))

**F820** Word in s. 69 repealed (1.4.2008) by Bankruptcy and Diligence etc. (Scotland) Act 2007 (asp 3), ss. 226, 227(3), **Sch. 6 Pt. 1** (with s. 223); S.S.I. 2008/115, **art. 3(2)(3)**, Sch. 2 (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))

## [69A] <sup>F821</sup>Fees for the Accountant in Bankruptcy.

The Secretary of State may prescribe—

- (a) the fees and outlays to be payable to the Accountant in Bankruptcy in respect of the exercise of any of his functions under this Act; [<sup>F822</sup>or the Insolvency Act 1986]]
- (b) the time and manner in which such fees and outlays are to be paid; and

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- (c) the circumstances, if any, in which the Accountant in Bankruptcy may allow exemption from payment or the remission or modification of payment of any fees or outlays payable or paid to him.

#### Textual Amendments

**F821** S. 69A inserted (18.2.1993) by 1993 c. 6, s. 8

**F822** Words in s. 69A(a) inserted (1.7.1999) by S.I. 1999/1820, art. 4, Sch. 2 Pt. I para. 82(3) (with art. 5)

## 70 Supplies by utilities.

- (1) This section applies where on any day (“the relevant day”)—
- sequestration is awarded in a case where <sup>F823</sup>a debtor application was made],
  - a warrant is granted under section 12(2) of this Act in a case where the petition was presented by a creditor or a trustee acting under a trust deed; or
  - the debtor grants a trust deed,
- <sup>F824</sup>and in this section “the office holder” means the interim trustee, the . . . trustee or the trustee acting under a trust deed, as the case may be.
- (2) If a request falling within subsection (3) below is made for the giving after the relevant day of any of the supplies mentioned in subsection (4) below, the supplier—
- may make it a condition of the giving of the supply that the office holder personally guarantees the payment of any charges in respect of the supply; and
  - shall not make it a condition of the giving of the supply, or do anything which has the effect of making it a condition of the giving of the supply, that any outstanding charges in respect of a supply given to the debtor before the relevant day are paid.
- (3) A request falls within this subsection if it is made—
- by or with the concurrence of the office holder; and
  - for the purposes of any business which is or has been carried on by or on behalf of the debtor.
- (4) The supplies referred to in subsection (2) above are—
- a supply of gas by <sup>F825</sup>a <sup>F826</sup>gas supplier] within the meaning of Part I of the Gas Act 1986];
  - a supply of electricity by <sup>F827</sup>a <sup>F828</sup>electricity supplier] within the meaning of Part I of the Electricity Act 1989];
  - a supply of water by <sup>F829</sup>Scottish Water];
  - <sup>F830</sup>a supply of communications services by a provider of a public electronic communications service.]

<sup>F831</sup>(5) In subsection (4), “communications services” do not include electronic communications services to the extent that they are used to broadcast or otherwise transmit programme services (within the meaning of the Communications Act 2003).]

#### Textual Amendments

**F823** Words in s. 70(1)(a) substituted (1.4.2008) by Bankruptcy and Diligence etc. (Scotland) Act 2007 (asp 3), ss. 36, 227(3), Sch. 1 para. 59 (with s. 223); S.S.I. 2008/115, art. 3(1)(i) (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))

*Status: Point in time view as at 01/03/2016.*

*Changes to legislation: Bankruptcy (Scotland) Act 1985 (repealed) is up to date with all changes known to be in force on or before 25 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)*

- F824** Word in s. 70 repealed (1.4.2008) by Bankruptcy and Diligence etc. (Scotland) Act 2007 (asp 3), ss 226, 227(3), **Sch. 6 Pt. 1** (with s. 223); S.S.I. 2008/115, **art. 3(2)(3)**, Sch. 2 (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))
- F825** Words substituted by Gas Act 1986 (c. 44, SIF 44:2), ss. 3, 67(1)(3), Sch. 7 para. 32, **Sch. 8 para. 33**
- F826** Words in s. 70(4)(a) substituted (1.3.1996) by 1995 c. 45, s. 16(1), **Sch. 4 para. 13**; S.I. 1996/218, **art. 2**
- F827** Words substituted by Electricity Act 1989 (c. 29, SIF 44:1), s. 112(1)(3), Sch. 16 para. 32, Sch. 17 paras. 33, **35(1)**
- F828** Words in s. 70(4)(b) substituted (1.10.2001) by 2000 c. 27, s. 108, **Sch. 6 Pt. III para. 46**; S.I. 2001/3266, **art. 2**, **Sch.** (subject to transitional provisions in arts. 3-20)
- F829** Words in s. 70(4)(c) substituted (1.4.2002) by Water Industry (Scotland) Act 2002 (asp. 3), s. 71, Sch. 7 para. 16; S.I. 2002/118, **art. 2(3)**
- F830** S. 70(4)(d) substituted (25.7.2003 for specified purposes and 29.12.2003 for further specified purposes) by Communications Act 2003 (c. 21), ss. 406, 411(2)(3), **Sch. 17 para. 78(2)**; S.I. 2003/1900, arts. 2(1), 3(1), **Sch. 1**, (with transitional provisions in arts. 3-6 (as amended by S.I. 2003/3142, art. 1(3))); S.I. 2003/3142, **art. 3(2)**, (with art. 11)
- F831** S. 70(5) substituted (25.7.2003 for specified purposes and 29.12.2003 for further specified purposes) by Communications Act 2003 (c. 21), ss. 406, 411(2)(3), **Sch. 17 para. 78(2)**; S.I. 2003/1900, arts. 2(1), 3(1), **Sch. 1**, (with transitional provisions in arts. 3-6 (as amended by S.I. 2003/3142, art. 1(3))); S.I. 2003/3142, **art. 3(2)**, (with art. 11)

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

- C97** S. 70(1)(b) applied (with modifications) (6.6.2013) by The Collective Investment in Transferable Securities (Contractual Scheme) Regulations 2013 (S.I. 2013/1388), regs. 1, **19(2)(b)(iv)** (with reg. 24)

**F832 71 Edinburgh Gazette.**

.....

**Textual Amendments**

- F832** S. 71 repealed (1.4.2015) by Bankruptcy and Debt Advice (Scotland) Act 2014 (asp 11), **ss. 24(3), 57(2)**; S.S.I. 2014/261, **art. 3** (with arts. 4-8, 12) (as amended by S.S.I. 2015/54, art. 2)

**[F833 71A Further duty of Accountant in Bankruptcy**

The Accountant in Bankruptcy shall, on receiving any notice under section 109(1) of the Insolvency Act 1986 in relation to a community interest company, forward a copy of that notice to the Regulator of Community Interest Companies.]

**Textual Amendments**

- F833** S. 71A inserted (S.) (1.7.2005) by Companies (Audit, Investigations and Community Enterprise) Act 2004 (c. 27), **ss. 59(2), 65, 66**; S.I. 2004/3322 {art. 2(3)}, Sch. 3

**[F834 71B Disqualification provisions: power to make orders**

- (1) The Scottish Ministers may make an order under this section in relation to a disqualification provision.

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*Status: Point in time view as at 01/03/2016.*

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- (2) A “disqualification provision” is a provision made by or under any enactment which disqualifies (whether permanently or temporarily and whether absolutely or conditionally) a relevant debtor or a class of relevant debtors from—
- (a) being elected or appointed to an office or position;
  - (b) holding an office or position; or
  - (c) becoming or remaining a member of a body or group.
- (3) In subsection (2) above, the reference to a provision which disqualifies a person conditionally includes a reference to a provision which enables him to be dismissed.
- (4) An order under subsection (1) above may repeal or revoke the disqualification provision.
- (5) An order under subsection (1) above may amend, or modify the effect of, the disqualification provision—
- (a) so as to reduce the class of relevant debtors to whom the disqualification provision applies;
  - (b) so as to extend the disqualification provision to some or all individuals who are subject to a bankruptcy restrictions order;
  - (c) so that the disqualification provision applies only to some or all individuals who are subject to a bankruptcy restrictions order;
  - (d) so as to make the application of the disqualification provision wholly or partly subject to the discretion of a specified person, body or group.
- (6) An order by virtue of subsection (5)(d) above may provide for a discretion to be subject to—
- (a) the approval of a specified person or body;
  - (b) appeal to a specified person, body, court or tribunal.
- (7) The Scottish Ministers may be specified for the purposes of subsection (5)(d) or (6) (a) or (b) above.
- (8) In this section—
- “bankruptcy restrictions order” includes—
- (a) <sup>F835</sup> ...
  - (b) a bankruptcy restrictions order made under paragraph 1 of Schedule 4A to the Insolvency Act 1986 (c. 45); and
  - (c) a bankruptcy restrictions undertaking entered into under paragraph 7 of that Schedule;
- “relevant debtor” means a debtor—
- (a) whose estate has been sequestrated;
  - (b) who has granted (or on whose behalf there has been granted) a trust deed;
  - (c) who has been adjudged bankrupt by a court in England and Wales or in Northern Ireland; or
  - (d) who, in England and Wales or in Northern Ireland, has made an agreement with his creditors for a composition in satisfaction of his debts or a scheme of arrangement of his affairs or for some other kind of settlement or arrangement.
- (9) An order under this section—
- (a) may make provision generally or for a specified purpose only;

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- (b) may make different provision for different purposes; and
  - (c) may make transitional, consequential or incidental provision.
- (10) An order under this section—
- (a) shall be made by statutory instrument; and
  - (b) shall not be made unless a draft has been laid before and approved by a resolution of the Scottish Parliament.]

#### Textual Amendments

**F834** S. 71B inserted (1.4.2008) by *Bankruptcy and Diligence etc. (Scotland) Act 2007 (asp 3), ss. 5, 227(3)* (with s. 223); *S.S.I. 2008/115, art. 3(1)(a)* (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by *S.S.I. 2011/31, art. 5*))

**F835** Words in s. 71B(8) repealed (1.4.2015) by *Bankruptcy and Debt Advice (Scotland) Act 2014 (asp 11), s. 57(2), sch. 4; S.S.I. 2014/261, art. 3* (with arts. 4-7, 12) (as amended by *S.S.I. 2015/54, art. 2*)

#### [<sup>F836</sup>71C Regulations: applications to Accountant in Bankruptcy etc.

- (1) The Scottish Ministers may, by regulations, make provision in relation to the procedure to be followed in relation to—
- (a) an application to the Accountant in Bankruptcy under this Act,
  - (b) an application to the Accountant in Bankruptcy for a review under this Act,
  - (c) any other decision made by the Accountant in Bankruptcy under this Act.
- (2) In this section “decision” includes any appointment, determination, direction, award, acceptance, rejection, adjudication, requirement, declaration, order or valuation made by the Accountant in Bankruptcy.
- (3) Regulations under subsection (1) may in particular make provision for or in connection with—
- (a) the procedure to be followed by the person making an application,
  - (b) the form of any report or other document that may be required for the purposes of an application or a decision,
  - (c) the form of a statement of undertakings that must be given by the debtor when making a debtor application,
  - (d) time limits applying in relation to the procedure,
  - (e) the procedure to be followed in connection with the production and recovery of documents relating to an application or a decision,
  - (f) the procedure to be followed (including provision about those entitled to participate) in determining an application or making a decision, and
  - (g) the procedure to be followed after an application is determined or a decision is made.
- (4) Regulations under subsection (1) may—
- (a) include such supplementary, incidental or consequential provision as the Scottish Ministers consider appropriate,
  - (b) modify any enactment (including this Act).]

*Status: Point in time view as at 01/03/2016.*

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### Textual Amendments

**F836** S. 71C inserted (30.6.2014) by [Bankruptcy and Debt Advice \(Scotland\) Act 2014 \(asp 11\)](#), **ss. 36, 57(2)**; [S.S.I. 2014/172](#), **art. 2**, **sch.**

## 72 Regulations.

[<sup>F837</sup>(1)] [<sup>F838</sup>Subject to subsection (2) below,] any power to make regulations under this Act shall be exercisable by statutory instrument subject to annulment in pursuance of a resolution of either House of Parliament, <sup>F839</sup> ...

[<sup>F840</sup>(1A) Regulations under this Act may make different provision for different cases or classes of case.]

[<sup>F841</sup>(2) No regulations such as are mentioned in subsection (3) below may be made unless a draft of the statutory instrument containing the regulations has been laid before, and approved by a resolution of, the Scottish Parliament.

(3) The regulations are—

(a) regulations made under—

(i) subsection (2B)(a) and (4) of section 5;

[ section 5(2ZC),

<sup>F842</sup>(ia)

(ib) section 5(2ZD),]

<sup>F843</sup>(ii)

.....

[ section 5B(5);] and

<sup>F844</sup>(ia)

[ section 5C(2)(b),

<sup>F845</sup>(iib)

(iic) section 5D(1),

(iic) section 32E(7),]

(iii) section 39A(4),

[ section 71C(1) which contain provisions which add to, replace or omit

<sup>F846</sup>(iv) any part of the text of an Act or an Act of the Scottish Parliament,

(v) paragraph 2(7) of Schedule A1,]

of this Act; and

(b) <sup>F847</sup> . . . regulations under paragraph 5 of Schedule 5 to this Act <sup>F847</sup> . . . .]

### Textual Amendments

**F837** S. 72 renumbered (19.2.2008) as s. 72(1) by [Bankruptcy and Diligence etc. \(Scotland\) Act 2007 \(asp 3\)](#), **ss. 35(a), 227(3)** (with s. 223); [S.S.I. 2008/45](#), **art. 2**

**F838** Words in s. 72(1) inserted (19.2.2008) by [Bankruptcy and Diligence etc. \(Scotland\) Act 2007 \(asp 3\)](#), **ss. 35(b), 227(3)** (with s. 223); ; [S.S.I. 2008/45](#), **art. 2**

**F839** Words in s. 72(1) repealed (30.6.2014) by [Bankruptcy and Debt Advice \(Scotland\) Act 2014 \(asp 11\)](#), s. 57(2), **sch. 4**; [S.S.I. 2014/172](#), **art. 2**, **sch.**

**F840** S. 72(1A) inserted (30.6.2014) by [Bankruptcy and Debt Advice \(Scotland\) Act 2014 \(asp 11\)](#), s. 57(2), **sch. 3 para. 34(a)**; [S.S.I. 2014/172](#), **art. 2**, **sch.**

**F841** S. 72(2)(3) inserted (19.2.2008) by [Bankruptcy and Diligence etc. \(Scotland\) Act 2007 \(asp 3\)](#), **ss. 35(c), 227(3)** (with s. 223); ; [S.S.I. 2008/45](#), **art. 2** (with art. 3)

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- F842** S. 72(3)(a)(ia)(ib) inserted (30.6.2014) by Bankruptcy and Debt Advice (Scotland) Act 2014 (asp 11), s. 57(2), **sch. 3 para. 34(b)(i)**; S.S.I. 2014/172, art. 2, sch.
- F843** S. 72(3)(a)(ii) repealed (1.4.2015) by Bankruptcy and Debt Advice (Scotland) Act 2014 (asp 11), s. 57(2), **sch. 4**; S.S.I. 2014/261, art. 3 (with arts. 4-7, 12) (as amended by S.S.I. 2015/54, art. 2)
- F844** S. 72(3)(a)(iia) inserted (7.9.2010) by Home Owner and Debtor Protection (Scotland) Act 2010 (asp 6), **ss. 13(1)(a)**, 17(3)(4) (with s. 14); S.S.I. 2010/314, art. 5 (subject to transitional provisions and savings in S.S.I. 2010/316, arts 4-7)
- F845** S. 72(3)(a)(iib)-(iid) inserted (30.6.2014) by Bankruptcy and Debt Advice (Scotland) Act 2014 (asp 11), s. 57(2), **sch. 3 para. 34(b)(ii)**; S.S.I. 2014/172, art. 2, sch.
- F846** S. 72(3)(a)(iv)(v) inserted (30.6.2014) by Bankruptcy and Debt Advice (Scotland) Act 2014 (asp 11), s. 57(2), **sch. 3 para. 34(b)(iii)**; S.S.I. 2014/172, art. 2, sch.
- F847** Words in s. 72(3)(b) repealed (7.9.2010) by Home Owner and Debtor Protection (Scotland) Act 2010 (asp 6), **ss. 13(1)(b)**, 17(3)(4) (with s. 14); S.S.I. 2010/314, art. 5 (subject to transitional provisions and savings in S.S.I. 2010/316, arts 4-7)

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

- C98** S. 72 modified (18.2.1993) by 1993 c. 6, s. 9(1)(2)(5)

### **[<sup>F848</sup>72ZA] Modification of regulation making powers**

Any power in any provision of this Act to make regulations may, insofar as that provision relates to a matter to which the EC Regulation applies, be exercised for the purpose of making provision in consequence of the EC Regulation.]

#### **Textual Amendments**

- F848** S. 72ZA inserted (8.9.2003) by The Insolvency (Scotland) Regulations 2003 (S.I. 2003/2109), **reg. 18**

### **[<sup>F848</sup>72A <sup>F849</sup>Variation of references to time, money etc.**

For any reference in this Act to—

- (a) a period of time;
- (b) an amount of money; or
- (c) a fraction,

there shall be substituted a reference to such other period or, as the case may be, amount or fraction as may be prescribed.]

#### **Textual Amendments**

- F848** S. 72ZA inserted (8.9.2003) by The Insolvency (Scotland) Regulations 2003 (S.I. 2003/2109), **reg. 18**
- F849** S. 72A inserted (1.4.1993, subject to savings in arts. 4, 5 of S.I. 1993/438) by 1993 c. 6, s. 11(3), **Sch. 1 para.28** (with s. 12(6)); S.I. 1993/438, **art.3**

## **73 Interpretation.**

(1) In this Act, unless the context otherwise requires—

“Accountant in Bankruptcy” shall be construed in accordance with section 1 of this Act;

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“accounting period” shall be construed in accordance with section [F850 52(2)] of this Act;

“apparent insolvency” and “apparently insolvent” shall be construed in accordance with section 7 of this Act;

[F851 “appropriate bank or institution” means—

- (a) the Bank of England,
- (b) a person who has permission under Part 4 of the Financial Services and Markets Act 2000 to accept deposits,
- (c) an EEA firm of the kind mentioned in paragraph 5(b) of Schedule 3 to that Act which has permission under paragraph 15 of that Schedule (as a result of qualifying for authorisation under paragraph 12 of that Schedule) to accept deposits, or
- (d) a person who is exempt from the general prohibition in respect of accepting deposits as a result of an exemption order made under section 38(1) of that Act,

and the expressions in this definition must be read with section 22 of the Financial Services and Markets Act 2000, any relevant order under that section and Schedule 2 to that Act;

“act and warrant” means an act and warrant issued under section 25(2) of, or paragraph 2(2) of Schedule 2 to, this Act;

“associate” shall be construed in accordance with section 74 of this Act;

[F852 “bankruptcy restrictions order” has the meaning given by section 56A(1) of this Act;

[F853 ...]

“business” means the carrying on of any activity, whether for profit or not;

[F854 “centre of main interests” has the same meaning as in the EC Regulation;]

“commissioner”, except in the expression “examining commissioner”, shall be construed in accordance with section [F855 4] of this Act;

[F856 “common financial tool” has the meaning given by section 5D(1),]

“court” means Court of Session or sheriff;

[F857 “creditor” includes a member State liquidator deemed to be a creditor under section 60A of this Act;]

[F858 “DAS register” has the meaning given by section 4A(4)(b),]

“date of sequestration” has the meaning assigned by section 12(4) of this Act;

“debtor” includes, without prejudice to the expression’s generality, an entity whose estate may be sequestrated by virtue of section 6 of this Act, a deceased debtor or his executor or a person entitled to be appointed as executor to a deceased debtor;

[F859 “debtor application” means an application for sequestration made to the Accountant in Bankruptcy under sections 5(2)(a) [F860 or (3)(a)] or 6(3)(a), (4)(a) or (6)(a) of this Act;]

[F861 “debtor contribution order” has the meaning given by section 32A(1),]

[F861 “debtor’s contribution” has the meaning given by section 5D(1),]

[F862 “the EC Regulation” means Council Regulation (EC) No. 1346/2000 of 29th May 2000 on insolvency proceedings<sup>M21</sup>;]



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[<sup>F863</sup>“enactment” includes an Act of the Scottish Parliament and any enactment comprised in subordinate legislation under such an Act;]

[<sup>F864</sup>“establishment” has the meaning given by Article 2(h) of the EC Regulation;]

“examination” means a public examination under section 45 of this Act or a private examination under section 44 of this Act;

“examining commissioner” shall be construed in accordance with section 46(2) of this Act;

“interim trustee” shall be construed in accordance with section [<sup>F865</sup>2(5)] of this Act;

“” <sup>F866</sup>

[<sup>F867</sup>“main proceedings” means proceedings opened in accordance with Article 3(1) of the EC Regulation and falling within the definition of insolvency proceedings in Article 2(a) of the EC Regulation and—

(a) in relation to England and Wales and Scotland, set out in Annex A to the EC Regulation under the heading “United Kingdom”; and

(b) in relation to another member State, set out in Annex A to the EC Regulation under the heading relating to that member State;]

[<sup>F868</sup>“member State liquidator” means a person falling within the definition of liquidator in Article 2(b) of the EC Regulation appointed in proceedings to which it applies in a member State other than the United Kingdom;]

[<sup>F869</sup>“money adviser” has the meaning given by section 5C(2),]

“ordinary debt” shall be construed in accordance with section 51(1)(f) of this Act;

[<sup>F870</sup>“original trustee” shall be construed in accordance with section 24(1) (a) of this Act;]

<sup>F871</sup>

“postponed debt” has the meaning assigned by section 51(3) of this Act;

“preferred debt” has the meaning assigned by section 51(2) of this Act;

“prescribed” means prescribed by regulations made by the Secretary of State;

[<sup>F872</sup>“protected trust deed” means a trust deed which has been granted protected status in accordance with regulations made under paragraph 5 of Schedule 5 to this Act;]

“qualified creditor” and “qualified creditors” shall be construed in accordance with section 5(4) of this Act;

[<sup>F873</sup>“qualified to act as an insolvency practitioner” is to be construed in accordance with section 390 of the Insolvency Act 1986,]

“register of insolvencies” has the meaning assigned by section [<sup>F874</sup>1A(1) (b)] of this Act;

“relevant person” has the meaning assigned by section 44(1)(b) of this Act;

[<sup>F875</sup>“replacement trustee” shall be construed in accordance with section 24(1)(b) of this Act;]

[<sup>F876</sup>“secondary proceedings” means proceedings opened in accordance with Articles 3(2) and 3(3) of the EC Regulation and falling within the definition of winding-up proceedings in Article 2(c) of the EC Regulation, and—

(a) in relation to England and Wales and Scotland, set out in Annex B to the EC Regulation under the heading “United Kingdom”; and

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(b) in relation to another member State, set out in Annex B to the EC Regulation under the heading relating to that member State;]

“secured creditor” means a creditor who holds a security for his debt over any part of the debtor’s estate;

“security” means any security, heritable or moveable, or any right of lien, retention or preference;

“sederunt book” means the sederunt book maintained under section 3(1) (e) of this Act;

<sup>F877</sup>

[<sup>F878</sup>“sequestration proceedings” includes a debtor application and analogous expressions shall be construed accordingly;]

[<sup>F879</sup>“statement of assets and liabilities” means a document (including a copy of a document) in such form as may be prescribed containing—

(i) a list of the debtor’s assets and liabilities;

(ii) a list of his income and expenditure; and

(iii) such other information as may be prescribed;]

[<sup>F880</sup>“statement of undertakings” means the statement of debtor undertakings sent to the debtor under section 2(8) or, in the case of a debtor application, given by the debtor when making the application,]

“statutory meeting” has the meaning assigned by section [<sup>F881</sup>section 20A] of this Act;

<sup>F877</sup>

[<sup>F882</sup>“temporary administrator” means a temporary administrator referred to by Article 38 of the EC Regulation; and]

[<sup>F883</sup>“territorial proceedings” means proceedings opened in accordance with Articles 3(2) and 3(4) of the EC Regulation and falling within the definition of insolvency proceedings in Article 2(a) of the EC Regulation, and—

(a) in relation to England and Wales and Scotland, set out in Annex A to the EC Regulation under the heading “United Kingdom”; and

(b) in relation to another member State, set out in Annex A to the EC Regulation under the heading relating to that member State.]

[<sup>F884</sup>“trust deed” has the meaning assigned by section 5(4A) of this Act;]

[<sup>F885</sup>“trustee” means trustee in the sequestration;

“trustee vote” shall be construed in accordance with section 24(1) of this Act;]

“unfair preference” means a preference created as is mentioned in subsection (1) of section 36 of this Act by a transaction to which subsection (4) of that section applies.

- (2) Any reference in this Act to a debtor being absolutely insolvent shall be construed as a reference to his liabilities being greater than his assets, and any reference to a debtor’s estate being absolutely insolvent shall be construed accordingly.
- (3) Any reference in this Act to value of the creditors is, in relation to any matter, a reference to the value of their claims as accepted for the purposes of that matter.
- (4) Any reference in this Act to “the creditors” in the context of their giving consent or doing any other thing shall, unless the context otherwise requires, be construed as a reference to the majority in value of such creditors as vote in that context at a meeting of creditors.

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(5) Any reference in this Act to any of the following acts by a creditor barring the effect of any enactment or rule of law relating to the limitation of actions in any part of the United Kingdom, namely—

- (a) the presentation of a petition for sequestration;
- (b) the concurrence in [<sup>F886</sup>a debtor application] ; and
- (c) the submission of a claim,

shall be construed as a reference to that act having the same effect, for the purposes of any such enactment or rule of law, as an effective acknowledgment of the creditor's claim; and any reference in this Act to any such enactment shall not include a reference to an enactment which implements or gives effect to any international agreement or obligation.

<sup>F887</sup>[ Any reference in this Act, howsoever expressed, to the time when a petition for (6) sequestration is presented shall be construed as a reference to the time when the petition is received by the [<sup>F888</sup>sheriff clerk].]

<sup>F889</sup>[ Any reference in this Act, howsoever expressed, to the time when a debtor application (6A) is made shall be construed as a reference to the time when the application is received by the Accountant in Bankruptcy.]]

#### Textual Amendments

- F850** Words in definition of accounting period in s. 73(1) substituted (1.4.1993, subject to savings in arts. 4, 5 of S.I. 1993/438) by 1993 c. 6, s. 11(3), **Sch. 1 para. 29(2)** (with s. 12(6)); S.I. 1993/438, **art. 3**
- F851** S. 73(1): definition of appropriate bank or institution substituted (1.12.2001) by S.I. 2001/3649, **art. 225**
- F852** S. 73(1): definitions of "bankruptcy restrictions order" and "bankruptcy restrictions undertaking" inserted (1.4.2008) by *Bankruptcy and Diligence etc. (Scotland) Act 2007 (asp 3)*, ss. 36, 227(3), **Sch. 1 para. 60(2)(a)** (with s. 223); S.S.I. 2008/115, **art. 3(1)(i)** (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))
- F853** Words in s. 73(1) repealed (1.4.2015) by *Bankruptcy and Debt Advice (Scotland) Act 2014 (asp 11)*, s. 57(2), **sch. 4**; S.S.I. 2014/261, **art. 3** (with arts. 4-7, 12) (as amended by S.S.I. 2015/54, art. 2)
- F854** Definition of "centre of main interests" in s. 73(1) inserted (8.9.2003) by *The Insolvency (Scotland) Regulations 2003 (S.I. 2003/2109)*, **reg. 19**
- F855** Word in s. 73(1) substituted (1.4.2015) by *Bankruptcy and Debt Advice (Scotland) Act 2014 (asp 11)*, s. 57(2), **sch. 3 para. 35(a)**; S.S.I. 2014/261, **art. 3** (with arts. 4-7, 12) (as amended by S.S.I. 2015/54, art. 2)
- F856** Words in s. 73(1) inserted (1.4.2015) by *Bankruptcy and Debt Advice (Scotland) Act 2014 (asp 11)*, s. 57(2), **sch. 3 para. 35(b)**; S.S.I. 2014/261, **art. 3** (with arts. 4-7, 12) (as amended by S.S.I. 2015/54, art. 2)
- F857** Definition of "creditor" in s. 73(1) inserted (8.9.2003) by *The Insolvency (Scotland) Regulations 2003 (S.I. 2003/2109)*, **reg. 19**
- F858** Words in s. 73(1) inserted (1.4.2015) by *Bankruptcy and Debt Advice (Scotland) Act 2014 (asp 11)*, s. 57(2), **sch. 3 para. 35(c)**; S.S.I. 2014/261, **art. 3** (with arts. 4-7, 12) (as amended by S.S.I. 2015/54, art. 2)
- F859** S. 73(1): definition of "debtor application" inserted (1.4.2008) by *Bankruptcy and Diligence etc. (Scotland) Act 2007 (asp 3)*, ss. 36, 227(3), **Sch. 1 para. 60(2)(b)** (with s. 223); S.S.I. 2008/115, **art. 3(1)(i)** (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))
- F860** Words in s. 73(1) inserted (1.4.2015) by *Bankruptcy and Debt Advice (Scotland) Act 2014 (asp 11)*, s. 57(2), **sch. 3 para. 35(d)**; S.S.I. 2014/261, **art. 3** (with arts. 4-7, 12) (as amended by S.S.I. 2015/54, art. 2)

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- F861** Words in s. 73(1) inserted (1.4.2015) by Bankruptcy and Debt Advice (Scotland) Act 2014 (asp 11), s. 57(2), **sch. 3 para. 35(e)**; S.S.I. 2014/261, art. 3 (with arts. 4-7, 12) (as amended by S.S.I. 2015/54, art. 2)
- F862** Definition of "the EC Regulation" in s. 73(1) inserted (8.9.2003) by The Insolvency (Scotland) Regulations 2003 (S.I. 2003/2109), **reg. 19**
- F863** S. 73(1): definition of "enactment" inserted (1.4.2008) by Bankruptcy and Diligence etc. (Scotland) Act 2007 (asp 3), ss. 36, 227(3), **Sch. 1 para. 60(2)(c)** (with s. 223); S.S.I. 2008/115, **art. 3(1)(i)** (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))
- F864** Definition of "establishment" in s. 73(1) inserted (8.9.2003) by The Insolvency (Scotland) Regulations 2003 (S.I. 2003/2109), **reg. 19**
- F865** S. 73(1): Words in definition of "interim trustee" substituted (1.4.2008) by Bankruptcy and Diligence etc. (Scotland) Act 2007 (asp 3), ss. 36, 227(3), **Sch. 1 para. 60(2)(d)** (with s. 223); S.S.I. 2008/115, **art. 3(1)(i)** (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))
- F866** Definition of list of interim trustees in s. 73(1) repealed (1.4.1993, subject to savings in arts. 4, 5 of S.I. 1993/438) by 1993 c. 6, s. 11(4), **Sch. 2** (with s. 12(6)); S.I. 1993/438, **art. 3**
- F867** Definition of "main proceedings" in s. 73(1) inserted (8.9.2003) by The Insolvency (Scotland) Regulations 2003 (S.I. 2003/2109), **reg. 19**
- F868** Definition of "member state liquidator" in s. 73(1) inserted (8.9.2003) by The Insolvency (Scotland) Regulations 2003 (S.I. 2003/2109), **reg. 19**
- F869** Words in s. 73(1) inserted (1.4.2015) by Bankruptcy and Debt Advice (Scotland) Act 2014 (asp 11), s. 57(2), **sch. 3 para. 35(f)**; S.S.I. 2014/261, art. 3 (with arts. 4-7, 12) (as amended by S.S.I. 2015/54, art. 2)
- F870** S. 73(1): definition of "original trustee" inserted (1.4.2008) by Bankruptcy and Diligence etc. (Scotland) Act 2007 (asp 3), ss. 36, 227(3), **Sch. 1 para. 60(2)(e)** (with s. 223); S.S.I. 2008/115, **art. 3(1)(i)** (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))
- F871** S. 73(1): definition of "permanent trustee" repealed (1.4.2008) by Bankruptcy and Diligence etc. (Scotland) Act 2007 (asp 3), ss. 226, 227(3), **Sch. 6 Pt. 1** (with s. 223); S.S.I. 2008/115, **art. 3(2)(3)**, **Sch. 2** (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))
- F872** S. 73(1): definition of "protected trust deed" substituted (19.2.2008) by Bankruptcy and Diligence etc. (Scotland) Act 2007 (asp 3), **ss. 20(2)**, 227(3) (with s. 223); S.S.I. 2008/45, **art. 2** (with art. 3)
- F873** Words in s. 73(1) substituted (1.4.2015) by Bankruptcy and Debt Advice (Scotland) Act 2014 (asp 11), s. 57(2), **sch. 3 para. 35(g)**; S.S.I. 2014/261, art. 3 (with arts. 4-7, 12) (as amended by S.S.I. 2015/54, art. 2)
- F874** Words in definition of "register of insolvencies" in s. 73(1) substituted (1.4.1993, subject to savings in arts. 4, 5 of S.I. 1993/438) by 1993 c. 6, s. 11(3), **Sch. 1 para. 29(3)** (with s. 12(6)); S.I. 1993/438, **art. 3**
- F875** S. 73(1): definition of "replacement trustee" inserted (1.4.2008) by Bankruptcy and Diligence etc. (Scotland) Act 2007 (asp 3), ss. 36, 227(3), **Sch. 1 para. 60(2)(f)** (with s. 223); S.S.I. 2008/115, **art. 3(1)(i)** (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))
- F876** Definition of "secondary proceedings" in s. 73(1) inserted (8.9.2003) by The Insolvency (Scotland) Regulations 2003 (S.I. 2003/2109), **reg. 19**
- F877** Definitions of standard scale and statutory maximum in s. 73(1) repealed (5.11.1993) by 1993 c. 50, s. 1(1), **Sch. 1 Pt. XIV Group 2**
- F878** S. 73(1): definition of "sequestration proceedings" inserted (1.4.2008) by Bankruptcy and Diligence etc. (Scotland) Act 2007 (asp 3), ss. 36, 227(3), **Sch. 1 para. 60(2)(g)** (with s. 223); S.S.I. 2008/115, **art. 3(1)(i)** (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))
- F879** Definition of statement of assets and liabilities in s. 73(1) inserted (1.4.1993, subject to savings in arts. 4, 5 of S.I. 1993/438) by 1993 c. 6, s. 11(3), **Sch. 1 para. 29(5)** (with s. 12(6)); S.I. 1993/438, **art. 3**
- F880** Words in s. 73(1) inserted (30.6.2014) by Bankruptcy and Debt Advice (Scotland) Act 2014 (asp 11), s. 57(2), **sch. 3 para. 35(h)**; S.S.I. 2014/172, art. 2, **sch.**
- F881** Words in definition of statutory meeting in s. 73(1) substituted (1.4.1993, subject to savings in arts. 4, 5 of S.I. 1993/438) by 1993 c. 6, s. 11(3), **Sch. 1 para. 29(4)** (with s. 12(6)); S.I. 1993/438, **art. 3**

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- F882** Definition of "temporary administrator" in s. 73(1) inserted (8.9.2003) by **The Insolvency (Scotland) Regulations 2003 (S.I. 2003/2109), reg. 19**
- F883** Definition of "territorial proceedings" in s. 73(1) inserted (8.9.2003) by **The Insolvency (Scotland) Regulations 2003 (S.I. 2003/2109), reg. 19**
- F884** Definition of "trust deed" in s. 73(1) substituted (1.4.1993, subject to savings in arts. 4, 5 of S.I. 1993/438) by 1993 c. 6, s. 11(3), **Sch. 1 para. 29(6)** (with s. 12(6)); S.I. 1993/438, **art. 3**
- F885** S. 73(1): definitions of "trustee" and "trustee vote" inserted (1.4.2008) by **Bankruptcy and Diligence etc. (Scotland) Act 2007 (asp 3), ss. 36, 227(3), Sch. 1 para. 60(2)(h)** (with s. 223); S.S.I. 2008/115, **art. 3(1)(i)** (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))
- F886** Words in s. 73(5)(b) substituted (S.) (1.4.2008) by **Bankruptcy and Diligence etc. (Scotland) Act 2007 (asp 3), ss. 36, 227(3), Sch. 1 para. 60(3)** (with s. 223); S.S.I. 2008/115, **art. 3(1)(i)** (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))
- F887** S. 73(6) added (1.4.1993, subject to savings in arts. 4, 5 of S.I. 1993/438) by 1993 c. 6, s. 11(3), **Sch. 1 para. 29(7)** (with s. 12(6)); S.I. 1993/438, **art. 3**
- F888** Words in s. 73(6) substituted (1.4.2008) by **Bankruptcy and Diligence etc. (Scotland) Act 2007 (asp 3), ss. 36, 227(3), Sch. 1 para. 60(4)** (with s. 223); S.S.I. 2008/115, **art. 3(1)(i)** (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))
- F889** S. 73(6A) inserted (1.4.2008) by **Bankruptcy and Diligence etc. (Scotland) Act 2007 (asp 3), ss. 36, 227(3), Sch. 1 para. 60(5)** (with s. 223); S.S.I. 2008/115, **art. 3(1)(i)** (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))

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

- C99** S. 73(1) modified (25.4.1991) by **Companies Act 1989 (c. 40, SIF 27), s. 182(4), Sch. 22 para. 6(3); S.I. 1991/878, art. 2, Sch.**
- C100** S. 73(1) amended (1.1.1993) by S.I. 1992/3218, reg. 82(1), **Sch. 10 Pt. 1 para. 18.**
- C101** S. 73(1) amendment to transitional provisions in earlier commencing S.S.I. 2008/115, arts. 5, 6 (4.10.2014) by **The Bankruptcy and Diligence etc. (Scotland) Act 2007 (Commencement No. 9 and Savings Amendment) Order 2014 (S.S.I. 2014/173), arts. 1(2), 3**

#### Marginal Citations

- M21** Council Regulation (EC) 1346/2000, O.J. No. L 160, 30.06.00, p.1.

## 74 Meaning of "associate".

- (1) Subject to subsection (7) below, for the purposes of this Act any question whether a person is an associate of another person shall be determined in accordance with the following provisions of this section (any reference, whether in those provisions or in regulations under the said subsection (7), to a person being an associate of another person being taken to be a reference to their being associates of each other).
- (2) A person is an associate of an individual if that person is the individual's [<sup>F890</sup>husband, wife or civil partner], or is a relative, or the [<sup>F890</sup>husband, wife or civil partner] of a relative, of the individual or of the individual's [<sup>F890</sup>husband, wife or civil partner].
- (3) A person is an associate of any person with whom he is in partnership, [<sup>F891</sup>and of any person who is an associate of any person with whom he is in partnership;] and a firm is an associate of any person who is a member of the firm.
- (4) For the purposes of this section a person is a relative of an individual if he is that individual's brother, sister, uncle, aunt, nephew, niece, lineal ancestor or lineal descendant treating—
  - (a) any relationship of the half blood as a relationship of the whole blood and the stepchild or adopted child of any person as his child; <sup>F892</sup>...

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<sup>F892</sup>(b) .....

and references in this section to a [<sup>F893</sup>husband, wife or civil partner] include a former [<sup>F893</sup>husband, wife or civil partner] and a reputed [<sup>F893</sup>husband, wife or civil partner] .

(5) A person is an associate of any person whom he employs or by whom he is employed; and for the purposes of this subsection any director or other officer of a company shall be treated as employed by that company.

[<sup>F894</sup>(5A) A company is an associate of another company—

- (a) if the same person has control of both, or a person has control of one and persons who are his associates, or he and persons who are his associates, have control of the other; or
- (b) if a group of two or more persons has control of each company, and the groups either consist of the same persons or could be regarded as consisting of the same persons by treating (in one or more cases) a member of either group as replaced by a person of whom he is an associate.

(5B) A company is an associate of another person if that person has control of it or if that person and persons who are his associates together have control of it.

(5C) For the purposes of this section a person shall be taken to have control of a company if—

- (a) the directors of the company or of another company which has control of it (or any of them) are accustomed to act in accordance with his directions or instructions; or
- (b) he is entitled to exercise, or control the exercise of, one third or more of the voting power at any general meeting of the company or of another company which has control of it,

and where two or more persons together satisfy either of the above conditions, they shall be taken to have control of the company.]

(6) [<sup>F895</sup>In subsections (5), (5A), (5B), and (5C) above,] “company” includes any body corporate (whether incorporated in Great Britain or elsewhere).

(7) The Secretary of State may by regulations—

- (a) amend the foregoing provisions of this section so as to provide further categories of persons who, for the purposes of this Act, are to be associates of other persons; and
- (b) provide that any or all of subsections (2) to (6) above (or any subsection added by virtue of paragraph (a) above) shall cease to apply, whether in whole or in part, or shall apply subject to such modifications as he may specify in the regulations;

and he may in the regulations make such incidental or transitional provision as he considers appropriate.

#### Textual Amendments

**F890** Words in s. 74(2) substituted (5.12.2005) by [Civil Partnership Act 2004 \(c. 33\), ss. 261\(2\), 263, Sch. 28 para. 40; S.S.I. 2005/604, art. 2\(c\)](#)

**F891** Words in s. 74(3) substituted (1.4.2008) by [Bankruptcy \(Scotland\) Regulations 2008 \(S.S.I. 2008/82\), reg. 8\(2\)](#)

**F892** S. 74(4)(b) and word repealed (1.4.2015) by [Bankruptcy and Debt Advice \(Scotland\) Act 2014 \(asp 11\), s. 57\(2\), sch. 4; S.S.I. 2014/261, art. 3 \(with arts. 4-7, 12\) \(as amended by S.S.I. 2015/54, art. 2\)](#)

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- F893** Words in s. 74(4) substituted (5.12.2005) by Civil Partnership Act 2004 (c. 33), ss. 261(2), 263, **Sch. 28 para. 40**; S.S.I. 2005/604, **art. 2(c)**
- F894** S. 74(5A)-(5C) inserted (1.4.2008) by Bankruptcy (Scotland) Regulations 2008 (S.S.I. 2008/82), **reg. 8(3)**
- F895** Words in s. 74(6) substituted (1.4.2008) by virtue of Bankruptcy (Scotland) Regulations 2008 (S.S.I. 2008/82), **reg. 8(4)**

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

- C102** S. 74 applied by Social Security Pensions Act 1975 (c. 60, SIF 113:1), **s. 57C(4)** (as inserted by Social Security Act 1990 (c. 27, SIF 113:1), s. 14, **Sch. 4 Pt. I para. 1**)
- C103** S. 74 applied (1.4.1996) by 1995 c. 43, ss. 34, 50(2), **Sch. 1 para. 2(1)(j)**  
S. 74 applied (with modifications) (6.4.1997) by S.I. 1996/3127, **art. 3(2)**  
S. 74 applied (6.4.1997) by 1995 c. 26, **s. 123(2)** (with s. 121(5)); S.I. 1997/664, art. 2(3), **Sch. Pt. II**  
S.74 applied (1.10.2000) by S.I. 2000/1403, **art. 1(5)**
- C104** S. 74 applied by Social Security Pensions Act 1975 (c. 60, SIF 113:1), **s. 57A(4)** (as inserted by Social Security Act 1990 (c. 27, SIF 113:1), s. 14, **Sch. 4 Pt. I para. 3**)  
S. 74 applied (7.2.1994) by 1993 c. 48, ss. 112(4), 119(4)S.I. 1994/86, **art. 2** (with s. 6(8))  
S. 74 applied (6.4.2005) by Pensions Act 2004 (c. 35), {ss. 38(10(c)), 322 (with s. 313); S.I. 2005/275, **art. 2(7)**, **Sch. Pt. 7**  
S. 74 applied (6.4.2005) by Pensions Act 2004 (c. 35), **ss. 51(3)(c)**, 322 (with s. 313); S.I. 2005/275, **art. 2(7)**, **Sch. Pt. 7**  
S. 74 applied (6.4.2005) by Pensions Act 2004 (c. 35), **ss. 53(6)(c)**, 322 (with s. 313); S.I. 2005/275, **art. 2(7)**, **Sch. Pt. 7**  
S. 74 power to apply (with modifications) conferred (10.2.2005) by Pensions Act 2004 (c. 35), **ss. 57(2)(c)**, 322 (with s. 313); S.I. 2005/275, **art. 2(3)(a)**, **Sch. Pt. 3**
- C105** S. 74 modified (30.12.2005) by The Occupational Pension Schemes (Investment) Regulations 2005 (S.I. 2005/3378), **reg. 10(2)**

## **75 Amendments, repeals and transitional provisions.**

- (1) Subject to subsection (3) below—
- the enactments mentioned in Part I of Schedule 7 to this Act shall have effect subject to the amendments respectively specified in that Schedule, being amendments consequential on the provisions of this Act;
  - Part II of that Schedule, which re-enacts certain provisions of the <sup>M22</sup>Bankruptcy (Scotland) Act 1913 repealed by this Act, shall have effect.
- (2) The enactments set out in columns 1 and 2 of Schedule 8 to this Act are, subject to subsection (3) below, hereby repealed to the extent specified in the third column of that Schedule.
- (3) Subject to subsections (4) and (5) below, nothing in this Act shall affect any of the enactments repealed or amended by this Act in their operation in relation to a sequestration as regards which the award was made before the coming into force of this section.
- (4) Where a debtor's estate has been sequestrated before the coming into force of this section but he has not been discharged, the debtor shall be discharged on the expiry of—
- 2 years after such coming into force; or
  - 3 years after the date of sequestration,
- whichever expires later:

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Provided that, not later than 3 months before the date on which the debtor is due to be discharged under this subsection, the trustee in the sequestration or any creditor may apply to the sheriff for a deferment of that discharge; and subsections (4) to (8) of section 54 of this Act shall apply in relation to that application by the trustee as they apply in relation to an application under subsection (3) of that section<sup>F896</sup> . . . .

(5) Section 63 of this Act shall apply in a case where before the coming into force of this section sequestration of a debtor's estate has been awarded under the Bankruptcy (Scotland) Act 1913 but the debtor has not yet been discharged, subject to the following modifications—

- (a) in subsections (1)(a) and (2)(c) for the words “this Act” there shall be substituted the words “the Bankruptcy (Scotland) Act 1913”;
- (b) <sup>F897</sup> . . . . .
- (c) in subsection (2)(b) for the words “24 of this Act” there shall be substituted the words “64 of the Bankruptcy (Scotland) Act 1913”.

(6) The apparent insolvency of a debtor may be constituted for the purposes of this Act notwithstanding that the circumstance founded upon to constitute the apparent insolvency occurred on a date before the coming into force of section 7 of this Act; and, for those purposes, the apparent insolvency shall be deemed to have been constituted on that date:

Provided that apparent insolvency shall be constituted by virtue of this subsection only on grounds which would have constituted notour bankruptcy under the <sup>M23</sup>Bankruptcy (Scotland) Act 1913.

(7) Where a debtor whose estate is sequestrated after the commencement of this subsection is liable, by virtue of a transaction entered into before that date, to pay royalties or a share of the profits to any person in respect of any copyright or interest in copyright comprised in the sequestrated estate, section 102 of the Bankruptcy (Scotland) Act 1913 (trustee's powers in relation to copyright) shall apply in relation to the <sup>F898</sup> . . . trustee as it applied before its repeal in relation to a trustee in bankruptcy under the said Act of 1913.

(8) Where sequestration of a debtor's estate is awarded under this Act a person shall not be guilty of an offence under any provision of this Act in respect of anything done before the date of commencement of that provision but, notwithstanding the repeal by this Act of the Bankruptcy (Scotland) Act 1913, he shall be guilty of an offence under that Act in respect of anything done before that date which would have been an offence under that Act if the award of sequestration had been made under that Act.

(9) Unless the context otherwise requires, any reference in any enactment or document to notour bankruptcy, or to a person being notour bankruptcy, shall be construed as a reference to apparent insolvency, or to a person being apparently insolvent, within the meaning of section 7 of this Act.

(10) Unless the context otherwise requires, any reference in any enactment or document to a person's estate being sequestrated under the Bankruptcy (Scotland) Act 1913 shall be construed as, or as including, a reference to its being sequestrated under this Act; and analogous references shall be construed accordingly.

(11) Unless the context otherwise requires, any reference in any enactment or document to a trustee in sequestration or to a trustee in bankruptcy shall be construed as a reference



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to a <sup>F899</sup> . . . trustee, within the meaning of this Act; and analogous expressions shall be construed accordingly.

- (12) Unless the context otherwise requires, any reference in any enactment or document—
- (a) to a “gratuitous alienation” shall be construed as including a reference to an alienation challengeable under section 34(1) of this Act or under section 615A(1) of the <sup>M24</sup>Companies Act 1985;
  - (b) to a “fraudulent preference” or to an “unfair preference” shall be construed as including a reference to—
    - (i) an unfair preference within the meaning of this Act;
    - (ii) a preference created as is mentioned in subsection (1) of section 36 of this Act (as applied by section 615B of the said Act of 1985), by a transaction to which subsection (4) of the said section 36 (as so applied) applies.

#### Textual Amendments

**F896** Words in s. 75(4) repealed (1.4.2008) by [Bankruptcy and Diligence etc. \(Scotland\) Act 2007 \(asp 3\)](#), ss. 226, 227(3), [Sch. 6 Pt. 1](#) (with s. 223); S.S.I. 2008/115, [art. 3\(2\)\(3\)](#), Sch. 2 (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))

**F897** S. 75(5)(b) repealed (1.4.2008) by [Bankruptcy and Diligence etc. \(Scotland\) Act 2007 \(asp 3\)](#), ss. 226, 227(3), [Sch. 6 Pt. 1](#) (with s. 223); S.S.I. 2008/115, [art. 3\(2\)\(3\)](#), Sch. 2 (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))

**F898** Word in s. 75(7) repealed (1.4.2008) by [Bankruptcy and Diligence etc. \(Scotland\) Act 2007 \(asp 3\)](#), ss. 226, 227(3), [Sch. 6 Pt. 1](#) (with s. 223); S.S.I. 2008/115, [art. 3\(2\)\(3\)](#), Sch. 2 (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))

**F899** Words in s. 75(11) repealed (1.4.2008) by [Bankruptcy and Diligence etc. \(Scotland\) Act 2007 \(asp 3\)](#), ss. 226, 227(3), [Sch. 6 Pt. 1](#) (with s. 223); S.S.I. 2008/115, [art. 3\(2\)\(3\)](#), Sch. 2 (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))

#### Marginal Citations

**M22** 1913 c. 20.

**M23** 1913 c. 20.

**M24** 1985 c. 6.

## 76 Receipts and expenses.

- (1) Any—
- (a) payments received by the Secretary of State under section 58(3) of this Act; or
  - (b) amounts handed over to him in accordance with section 53 of this Act by virtue of the insertion provided for in paragraph 9 of Schedule 2 to this Act,
- shall be paid by him into the Consolidated Fund.
- (2) There shall be paid out of moneys provided by Parliament—
- (a) any amount of outlays and remuneration payable in accordance with section 53 of this Act by virtue of the insertion mentioned in subsection (1) (b) above;
  - (b) any administrative expenses incurred by the Secretary of State under this Act; and
  - (c) any increase attributable to this Act in the sums so payable under any other Act.

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*Status: Point in time view as at 01/03/2016.*

*Changes to legislation: Bankruptcy (Scotland) Act 1985 (repealed) is up to date with all changes known to be in force on or before 25 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)*

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**77 Crown application.**

The application of this Act to the Crown is to the Crown as creditor only.

**78 Short title, commencement and extent.**

- (1) This Act may be cited as the Bankruptcy (Scotland) Act 1985.
- (2) This Act, except this section, shall come into force on such day as the Secretary of State may by order made by statutory instrument appoint; and different days may be so appointed for different purposes and for different provisions.
- (3) An order under subsection (2) above may contain such transitional provisions and savings as appear to the Secretary of State necessary or expedient in connection with the provisions brought into force (whether wholly or partly) by the order.
- (4) Without prejudice to section 75(3) to (5) of this Act, this Act applies to sequestrations as regards which the petition—
  - (a) is presented on or after the date of coming into force of section 5 of this Act; or
  - (b) was presented before, but in respect of which no award of sequestration has been made by, that date.
- (5) This Act, except the provisions mentioned in subsection (6) below, extends to Scotland only.
- (6) The provisions referred to in subsection (5) above are sections 8(5), 22(8) (including that subsection as applied by section 48(7)), 46, 55 and 73(5), paragraph 16(b) of Schedule 4 and paragraph 3 of Schedule 5.

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**Subordinate Legislation Made**

- P1** S. 78(2): power of appointment conferred by s. 78(2) fully exercised: [S.I. 1985/1924](#), 1986/78, 1913: whole Act in force on or before 29.12.1986

*Status: Point in time view as at 01/03/2016.*

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## SCHEDULES

### [<sup>F900</sup>SCHEDULE A1

(introduced by section 5(2ZE))

#### DEBTOR TO WHOM SECTION 5(2ZA) APPLIES: APPLICATION OF ACT

##### Textual Amendments

**F900** Sch. A1 inserted (30.6.2014 for specified purposes, 1.4.2015 in so far as not already in force) by [Bankruptcy and Debt Advice \(Scotland\) Act 2014 \(asp 11\)](#), s. 57(2), [sch. 1](#); [S.S.I. 2014/172](#), art. 2, [sch.](#); [S.S.I. 2014/261](#), art. 3 (with arts. 4-7, 12) (as amended by [S.S.I. 2015/54](#), art. 2)

##### Modification of certain provisions of Act

- 1 (1) Where section 5(2ZA) applies in relation to a debtor, this Act applies subject to the modifications mentioned in sub-paragraphs (2) to (6).
- (2) Section 3(1) applies as if paragraphs (e) and (f) were omitted.
- (3) Section 20 applies as if for subsection (1) there were substituted—
- “(1) This section applies where the Accountant in Bankruptcy receives by virtue of section 5(6A) the statement of assets and liabilities in relation to a debtor to whom section 5(2ZA) applies.
- (1A) As soon as practicable, the Accountant in Bankruptcy must prepare a statement of the debtor’s affairs so far as within the knowledge of the Accountant in Bankruptcy stating that, because section 5(2ZA) applies to the debtor, no claims may be submitted by creditors under section 22 or 48.
- (1B) The Accountant in Bankruptcy must send a copy of the statement prepared under subsection (1A) to every known creditor of the debtor.”.
- (4) Section 43A applies as if for subsection (2) there were substituted—
- “(2) The Accountant in Bankruptcy may at any time before the discharge of the debtor require the debtor to give an account in writing, in such form as may be prescribed, of the debtor’s current state of affairs.”.
- (5) Section 58A applies as if—
- (a) subsections (3) to (4C) and (7)(a) were omitted, and
- (b) for subsection (5) there were substituted—
- “(5) The debtor or any creditor may, before the expiry of the period of 14 days beginning with the day on which the debtor is discharged under section 54C(1), appeal to the sheriff against the discharge of the Accountant in Bankruptcy in respect of the Accountant in Bankruptcy’s acting as trustee.”.
- (6) Sections 21A, 22, 23, 24, 25, 26 to 27, 48, 52 and 62(2A) do not apply.

*Status: Point in time view as at 01/03/2016.*

*Changes to legislation: Bankruptcy (Scotland) Act 1985 (repealed) is up to date with all changes known to be in force on or before 25 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)*

*Accountant in Bankruptcy's duty to consider whether paragraph 1 should cease to apply*

- 2 (1) This paragraph applies where paragraph 1 applies in relation to a debtor.
- (2) If the Accountant in Bankruptcy considers that the circumstances mentioned in any of sub-paragraphs (3) to (6) apply in relation to the debtor, the Accountant in Bankruptcy must consider whether paragraph 1 should cease to apply in relation to the debtor.
- (3) The circumstances are—
- (a) the Accountant in Bankruptcy becomes aware that the debtor application submitted under section 5 contains an error, and
  - (b) the nature of the error is such that the debtor was not at that time a debtor to whom section 5(2ZA) applies.
- (4) The circumstances are—
- (a) the Accountant in Bankruptcy becomes aware that the debtor application submitted under section 5 deliberately misrepresents or fails to state a fact that was the case at the time of the application, and
  - (b) the nature of the misrepresentation or the omission of the fact is such that the debtor was not at that time a debtor to whom section 5(2ZA) applies.
- (5) The circumstances are that, at any time after the date on which the debtor application is made—
- (a) the total value of the debtor's assets (leaving out of account any liabilities and any assets that would not vest in a trustee under section 33(1)) exceeds £5000 (or such other amount as may be prescribed), or
  - (b) the Accountant in Bankruptcy assesses the debtor under the common financial tool as being able to make a contribution.
- (6) The circumstances are that, at any time after the date of sequestration—
- (a) the Accountant in Bankruptcy is not satisfied that the debtor has co-operated with the trustee, and
  - (b) the Accountant in Bankruptcy considers that it would be of financial benefit to the estate of the debtor and in the interests of the creditors if paragraph 1 were to cease to have effect.
- (7) The Scottish Ministers may by regulations modify this paragraph—
- (a) by modifying the circumstances in which paragraph 1 ceases to have effect,
  - (b) in consequence of any modification made under paragraph (a).

*Procedure where Accountant in Bankruptcy considers paragraph 1 should cease to apply*

- 3 (1) If the Accountant in Bankruptcy considers under paragraph 2(2) that paragraph 1 should cease to apply in relation to a debtor, the Accountant in Bankruptcy must notify the debtor of that fact and the matters mentioned in sub-paragraph (2).
- (2) The matters are—
- (a) the circumstances mentioned in paragraph 2 which the Accountant in Bankruptcy considers apply in relation to the debtor, and
  - (b) that the debtor may make representations to the Accountant in Bankruptcy within the period of 14 days beginning with the giving of notification under sub-paragraph (1).

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*Status: Point in time view as at 01/03/2016.*

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- (3) On the expiry of the period mentioned in sub-paragraph (2)(b) and after having taken into account any representations made by the debtor under that sub-paragraph, the Accountant in Bankruptcy must decide whether paragraph 1 should cease to apply in relation to the debtor.
- (4) If the Accountant in Bankruptcy decides that paragraph 1 should cease to apply in relation to the debtor, the Accountant in Bankruptcy must, as soon as practicable after reaching that decision, give notice in writing to the debtor of the decision and the effect of it.

*Debtor's right of appeal against decision under paragraph 3*

- 4 (1) This paragraph applies where the Accountant in Bankruptcy gives notice to a debtor under paragraph 3(4).
- (2) The debtor may appeal to the sheriff against the decision.
- (3) An appeal must be lodged not later than 14 days after the day on which notice is given.
- (4) If the sheriff grants the appeal, paragraph 1 continues to apply in relation to the debtor.
- (5) If the sheriff refuses the appeal or if it is abandoned or withdrawn, paragraph 1 ceases to apply in relation to the debtor.

*Decision that paragraph 1 ceases to have effect: modification of certain provisions of Act*

- 5 (1) Where paragraph 1 ceases to have effect in relation to a debtor, this Act applies subject to sub-paragraphs (2) to (4).
- (2) The debtor must send to the trustee a statement of assets and liabilities—
  - (a) where no appeal is taken under paragraph 4, before the expiry of the period of 7 days beginning with the expiry of the period during which an appeal may be made under that paragraph,
  - (b) where an appeal is refused or, as the case may be, abandoned or withdrawn, before the expiry of the period of 7 days beginning with the day on which notice is given of the outcome of the appeal or, as the case may be, its abandonment or withdrawal.
- (3) Section 21A applies as if in subsection (2), for “sequestration is awarded” there were substituted “paragraph 1 of Schedule A1 ceases to have effect in relation to the debtor”.
- (4) Section 43A applies as if for subsection (2) there were substituted—
  - “(2) The trustee must require the debtor to give an account in writing, in such form as may be prescribed, of the debtor’s current state of affairs—
    - (a) before the expiry of the period of 60 days beginning with the day on which paragraph 1 of Schedule A1 ceases to have effect in relation to the debtor,
    - (b) on the expiry of the period of 6 months beginning with the day on which the account is given under paragraph (a), and
    - (c) on the expiry of each subsequent period of 6 months.”.]

*Status: Point in time view as at 01/03/2016.*

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## SCHEDULE 1

Sections 5(5) and 22(9).

## DETERMINATION OF AMOUNT OF CREDITOR'S CLAIM

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

- C106** Sch. 1 applied with modifications by S.I. 1986/1915, **Rules 4.16(1)(f)**, 7.9(5) and by Rule 2.41(2) (as substituted (15.9.2003) by **The Insolvency (Scotland) Amendment Rules 2003 (S.I. 2003/2111)**, **Rule 3**, {Sch. 1, Pt. 1}) (as amended (20.12.2008) by S.S.I. 2008/393 art. 3)
- C107** Sch. 1 applied in part (with modifications) (14.11.2011) by **The Investment Bank Special Administration (Scotland) Rules 2011 (S. I. 2011/2262)**, **rule 127**

*Amount which may be claimed generally*

- 1 (1) Subject to the provisions of this Schedule, the amount in respect of which a creditor shall be entitled to claim shall be the accumulated sum of principal and any interest which is due on the debt as at the date of sequestration.
- (2) If a debt does not depend on a contingency but would not be payable but for the sequestration until after the date of sequestration, the amount of the claim shall be calculated as if the debt were payable on the date of sequestration but subject to the deduction of interest at the rate specified in section 51(7) of this Act from the said date until the date for payment of the debt.
- (3) In calculating the amount of his claim, a creditor shall deduct any discount (other than any discount for payment in cash) which is allowable by contract or course of dealing between the creditor and the debtor or by the usage of trade.

*Claims for aliment and periodical allowance on divorce*

- 2 (1) A person entitled to aliment, however arising, from a living debtor as at the date of sequestration, or from a deceased debtor immediately before his death, shall not be entitled to include in the amount of his claim—
- (a) any unpaid aliment for any period before the date of sequestration unless the amount of the aliment has been quantified by court decree or by any legally binding obligation which is supported by evidence in writing, and,  
[<sup>F901</sup>(i)] in the case of spouses (or, where the aliment is payable to a divorced person in respect of a child, former spouses)[<sup>F902</sup>, or  
(ii) in the case of civil partners (or, where the aliment is payable to a former civil partner in respect of a child after dissolution of a civil partnership, former civil partners),]  
they were living apart during that period;
- (b) any aliment for any period after the date of sequestration.
- (2) Sub-paragraph (1) above shall apply to a periodical allowance payable on divorce [<sup>F903</sup>or on dissolution of a civil partnership]—
- (a) by virtue of a court order; or
- (b) under any legally binding obligation which is supported by evidence in writing,
- as it applies to aliment and as if for the words from “in the case [<sup>F904</sup>, where they first occur] ” to “they” there were substituted the words “the payer and payee”.

*Status: Point in time view as at 01/03/2016.*

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### Textual Amendments

- F901** Words in Sch. 1 para. 2(1)(a) renumbered (5.12.2005) as Sch. 1 para. 2(1)(a)(i) by [Civil Partnership Act 2004 \(c. 33\)](#), ss. 261(2), 263, [Sch. 28 para. 41\(2\)](#); S.S.I. 2005/604, [art. 2\(c\)](#)
- F902** Sch. 1 para. 2(1)(a)(ii) and word inserted (5.12.2005) by [Civil Partnership Act 2004 \(c. 33\)](#), ss. 261(2), 263, [Sch. 28 para. 41\(3\)](#); S.S.I. 2005/604, [art. 2\(c\)](#)
- F903** Words in Sch. 1 para. 2(2) inserted (5.12.2005) by [Civil Partnership Act 2004 \(c. 33\)](#), ss. 261(2), 263, [Sch. 28 para. 41\(4\)](#); S.S.I. 2005/604, [art. 2\(c\)](#)
- F904** Words in Sch. 1 para. 2(2) inserted (1.4.2015) by [Bankruptcy and Debt Advice \(Scotland\) Act 2014 \(asp 11\)](#), s. 57(2), [sch. 3 para. 36](#); S.S.I. 2014/261, [art. 3](#) (with arts. 4-7, 12) (as amended by S.S.I. 2015/54, [art. 2](#))

### *Debts depending on contingency*

- 3 (1) Subject to sub-paragraph (2) below, the amount which a creditor shall be entitled to claim shall not include a debt in so far as its existence or amount depends upon a contingency.
- (2) On an application by the creditor—
- (a) to the <sup>F905</sup> . . . trustee; or
- (b) if there is no <sup>F905</sup> . . . trustee, to the [<sup>F906</sup> Accountant in Bankruptcy] ,
- the <sup>F905</sup> . . . trustee or [<sup>F906</sup> Accountant in Bankruptcy] shall put a value on the debt in so far as it is contingent, and the amount in respect of which the creditor shall then be entitled to claim shall be that value but no more; and, where the contingent debt is an annuity, a cautioner may not then be sued for more than that value.
- [<sup>F907</sup>(3) An interested person may apply to the Accountant in Bankruptcy for a review of a valuation under sub-paragraph (2) by the trustee.
- (4) An application under sub-paragraph (3) must be made before the expiry of the period of 14 days beginning with the day of the valuation.
- (5) If an application under subsection (3) is made, the Accountant in Bankruptcy must—
- (a) take into account any representations made by an interested person before the expiry of the period of 21 days beginning with the day on which the application is made, and
- (b) confirm or vary the valuation before the expiry of the period of 28 days beginning with the day on which the application is made.
- (6) An interested person may appeal to the sheriff against a decision by the Accountant in Bankruptcy under subsection (5)(b) before the expiry of the period of 14 days beginning with the day of the decision.
- (7) The Accountant in Bankruptcy may refer a case to the sheriff for a direction before making a decision under sub-paragraph (5)(b).
- (8) An appeal to the sheriff under sub-paragraph (6) may not be made in relation to a matter on which the Accountant in Bankruptcy has applied to the sheriff for a direction under sub-paragraph (7).]

*Status: Point in time view as at 01/03/2016.*

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#### Textual Amendments

- F905** Words in Sch. 1 para. 3 repealed (1.4.2008) by [Bankruptcy and Diligence etc. \(Scotland\) Act 2007 \(asp 3\)](#), ss. 226, 227(3), [Sch. 6 Pt. 1](#) (with s. 223); S.S.I. 2008/115, [art. 3\(2\)\(3\)](#), Sch. 2 (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))
- F906** Words in Sch. 1 para. 3(2) substituted (1.4.2015) by [Bankruptcy and Debt Advice \(Scotland\) Act 2014 \(asp 11\)](#), ss. 37(a), 57(2); S.S.I. 2014/261, art. 3 (with arts. 4-7, 12) (as amended by S.S.I. 2015/54, art. 2)
- F907** Sch. 1 para. 3(3)-(8) substituted for Sch. 1 para. 3(3) (1.4.2015) by [Bankruptcy and Debt Advice \(Scotland\) Act 2014 \(asp 11\)](#), ss. 37(b), 57(2); S.S.I. 2014/261, art. 3 (with arts. 4-7, 12) (as amended by S.S.I. 2015/54, art. 2)

F908 ...

#### Textual Amendments

- F908** Sch. 1 para. 4 and crossheading repealed (1.4.2015) by [Bankruptcy and Debt Advice \(Scotland\) Act 2014 \(asp 11\)](#), s. 57(2), [sch. 4](#); S.S.I. 2014/261, art. 3 (with arts. 4-7, 12) (as amended by S.S.I. 2015/54, art. 2)

F908 4 .....

#### *Secured debts*

- 5 (1) In calculating the amount of his claim, a secured creditor shall deduct the value of any security as estimated by him:
- Provided that if he surrenders, or undertakes in writing to surrender, a security for the benefit of the debtor's estate, he shall not be required to make a deduction of the value of that security.
- (2) The <sup>F909</sup> . . . trustee may, at any time after the expiry of 12 weeks from the date of sequestration, require a secured creditor at the expense of the debtor's estate to discharge the security or convey or assign it to the <sup>F909</sup> . . . trustee on payment to the creditor of the value specified by the creditor; and the amount in respect of which the creditor shall then be entitled to claim shall be any balance of his debt remaining after receipt of such payment.
- (3) In calculating the amount of his claim, a creditor whose security has been realised shall deduct the amount (less the expenses of realisation) which he has received, or is entitled to receive, from the realisation.

#### Textual Amendments

- F909** Words in Sch. 1 para. 5 repealed (1.4.2008) by [Bankruptcy and Diligence etc. \(Scotland\) Act 2007 \(asp 3\)](#), ss. 226, 227(3), [Sch. 6 Pt. 1](#) (with s. 223); S.S.I. 2008/115, [art. 3\(2\)\(3\)](#), Sch. 2 (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))

#### *Valuation of claims against partners for debts of the partnership*

- 6 Where a creditor claims in respect of a debt of a partnership, against the estate of one of its partners, the creditor shall estimate the value of—



*Status: Point in time view as at 01/03/2016.*

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- (a) the debt to the creditor from the firm's estate where that estate has not been sequestered; or
- (b) the creditor's claim against that estate where it has been sequestrated, and deduct that value from his claim against the partner's estate; and the amount in respect of which he shall be entitled to claim on the partner's estate shall be the balance remaining after that deduction has been made.

<sup>F910</sup>SCHEDULE 2

**Textual Amendments**

**F910** Sch. 2 repealed (1.4.2008) by [Bankruptcy and Diligence etc. \(Scotland\) Act 2007 \(asp 3\)](#), **ss. 11(6), 227(3)** (with [s. 223](#)); [S.S.I. 2008/115](#), **art. 3(1)(a)** (with [arts. 4-6, 10](#) (as amended (with effect from [31.1.2011](#)) by [S.S.I. 2011/31](#), [art. 5](#)))

<sup>F920</sup><sup>F920</sup>[SCHEDULE 2A

**Textual Amendments**

**F920** Sch. 2A repealed (1.4.2008) by [Bankruptcy and Diligence etc. \(Scotland\) Act 2007 \(asp 3\)](#), **ss. 28(3), 227(3)** (with [s. 223](#)); [S.S.I. 2008/115](#), **art. 3(1)(a)** (with [arts. 4-6, 10](#) (as amended (with effect from [31.1.2011](#)) by [S.S.I. 2011/31](#), [art. 5](#)))

SCHEDULE 3

PREFERRED DEBTS

PART I

LIST OF PREFERRED DEBTS

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

**C108** Sch. 3 Pt. I applied (7.2.1994) by [1993 c. 48, s. 128](#), **Sch. 4 para. 4(1)(b)**; [S.I. 1994/86](#), **art. 2**

*Debts to Inland Revenue*

*Status: Point in time view as at 01/03/2016.*

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#### Textual Amendments

**F926** Sch. 3 para. 1 repealed (15.9.2003) by Enterprise Act 2002 (c. 40), ss. 251(2)(a), 278, 279, **Sch. 26**; S.I. 2003/2093, **art. 2**, **Sch. 1** (with transitional provisions in arts. 3-8)

#### *Debts due to Customs and Excise*

2 **F927** .....

#### Textual Amendments

**F927** Sch. 3 para. 2 repealed (15.9.2003) by Enterprise Act 2002 (c. 40), ss. 251(2)(b), 278, 279, **Sch. 26**; S.I. 2003/2093, **art. 2**, **Sch. 1** (with transitional provisions in arts. 3-8)

#### *Social Security contributions*

3 **F928** .....

#### Textual Amendments

**F928** Sch. 3 para. 3 repealed (15.9.2003) by Enterprise Act 2002 (c. 40), ss. 251(2)(c), 278, 279, **Sch. 26**; S.I. 2003/2093, **art. 2**, **Sch. 1** (with transitional provisions in arts. 3-8)

#### *Contributions to occupational pension schemes, etc.*

4 Any sum which is owed by the debtor and is a sum to which [<sup>F929</sup>Schedule 4 to the <sup>M25</sup>Pension Schemes Act 1993] (contributions to occupational pension scheme and state scheme premiums) applies.

#### Textual Amendments

**F929** Words in Sch. 3 para. 4 substituted (7.2.1994) by 1993 c. 48, s. 190, **Sch. 8 para.17**; S.I. 1994/86, **art. 2**

#### Marginal Citations

**M25** 1993 c. 48.

#### *Remuneration of employees, etc.*

- 5 (1) So much of any amount which—
- (a) is owed by the debtor to a person who is or has been an employee of the debtor, and
  - (b) is payable by way of remuneration in respect of the whole or any part of the period of four months next before the relevant date,
- as does not exceed the prescribed amount.
- (2) An amount owed by way of accrued holiday remuneration, in respect of any period of employment before the relevant date, to a person whose employment by the debtor has been terminated, whether before, on or after that date.

*Status: Point in time view as at 01/03/2016.*

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(3) So much of any sum owed in respect of money advanced for the purpose as has been applied for the payment of a debt which, if it had not been paid, would have been a debt falling within sub-paragraph (1) or (2) above.

- 6 So much of any amount which—
- (a) is ordered, whether before or after the relevant date, to be paid by the debtor under the <sup>M26</sup>Reserve Forces (Safeguard of Employment) Act 1985; and
  - (b) is so ordered in respect of a default made by the debtor before that date in the discharge of his obligations under that Act,
- as does not exceed such amount as may be prescribed.

#### Marginal Citations

M26 1985 c. 17.

*[<sup>F930</sup> Levies on coal and steel production*

#### Textual Amendments

F930 Sch. 3 Pt. I para. 6A inserted by S.I. 1987/2093, reg. 3(1)(2)

- 6A Any sums due at the relevant date from the debtor in respect of—
- (a) the levies on the production of coal and steel referred to in Articles 49 and 50 of the E.C.S.C. Treaty, or
  - (b) any surcharge for delay provided for in Article 50(3) of that Treaty and Article 6 of Decision 3/52 of the High Authority of the Coal and Steel Community.]

*[<sup>F931</sup> Debts owed to the Financial Services Compensation Scheme*

#### Textual Amendments

F931 Sch. 3 para. 6AA and cross-heading inserted (26.3.2015) by [The Deposit Guarantee Scheme Regulations 2015 \(S.I. 2015/486\)](#), regs. 1(2), 16(a)

- 6AA. Any debt owed by the debtor to the scheme manager of the Financial Services Compensation Scheme under section 215(2A) of the Financial Services and Markets Act 2000.]

*[<sup>F932</sup> Deposits covered by Financial Services Compensation Scheme*

#### Textual Amendments

F932 Sch. 3 para. 6B and cross-heading inserted (31.12.2014) by [Financial Services \(Banking Reform\) Act 2013 \(c. 33\)](#), ss. 13(3), 148(5); S.I. 2014/3160, art. 2(1)(a)

- 6B So much of any amount owed at the relevant date by the debtor in respect of an eligible deposit as does not exceed the compensation that would be payable in

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respect of the deposit under the Financial Services Compensation Scheme to the person or persons to whom the amount is owed.]

*<sup>F933</sup>Other deposits*

**Textual Amendments**

**F933** Sch. 3 paras. 6C, 6D and cross-heading inserted (1.1.2015) by [The Banks and Building Societies \(Depositor Preference and Priorities\) Order 2014 \(S.I. 2014/3486\)](#), arts. 1(2), **28(3)(a)** (with art. 3)

- 6C. So much of any amount owed at the relevant date by the debtor to one or more eligible persons in respect of an eligible deposit as exceeds any compensation that would be payable in respect of the deposit under the Financial Services Compensation Scheme to that person or those persons.
- 6D. An amount owed at the relevant date by the debtor to one or more eligible persons in respect of a deposit that—
- (a) was made through a non-EEA branch of a credit institution authorised by the competent authority of an EEA state, and
  - (b) would have been an eligible deposit if it had been made through an EEA branch of that credit institution.]

**PART II**

INTERPRETATION OF PART I

*Meaning of “the relevant date”*

- 7 In Part I of this Schedule “the relevant date” means—
- (a) in relation to a debtor (other than a deceased debtor), the date of sequestration; and
  - (b) in relation to a deceased debtor, the date of his death.

*Periods to which value added tax referable*

- 8 <sup>F934</sup> .....

**Textual Amendments**

**F934** Sch. 3 para. 8 repealed (15.9.2003) by [Enterprise Act 2002 \(c. 40\)](#), ss. 278, 279, **Sch. 26**; S.I. 2003/2093, **art. 2(1)**, **Sch. 1** (with transitional provisions in arts. 3-8)

*<sup>F935</sup>Periods to which insurance premium tax referable*

**Textual Amendments**

**F935** Sch. 3 Pt. II para. 8A and crossheading inserted (3.5.1994) by [1994 c. 9](#), s. 64, **Sch. 7 Pt. III para. 7(5)**

- 8A <sup>F936</sup> .....]

*Status: Point in time view as at 01/03/2016.*

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**Textual Amendments**

**F936** Sch. 3 para. 8A repealed (15.9.2003) by [Enterprise Act 2002 \(c. 40\)](#), ss. 278, 279, [Sch. 26](#); S.I. 2003/2093, [art. 2\(1\)](#), [Sch. 1](#) (with transitional provisions in [arts. 3-8](#))

*[<sup>F937</sup> Periods to which landfill tax referable*

**Textual Amendments**

**F937** Sch. 3 Pt. II para. 8B and crossheading inserted (29.4.1996) by [1996 c. 8, s. 60](#), [Sch. 5 Pt. III para. 12\(4\)](#)

8B <sup>F938</sup> .....

**Textual Amendments**

**F938** Sch. 3 para. 8B repealed (15.9.2003) by [Enterprise Act 2002 \(c. 40\)](#), ss. 278, 279, [Sch. 26](#); S.I. 2003/2093, [art. 2](#), [Sch. 1](#) (with transitional provisions in [arts. 3-8](#))

*[<sup>F939</sup> Periods to which climate change levy referable*

**Textual Amendments**

**F939** Sch. 3 Pt. II para. 8C and preceding cross-heading inserted (28.7.2000) by [2000 c. 17, s. 30](#), [Sch. 7 para. 2\(2\)](#)

8C <sup>F940</sup> .....

**Textual Amendments**

**F940** Sch. 3 para. 8C repealed (15.9.2003) by [Enterprise Act 2002 \(c. 40\)](#), ss. 278, 279, [Sch. 26](#); S.I. 2003/2093, [art. 2](#), [Sch. 1](#) (with transitional provisions in [arts. 3-8](#))

*Periods to which aggregates levy referable*

<sup>F941</sup>8D (1) For the purpose of paragraph 2(1D) of Part 1 of this Schedule—

- (a) where the whole of the accounting period to which any aggregates levy is attributable falls within the period of six months next before the relevant date ('the relevant period'), the whole amount of that levy shall be referable to the relevant period; and
- (b) in any other case the amount of any aggregates levy which shall be referable to the relevant period shall be the proportion of the levy which is equal to such proportion (if any) of the accounting period in question as falls within the relevant period.

(2) In sub-paragraph (1) above 'accounting period' shall be construed in accordance with Part 2 of the Finance Act 2001.]

*Status: Point in time view as at 01/03/2016.*

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#### Textual Amendments

**F941** Sch. 3 Pt. II para. 8D inserted (11.5.2001) by 2001 c. 9, s. 27, **Sch. 5 para. 18(2)**

#### *Amounts payable by way of remuneration*

- 9 (1) For the purposes of paragraph 5 of Part I of this Schedule a sum is payable by the debtor to a person by way of remuneration in respect of any period if—
- (a) it is paid as wages or salary (whether payable for time or for piece work or earned wholly or partly by way of commission) in respect of services rendered to the debtor in that period; or
  - (b) it is an amount falling within sub-paragraph (2) below and is payable by the debtor in respect of that period.
- (2) An amount falls within this sub-paragraph if it is—
- (a) a guarantee payment under section 12(1) of the <sup>M27</sup>Employment Protection (Consolidation) Act 1978 (employee without work to do for a day or part of a day),
  - (b) remuneration on suspension on medical grounds under section 19 of that Act,
  - (c) any payment for the time off under section 27(3) (trade-union duties), 31(3) (looking for work, etc.) or 31A(4) (antenatal care) of that Act,
  - (d) ..... <sup>F942</sup>
  - (e) remuneration under a protective award made by an [<sup>F943</sup>employment tribunal] under section 101 of the <sup>M28</sup>Employment Protection Act 1975 (redundancy dismissal with compensation).
- (3) For the purposes of paragraph 5(2) of Part I of this Schedule, holiday remuneration shall be deemed, in the case of a person whose employment has been terminated by or in consequence of the award of sequestration of his employer's estate, to have accrued to that person in respect of any period of employment if, by virtue of that person's contract of employment or of any enactment (including an order made or direction given under any enactment), that remuneration would have accrued in respect of that period if that person's employment had continued until he became entitled to be allowed the holiday.
- (4) Without prejudice to the preceding provisions of this paragraph—
- (a) any remuneration payable by the debtor to a person in respect of a period of holiday or of absence from work through sickness or other good cause is deemed to be wages or, as the case may be, salary in respect of services rendered to the debtor in that period; and
  - (b) references in this paragraph to remuneration in respect of a period of holiday include references to any sums which, if they had been paid, would have been treated for the purposes of the enactments relating to social services as earnings in respect of that period.

#### Textual Amendments

**F942** Sch. 3 Pt. I para. 9(2)(d) repealed by Social Security Act 1986 (c. 50, SIF 113:1), ss. 86, 88(1), Sch. 10 para. 80, **Sch. 11**

*Status: Point in time view as at 01/03/2016.*

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**F943** Words in Sch. 3 Pt. II para. 9(2)(e) substituted (1.8.1998) by 1998 c. 8, s. 1(2)(a) (with s. 16(2)); S.I. 1998/1658, art. 2(1), **Sch. 1**

#### Marginal Citations

**M27** 1978 c. 44.

**M28** 1975 c. 44.

#### *[<sup>F944</sup>Meaning of scheme manager*

#### Textual Amendments

**F944** Sch. 3 para. 9ZA and cross-heading inserted (26.3.2015) by [The Deposit Guarantee Scheme Regulations 2015 \(S.I. 2015/486\)](#), regs. 1(2), **16(b)**

9ZA. In paragraph 6AA “the scheme manager” has the meaning given in section 212(1) of the Financial Services and Markets Act 2000.]

#### *[<sup>F945</sup>Meaning of eligible deposit*

#### Textual Amendments

**F945** Sch. 3 para. 9A and cross-heading inserted (31.12.2014) by [Financial Services \(Banking Reform\) Act 2013 \(c. 33\)](#), ss. **13(4)**, 148(5); S.I. 2014/3160, art. 2(1)(a)

9A (1) In [<sup>F946</sup>paragraphs 6B to 6D] “eligible deposit” means a deposit in respect of which the person, or any of the persons, to whom it is owed would be eligible for compensation under the Financial Services Compensation Scheme.

(2) For [<sup>F947</sup>the purposes of those paragraphs and this paragraph] a “deposit” means rights of the kind described in paragraph 22 of Schedule 2 to the Financial Services and Markets Act 2000 (deposits).]

[<sup>F948</sup>(3) In paragraphs 6C and 6D, “eligible person” means—

- (a) an individual, or
- (b) a micro-enterprise, a small enterprise or a medium-sized enterprise, each of those terms having the meaning given in Article 2.1(107) of the Directive 2014/59/EU of 15th May 2014 establishing a framework for the recovery and resolution of credit institutions and investment firms.

(4) In paragraph 6D—

- (a) “credit institution” has the meaning given in Article 4.1(1) of the capital requirements regulation;
- (b) “EEA branch” means a branch, as defined in Article 4.1(17) of the capital requirements regulation, which is established in an EEA state;
- (c) “non-EEA branch” means a branch, as so defined, which is established in a country which is not an EEA state;

and for this purpose “the capital requirements regulation” means Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26th June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012.]

*Status: Point in time view as at 01/03/2016.*

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#### Textual Amendments

- F946** Words in Sch. 3 para. 9A(1) substituted (1.1.2015) by [The Banks and Building Societies \(Depositor Preference and Priorities\) Order 2014 \(S.I. 2014/3486\)](#), arts. 1(2), **28(3)(b)(i)** (with art. 3)
- F947** Words in Sch. 3 para. 9A(2) substituted (1.1.2015) by [The Banks and Building Societies \(Depositor Preference and Priorities\) Order 2014 \(S.I. 2014/3486\)](#), arts. 1(2), **28(3)(b)(ii)** (with art. 3)
- F948** Sch. 3 para. 9A(3)(4) inserted (1.1.2015) by [The Banks and Building Societies \(Depositor Preference and Priorities\) Order 2014 \(S.I. 2014/3486\)](#), arts. 1(2), **28(3)(b)(iii)** (with art. 3)

#### *Transitional Provisions*

- 10 Regulations under paragraph 5 or 6 of Part I of this Schedule may contain such transitional provisions as may appear to the Secretary of State necessary or expedient.

### [<sup>F949</sup>SCHEDULE 3A

(introduced by section 62(2A))

#### INFORMATION TO BE INCLUDED IN THE SEDERUNT BOOK

#### Textual Amendments

- F949** Sch. 3A inserted (1.4.2015) by [Bankruptcy and Debt Advice \(Scotland\) Act 2014 \(asp 11\)](#), s. 57(2), **sch. 2**; [S.S.I. 2014/261](#), art. 3 (with arts. 4-7, 12) (as amended by [S.S.I. 2015/54](#), art. 2)

- 1 A copy of a debtor application made under section 5(2)(a).
- 2 A copy of a petition presented under section 5(2)(b).
- 3 Where the trustee is the Accountant in Bankruptcy, a copy of a statement of assets and liabilities sent to the Accountant in Bankruptcy in accordance with section 5(6A).
- 4 A copy of an award of sequestration granted under section 12(1) or (3).
- 5 A copy of a warrant to cite the debtor granted under section 12(2).
- 6 Where the trustee is not the Accountant in Bankruptcy—
  - (a) the audited accounts sent to the trustee by the Accountant in Bankruptcy in accordance with section 13A(5)(d), and
  - (b) the determination fixing the amount of the outlays and remuneration payable to the interim trustee sent to the trustee by the Accountant in Bankruptcy in accordance with section 13A(5)(d).
- 7 Where the trustee is the Accountant in Bankruptcy—
  - (a) the accounts audited by the Accountant in Bankruptcy in accordance with section 13A(5)(a), and
  - (b) the determination fixing the amount of the outlays and remuneration payable to the interim trustee issued in accordance with section 13A(5)(b).
- 8 Where the Accountant in Bankruptcy is appointed as interim trustee and the sheriff awards sequestration in accordance with section 13B(1)(a)—



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- (a) the accounts of the Accountant in Bankruptcy’s intromissions (if any) with the debtor’s estate; and
  - (b) the determination of the Accountant in Bankruptcy’s fees and outlays calculated in accordance with regulations made under section 69A.
- 9 A copy of any—
- (a) order recalling or refusing to recall an award of sequestration by the sheriff under section 17 and sent to the trustee under section 17(8)(b)(ii),
  - (b) grant or refusal to grant a recall of an award of sequestration under section 17D(1), 17E(6) or 17G.
- 10 A copy of any order under section 41(1)(b)(ii) or 41A(1)(b)(ii) sent to the trustee under section 17(8)(b).
- 11 Where the trustee is a replacement trustee appointed under section 25 and the Accountant in Bankruptcy was not the original trustee—
- (a) a copy of any determination fixing the amount of the outlays and remuneration payable to the original trustee and of the original trustee’s audited accounts which is sent to the trustee under section 26(3)(b)(ii),
  - (b) upon appointment, such information as is appropriate to provide a record of the sequestration process before the trustee’s appointment as replacement trustee (except that no entry is to be made in relation to any written comments made by the original trustee under section 20(2)), and
  - (c) an entry recording any certificate of discharge issued to the original trustee under section 27.
- 12 Where the trustee is not the Accountant in Bankruptcy, a copy of a statement of assets and liabilities sent to the trustee under section 19(1) or (2).
- 13 A copy of a notice given under section 21A(2).
- 14 Where the trustee is not the Accountant in Bankruptcy, a copy of a report made under section 21B(1)(a).
- 15 Where the trustee is a replacement trustee appointed under section 25 and the Accountant in Bankruptcy was the original trustee, upon appointment, such information as is appropriate to provide a record of the sequestration process before the trustee’s appointment as replacement trustee.
- 16 A copy of any initial proposal for the debtor’s contribution provided by the trustee under section 32A(1)(b).
- 17 A copy of a debtor contribution order applying to the debtor.
- 18 A copy of any decree issued under section 34 affecting the sequestrated estate.
- 19 A copy of any decree of recall issued following an application under section 35(2).
- 20 A copy of any decree issued under section 36 affecting the sequestrated estate.
- 21 The inventory and valuation of the estate made up and maintained in accordance with section 38(1)(b).
- 22 A copy of an account given by the debtor under section 43A(2).
- 23 The debtor’s deposition at an examination subscribed under section 47(5).
- 24 A copy of the record of an examination sent to the Accountant in Bankruptcy under section 47(6).

*Status: Point in time view as at 01/03/2016.*

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- 25 An appropriate entry in relation to the production of any document to the trustee in accordance with section 48(7), stating the date when it was produced to the trustee.
- 26 Where the trustee accepts or rejects a claim under section 49, the decision on the claim, specifying—
- (a) the amount of the claim accepted by the trustee,
  - (b) the category of debt, and the value of any security, as decided by the trustee, and
  - (c) if the claim is rejected, the reasons.
- 27 A copy of a decision of the Accountant in Bankruptcy under section 49(6C)(b) and of the sheriff under section 49(6D).
- 28 An agreement or determination in respect of the accounting period under section 52(2)(b)(i) or (ii).
- 29 Where the trustee is not the Accountant in Bankruptcy, the audited accounts, the scheme of division and the final determination in relation to the trustee's outlays and remuneration, as mentioned in section 53.
- 30 A copy the certificate of discharge given to the debtor under section 54(2) or 54A(2) or 54F.
- 31 A copy the certificate deferring discharge where the debtor cannot be traced issued under section 54D(4)(b) or (6)(b).
- 32 Where the Accountant in Bankruptcy has acted as trustee, after making the final division of the debtor's estate—
- (a) the Accountant in Bankruptcy's final accounts of the Accountant in Bankruptcy's intromissions (if any) with the debtor's estate,
  - (b) the scheme of division (if any), and
  - (c) a determination of the Accountant in Bankruptcy's fees and outlays calculated in accordance with regulations made under section 69A.
- 33 Where the Accountant in Bankruptcy has acted as trustee and is discharged from all liability as mentioned in section 58A(7), an appropriate entry in relation to such discharge.
- 34 A decision of the court under section 63 and of the Accountant in Bankruptcy under section 63A.
- 35 A copy of a decree arbitral or, as the case may be, an appropriate entry recording the compromise referred to in section 65.
- 36 The minutes of the meeting mentioned in paragraph 7 of Schedule 6.
- 37 A copy of the minutes of any meeting sent to the Accountant in Bankruptcy in accordance with paragraph 16 of Schedule 6.
- 38 Where a meeting of commissioners is called in accordance with paragraph 17 of Schedule 6—
- (a) a record of the deliberations of the commissioners at the meeting,
  - (b) where the trustee is not clerk in accordance with paragraph 21 of Schedule 6, a record of the deliberations of the commissioners transmitted by the commissioner acting as clerk, such commissioner to authenticate the insertion when made, and
  - (c) in relation to any matter agreed without a meeting, the minute recording that agreement signed in accordance with paragraph 23 of Schedule 6.”

*Status: Point in time view as at 01/03/2016.*

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- 39 A copy of any decision (including any determination, direction, award, acceptance, rejection, adjudication, requirement, declaration, order or valuation) relating to the sequestration which is—
- (a) issued by the Accountant in Bankruptcy, and
  - (b) not otherwise mentioned in this Schedule.
- 40 A copy of any decree, interlocutory decree, direction or order relating to the sequestration which is—
- (a) granted by the court, and
  - (b) not otherwise mentioned in this Schedule.]

<sup>F950</sup>SCHEDULE 4

Section 56.

**Textual Amendments**

**F950** Sch. 4 repealed (S.) (1.4.2015) by [Bankruptcy and Debt Advice \(Scotland\) Act 2014 \(asp 11\)](#), **ss. 18(3)**, **57(2)**; [S.S.I. 2014/261](#), **art. 3** (with **arts. 4-7, 12**) (as amended by [S.S.I. 2015/54](#), **art. 2**)

SCHEDULE 5

Section 59.

VOLUNTARY TRUST DEEDS FOR CREDITORS

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

**C109** Sch. 5 modified (10.8.2005) by [The Insurers \(Reorganisation and Winding Up\) Regulations 2004 \(S.I. 2004/353\)](#), **reg. 33(7)** (as amended by [The Insurers \(Reorganisation and Winding Up\) \(Lloyd's\) Regulations 2005 \(S.I. 2005/1998\)](#), **reg. 40(11)**)

*Remuneration of trustee*

- 1 Whether or not provision is made in the trust deed for auditing the trustee's accounts and for determining the method of fixing the trustee's remuneration or whether or not the trustee and the creditors have agreed on such auditing and the method of fixing the remuneration, the debtor, the trustee or any creditor may, at any time before the final distribution of the debtor's estate among the creditors, have the trustee's accounts audited by and his remuneration fixed by the Accountant in Bankruptcy.

*Status: Point in time view as at 01/03/2016.*

*Changes to legislation: Bankruptcy (Scotland) Act 1985 (repealed) is up to date with all changes known to be in force on or before 25 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)*

### <sup>F951</sup> *Accountant in Bankruptcy's power to carry out audit*

#### Textual Amendments

**F951** Sch. 5 para. 1A and preceding cross-heading inserted (1.4.2008) by [Bankruptcy and Diligence etc. \(Scotland\) Act 2007 \(asp 3\)](#), **ss. 23(1), 227(3)** (with s. 223); S.S.I. 2008/115, **art. 3(2)(3)**, Sch. 2 (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))

- 1A The Accountant in Bankruptcy may, at any time, audit the trustee's accounts and fix his remuneration.]

#### *Registration of notice of inhibition*

- 2 (1) The trustee, from time to time after the trust deed has been delivered to him, may cause a notice in such form as shall be prescribed by the Court of Session by act of sederunt to be recorded in the register of inhibitions and adjudications; and such recording shall have the same effect as the recording in that register of letters of inhibition against the debtor.
- (2) The trustee, after the debtor's estate has been finally distributed among his creditors or the trust deed has otherwise ceased to be operative, shall cause to be so recorded a notice in such form as shall be prescribed as aforesaid recalling the notice recorded under sub-paragraph (1) above.

#### *Lodging of claim to bar effect of limitation of actions*

- 3 The submission of a claim by a creditor to the trustee acting under a trust deed shall bar the effect of any enactment or rule of law relating to limitation of actions in any part of the United Kingdom.

#### *Valuation of claims*

- 4 Unless the trust deed otherwise provides, Schedule 1 to this Act shall apply in relation to a trust deed as it applies in relation to a sequestration but subject to the following modifications—
- (a) in paragraphs 1, 2 and 5 for the word “sequestration” wherever it occurs there shall be substituted the words “granting of the trust deed”;
- (b) in paragraph 3—
- (i) in sub-paragraph (2), for the words from the beginning of paragraph (a) to “or sheriff” there shall be substituted the words “the trustee”; and
- (ii) <sup>F952</sup> .....
- <sup>F953</sup>(c) .....
- (d) <sup>F954</sup> .....

#### Textual Amendments

**F952** Sch. 5 para. 4(b)(ii) repealed (1.4.2008) by [Bankruptcy and Diligence etc. \(Scotland\) Act 2007 \(asp 3\)](#), **ss. 226, 227(3), Sch. 6 Pt. 1** (with s. 223); S.S.I. 2008/115, **art. 3(2)(3)**, Sch. 2 (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))

*Status: Point in time view as at 01/03/2016.*

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- F953** Sch. 5 para. 4(c) repealed (1.4.2015) by [Bankruptcy and Debt Advice \(Scotland\) Act 2014 \(asp 11\)](#), s. 57(2), [sch. 4](#); [S.S.I. 2014/261](#), [art. 3](#) (with arts. 4-7, 12) (as amended by [S.S.I. 2015/54](#), art. 2)
- F954** Sch. 5 para. 4(d) repealed (1.4.2008) by [Bankruptcy and Diligence etc. \(Scotland\) Act 2007 \(asp 3\)](#), ss. 226, 227(3), [Sch. 6 Pt. 1](#) (with s. 223); [S.S.I. 2008/115](#), [art. 3\(2\)\(3\)](#), [Sch. 2](#) (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by [S.S.I. 2011/31](#), art. 5))

*Protected trust deeds*

- <sup>F955</sup> (1) The Scottish Ministers may by regulations make provision as to—
- (a) the conditions which require to be fulfilled in order for a trust deed to be granted the status of a protected trust deed;
  - (b) the consequences of a trust deed being granted that status;
  - (c) the rights of any creditor who does not accede to a trust deed which is granted protected status;
  - (d) the extent to which a debtor may be discharged, by virtue of a protected trust deed, from his liabilities or from such liabilities or class of liabilities as may be prescribed in the regulations;
  - (e) the circumstances in which a debtor may bring to an end the operation of a trust deed in respect of which the conditions provided for under subparagraph (a) above are not fulfilled;
  - (f) the administration of the trust under a protected trust deed (including provision about the remuneration payable to the trustee).
- (2) Regulations under this paragraph may—
- (a) make provision enabling applications to be made to the court;
  - <sup>F956</sup> [ ..... ]
  - <sup>F957</sup> (aa) ]
  - (b) contain such amendments of this Act as appear to the Scottish Ministers to be necessary in consequence of any other provision of the regulations.]

**Textual Amendments**

- F955** Sch. 5 para. 5 substituted (19.2.2008) for Sch. 5 paras. 5-13 by [Bankruptcy and Diligence etc. \(Scotland\) Act 2007 \(asp 3\)](#), [ss. 20\(1\)](#), 227(3) (with s. 223); [S.S.I. 2008/45](#), [art. 2](#) (with art. 3)
- F956** Sch. 5 para. 5(2)(aa) repealed (30.6.2014) by [Bankruptcy and Debt Advice \(Scotland\) Act 2014 \(asp 11\)](#), s. 57(2), [sch. 4](#); [S.S.I. 2014/172](#), [art. 2](#), [sch.](#)
- F957** Sch. 5 para. 5(2)(aa) inserted (7.9.2010) by [Home Owner and Debtor Protection \(Scotland\) Act 2010 \(asp 6\)](#), [ss. 13\(4\)](#), 17(3)(4) (with s. 14); [S.S.I. 2010/314](#), [art. 5](#) (subject to transitional provisions and savings in [S.S.I. 2010/316](#), arts 4-7)

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

- C110** Sch. 5 para. 5 amendment to transitional provisions in earlier commencing [S.S.I. 2008/115](#), arts. 5, 6 (4.10.2014) by [The Bankruptcy and Diligence etc. \(Scotland\) Act 2007 \(Commencement No. 9 and Savings Amendment\) Order 2014 \(S.S.I. 2014/173\)](#), arts. 1(2), [3](#)

6	.....
7	.....
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*Status: Point in time view as at 01/03/2016.*

*Changes to legislation: Bankruptcy (Scotland) Act 1985 (repealed) is up to date with all changes known to be in force on or before 25 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)*

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## SCHEDULE 6

### MEETINGS OF CREDITORS AND COMMISSIONERS

#### PART I

##### MEETINGS OF CREDITORS OTHER THAN THE STATUTORY MEETING

##### *Calling of meeting*

- 1 The <sup>F972</sup> . . . trustee shall call a meeting of creditors if required to do so by—
- (a) order of the [<sup>F973</sup>sheriff] ;
  - (b) one-tenth in number or one-third in value of the creditors;
  - (c) a commissioner; or
  - (d) the Accountant in Bankruptcy.

#### Textual Amendments

**F972** Word in Sch. 6 para. 1 repealed (1.4.2008) by [Bankruptcy and Diligence etc. \(Scotland\) Act 2007 \(asp 3\)](#), ss. 226, 227(3), [Sch. 6 Pt.1](#) (with s. 223); S.S.I. 2008/115, [art. 3\(2\)\(3\)](#), Sch. 2 (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))

**F973** Word in Sch. 6 para. 1 substituted (1.4.2008) by [Bankruptcy and Diligence etc. \(Scotland\) Act 2007 \(asp 3\)](#), ss. 36, 227(3), [Sch. 1 para. 61\(a\)](#) (with s. 223); S.S.I. 2008/115, [art. 3\(1\)\(i\)](#) (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))

- 2 A meeting called under paragraph 1 above shall be held not later than 28 days after the issuing of the order of the [<sup>F974</sup>sheriff] under sub-paragraph (a) of that paragraph or the receipt by the <sup>F975</sup> . . . trustee of the requirement under sub-paragraph (b), (c) or (d) thereof.

#### Textual Amendments

**F974** Word in Sch. 6 para. 2 substituted (1.4.2008) by [Bankruptcy and Diligence etc. \(Scotland\) Act 2007 \(asp 3\)](#), ss. 36, 227(3), [Sch. 1 para. 61\(a\)](#) (with s. 223); S.S.I. 2008/115, [art. 3\(1\)\(i\)](#) (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))

**F975** Word in Sch. 6 para. 2 repealed (1.4.2008) by [Bankruptcy and Diligence etc. \(Scotland\) Act 2007 \(asp 3\)](#), ss. 226, 227(3), [Sch. 6 Pt.1](#) (with s. 223); S.S.I. 2008/115, [art. 3\(2\)\(3\)](#), Sch. 2 (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))

- 3 The <sup>F976</sup> . . . trustee or a commissioner who has given written notice to him may at any time call a meeting of creditors.

*Status: Point in time view as at 01/03/2016.*

*Changes to legislation: Bankruptcy (Scotland) Act 1985 (repealed) is up to date with all changes known to be in force on or before 25 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)*

#### Textual Amendments

**F976** Word in Sch. 6 para. 3 repealed (1.4.2008) by [Bankruptcy and Diligence etc. \(Scotland\) Act 2007 \(asp 3\)](#), ss. 226, 227(3), [Sch. 6 Pt.1](#) (with s. 223); S.S.I. 2008/115, [art. 3\(2\)\(3\)](#), Sch. 2 (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))

- 4 The <sup>F977</sup> . . . trustee or a commissioner calling a meeting under paragraph 1 or 3 above shall, not less than 7 days before the date fixed for the meeting, notify—
- (a) every creditor known to him; and
  - (b) the Accountant in Bankruptcy,
- of the date, time and place fixed for the holding of the meeting and its purpose.

#### Textual Amendments

**F977** Word in Sch. 6 para. 4 repealed (1.4.2008) by [Bankruptcy and Diligence etc. \(Scotland\) Act 2007 \(asp 3\)](#), ss. 226, 227(3), [Sch. 6 Pt.1](#) (with s. 223); S.S.I. 2008/115, [art. 3\(2\)\(3\)](#), Sch. 2 (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))

- 5 (1) Where a requirement has been made under paragraph 1 above but no meeting has been called by the <sup>F978</sup> . . . trustee, the Accountant in Bankruptcy may, of his own accord or on the application of any creditor, call a meeting of creditors.
- (2) The Accountant in Bankruptcy calling a meeting under this paragraph shall, not less than 7 days before the date fixed for the meeting, take reasonable steps to notify the creditors of the date, time and place fixed for the holding of the meeting and its purpose.

#### Textual Amendments

**F978** Word in Sch. 6 para. 5 repealed (1.4.2008) by [Bankruptcy and Diligence etc. \(Scotland\) Act 2007 \(asp 3\)](#), ss. 226, 227(3), [Sch. 6 Pt.1](#) (with s. 223); S.S.I. 2008/115, [art. 3\(2\)\(3\)](#), Sch. 2 (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))

- 6 It shall not be necessary to notify under paragraph 4 or 5 of this Schedule any creditor whose accepted claim is less than £50 or such sum as may be prescribed, unless the creditor has requested in writing such notification.

*Role of <sup>F979</sup> . . . trustee at meeting*

#### Textual Amendments

**F979** Words in cross-heading preceding Sch. 6 para. 7 repealed (1.4.2008) by [Bankruptcy and Diligence etc. \(Scotland\) Act 2007 \(asp 3\)](#), ss. 226, 227(3), [Sch. 6 Pt.1](#) (with s. 223); S.S.I. 2008/115, [art. 3\(2\)\(3\)](#), Sch. 2 (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))

- 7 (1) At the commencement of a meeting, the chairman shall be the <sup>F980</sup> . . . trustee who as chairman shall, after carrying out his duty under section 49(1) of this Act, invite the creditors to elect one of their number as chairman in his place and shall preside over the election.

*Status: Point in time view as at 01/03/2016.*

*Changes to legislation: Bankruptcy (Scotland) Act 1985 (repealed) is up to date with all changes known to be in force on or before 25 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)*

- (2) If a chairman is not elected in pursuance of this paragraph, the <sup>F980</sup> . . . trustee shall remain the chairman throughout the meeting.
- (3) The <sup>F980</sup> . . . trustee shall arrange for a record to be made of the proceedings at the meeting <sup>F981</sup> ....

#### Textual Amendments

**F980** Words in Sch. 6 para. 7 repealed (1.4.2008) by [Bankruptcy and Diligence etc. \(Scotland\) Act 2007 \(asp 3\)](#), ss. 226, 227(3), [Sch. 6 Pt.1](#) (with s. 223); S.S.I. 2008/115, [art. 3\(2\)\(3\)](#), Sch. 2 (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))

**F981** Words in Sch. 6 para. 7(3) repealed (1.4.2015) by [Bankruptcy and Debt Advice \(Scotland\) Act 2014 \(asp 11\)](#), s. 57(2), [sch. 4](#); S.S.I. 2014/261, [art. 3](#) (with arts. 4-7, 12) (as amended by S.S.I. 2015/54, art. 2)

#### *Appeals*

- 8 The <sup>F982</sup> . . . trustee, a creditor or any other person having an interest may, within 14 days after the date of a meeting called under paragraph 1 or 3 above, appeal to the sheriff against a resolution of the creditors at the meeting.

#### Textual Amendments

**F982** Word in Sch. 6 para. 8 repealed (1.4.2008) by [Bankruptcy and Diligence etc. \(Scotland\) Act 2007 \(asp 3\)](#), ss. 226, 227(3), [Sch. 6 Pt.1](#) (with s. 223); S.S.I. 2008/115, [art. 3\(2\)\(3\)](#), Sch. 2 (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))

## PART II

### ALL MEETINGS OF CREDITORS

#### *Validity of proceedings*

- 9 No proceedings at a meeting shall be invalidated by reason only that any notice or other document relating to the calling of the meeting which is required to be sent or given under any provision of this Act has not been received by, or come to the attention of, any creditor before the meeting.

#### *Locus of meeting*

- 10 Every meeting shall be held in such place (whether or not in the sheriffdom) as is, in the opinion of the person calling the meeting, the most convenient for the majority of the creditors.

#### *Mandatories*

- 11 (1) A creditor may authorise in writing any person to represent him at a meeting.
- (2) A creditor shall lodge any authorisation given under sub-paragraph (1) above with <sup>F983</sup> . . . the <sup>F984</sup> . . . trustee before the commencement of the meeting.



*Status: Point in time view as at 01/03/2016.*

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- (3) Any reference in paragraph 7(1) of this Schedule and the following provisions of this Part of this Schedule to a creditor shall include a reference to a person authorised by him under this paragraph.

#### Textual Amendments

- F983** Words in Sch. 6 para. 11(2) repealed (1.4.2008) by [Bankruptcy and Diligence etc. \(Scotland\) Act 2007 \(asp 3\)](#), ss. 226, 227(3), [Sch. 6 Pt.1](#) (with s. 223); S.S.I. 2008/115, [art. 3\(2\)\(3\)](#), Sch. 2 (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))
- F984** Word in Sch. 6 para. 11 repealed (1.4.2008) by [Bankruptcy and Diligence etc. \(Scotland\) Act 2007 \(asp 3\)](#), ss. 226, 227(3), [Sch. 6 Pt.1](#) (with s. 223); S.S.I. 2008/115, [art. 3\(2\)\(3\)](#), Sch. 2 (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))

#### *Quorum*

- 12 The quorum at any meeting shall be one creditor.

#### *Voting at meeting*

- 13 Any question at a meeting shall be determined by a majority in value of the creditors who vote on that question.

#### *Objections by creditors*

- 14 (1) The chairman at any meeting may allow or disallow any objection by a creditor, other than (if the chairman is not the <sup>F985</sup>. . . trustee) an objection relating to a creditor's claim.
- (2) Any person aggrieved by the determination of the chairman in respect of an objection may appeal therefrom to the sheriff.
- (3) If the chairman is in doubt whether to allow or disallow an objection, the meeting shall proceed as if no objection had been made, except that for the purposes of appeal the objection shall be deemed to have been disallowed.

#### Textual Amendments

- F985** Word in Sch. 6 para. 14 repealed (1.4.2008) by [Bankruptcy and Diligence etc. \(Scotland\) Act 2007 \(asp 3\)](#), ss. 226, 227(3), [Sch. 6 Pt.1](#) (with s. 223); S.S.I. 2008/115, [art. 3\(2\)\(3\)](#), Sch. 2 (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))

#### *Adjournment of meeting*

- 15 (1) If no creditor has appeared at a meeting at the expiry of a period of half an hour after the time appointed for the commencement of the meeting, the chairman [<sup>F986</sup>may] adjourn the meeting to such other day as the chairman [<sup>F986</sup>may] appoint, being not less than 7 nor more than 21 days after the day on which the meeting was adjourned.
- (2) The chairman may, with the consent of a majority in value of the creditors who vote on the matter, adjourn a meeting.

*Status: Point in time view as at 01/03/2016.*

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- (3) Any adjourned meeting shall be held at the same time and place as the original meeting, unless in the resolution for the adjournment of the meeting another time or place is specified.

#### Textual Amendments

**F986** Words in Sch. 6 para. 15(1) substituted (1.4.2008) by [Bankruptcy and Diligence etc. \(Scotland\) Act 2007 \(asp 3\)](#), ss. 36, 227(3), [Sch. 1 para. 61\(b\)](#) (with s. 223); S.S.I. 2008/115, [art. 3\(1\)\(i\)](#) (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))

#### *Minutes of meeting*

- 16 The minutes of every meeting shall be signed by the chairman and within 14 days of the meeting a copy of the minutes shall be sent to the Accountant in Bankruptcy.

### PART III

#### MEETINGS OF COMMISSIONERS

- 17 The <sup>F987</sup> . . . trustee may call a meeting of commissioners at any time, and shall call a meeting of commissioners—
- (a) on being required to do so by order of the [<sup>F988</sup>sheriff] ; or
  - (b) on being requested to do so by the Accountant in Bankruptcy or any commissioner.

#### Textual Amendments

**F987** Word in Sch. 6 repealed (1.4.2008) by [Bankruptcy and Diligence etc. \(Scotland\) Act 2007 \(asp 3\)](#), ss. 226, 227(3), [Sch. 6 Pt.1](#) (with s. 223); S.S.I. 2008/115, [art. 3\(2\)\(3\)](#), Sch. 2 (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))

**F988** Word in Sch. 6 substituted (1.4.2008) by [Bankruptcy and Diligence etc. \(Scotland\) Act 2007 \(asp 3\)](#), ss. 36, 227(3), [Sch. 1 para. 61\(a\)](#) (with s. 223); S.S.I. 2008/115, [art. 3\(1\)\(i\)](#) (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))

- 18 If the <sup>F989</sup> . . . trustee fails to call a meeting of commissioners within 14 days of being required or requested to do so under paragraph 17 of this Schedule, a commissioner may call a meeting of commissioners.

#### Textual Amendments

**F989** Word in Sch. 6 para. 19 repealed (1.4.2008) by [Bankruptcy and Diligence etc. \(Scotland\) Act 2007 \(asp 3\)](#), ss. 226, 227(3), [Sch. 6 Pt.1](#) (with s. 223); S.S.I. 2008/115, [art. 3\(2\)\(3\)](#), Sch. 2 (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))

- 19 The <sup>F990</sup> . . . trustee shall give the commissioners at least 7 days notice of a meeting called by him, unless the commissioners decide that they do not require such notice.

*Status: Point in time view as at 01/03/2016.*

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#### Textual Amendments

**F990** Word in Sch. 6 para. 19 repealed (1.4.2008) by [Bankruptcy and Diligence etc. \(Scotland\) Act 2007 \(asp 3\)](#), ss. 226, 227(3), [Sch. 6 Pt.1](#) (with s. 223); S.S.I. 2008/115, [art. 3\(2\)\(3\)](#), Sch. 2 (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))

20 The <sup>F991</sup> . . . trustee shall act as clerk at meetings <sup>F992</sup> ....

#### Textual Amendments

**F991** Word in Sch. 6 para. 20 repealed (1.4.2008) by [Bankruptcy and Diligence etc. \(Scotland\) Act 2007 \(asp 3\)](#), ss. 226, 227(3), [Sch. 6 Pt.1](#) (with s. 223); S.S.I. 2008/115, [art. 3\(2\)\(3\)](#), Sch. 2 (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))

**F992** Words in Sch. 6 para. 20 repealed (1.4.2015) by [Bankruptcy and Debt Advice \(Scotland\) Act 2014 \(asp 11\)](#), s. 57(2), [sch. 4](#); S.S.I. 2014/261, [art. 3](#) (with arts. 4-7, 12) (as amended by S.S.I. 2015/54, art. 2)

21 If the commissioners are considering the performance of the functions of the <sup>F993</sup> . . . trustee under any provision of this Act, he shall withdraw from the meeting if requested to do so by the commissioners; and in such a case a commissioner shall act as clerk, shall transmit a record of the deliberations of the commissioners to the <sup>F994</sup> . . . trustee for insertion in the sederunt book and shall authenticate the insertion when made.

#### Textual Amendments

**F993** Word in Sch. 6 para. 21 repealed (1.4.2008) by [Bankruptcy and Diligence etc. \(Scotland\) Act 2007 \(asp 3\)](#), ss. 226, 227(3), [Sch. 6 Pt.1](#) (with s. 223); S.S.I. 2008/115, [art. 3\(2\)\(3\)](#), Sch. 2 (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))

**F994** Word in Sch. 6 para. 21 repealed (1.4.2008) by [Bankruptcy and Diligence etc. \(Scotland\) Act 2007 \(asp 3\)](#), ss. 226, 227(3), [Sch. 6 Pt.1](#) (with s. 223); S.S.I. 2008/115, [art. 3\(1\)\(h\)\(2\)\(3\)](#), Sch. 2 (with arts. 4-6, 10) (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5)

22 The quorum at a meeting of commissioners shall be one commissioner and the commissioners may act by a majority of the commissioners present at the meeting.

23 Any matter may be agreed by the commissioners without a meeting if such agreement is unanimous and is subsequently recorded in a minute signed by the commissioners; and that minute shall be inserted by the <sup>F995</sup> . . . trustee in the sederunt book.

#### Textual Amendments

**F995** Word in Sch. 6 para. 23 repealed (1.4.2008) by [Bankruptcy and Diligence etc. \(Scotland\) Act 2007 \(asp 3\)](#), ss. 226, 227(3), [Sch. 6 Pt.1](#) (with s. 223); S.S.I. 2008/115, [art. 3\(2\)\(3\)](#), Sch. 2 (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))

*Status: Point in time view as at 01/03/2016.*

*Changes to legislation: Bankruptcy (Scotland) Act 1985 (repealed) is up to date with all changes known to be in force on or before 25 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)*

## SCHEDULE 7

### PART I

#### CONSEQUENTIAL AMENDMENTS

##### *The Judicial Factors (Scotland) Act 1880 (c.4)*

- 1 In section 3 (interpretation), for the words “section 14 or 163 of the Bankruptcy (Scotland) Act 1913” there shall be substituted the words “section 11A of the <sup>M29</sup>Judicial Factors (Scotland) Act 1889”.

#### Marginal Citations

M29 1889 c. 39.

- 2 ..... F996

#### Textual Amendments

F996 Sch. 7 para. 2 repealed by Statute Law (Repeals) Act 1989 (c. 43), s. 1(1), Sch. 1 Pt. I

##### *The Judicial Factors (Scotland) Act 1889 (c.39)*

- 3 In section 2, at the beginning there shall be inserted the words “Without prejudice to section 1(2) of the Bankruptcy (Scotland) Act 1985 (Accountant of Court to be Accountant in Bankruptcy),”.
- 4 After section 11 there shall be inserted the following sections—

#### **“11A Application for judicial factor on estate of person deceased.**

- (1) It shall be competent to one or more creditors of parties deceased, or to persons having an interest in the succession of such parties, in the event of the deceased having left no settlement appointing trustees or other parties having power to manage his estate or part thereof, or in the event of such parties not accepting or acting, to apply by summary petition to the Court of Session or to the sheriff of the sheriffdom within which the deceased resided or carried on business during the year immediately preceding the date of the petition, or within which heritage belonging to the deceased at the time of his death is situated, for the appointment of a judicial factor.
- (2) After such intimation of the petition to the creditors of the deceased, and other persons interested, as may be considered necessary, and after hearing parties, the Court or sheriff may appoint such factor, who shall administer the estate subject to the supervision of the accountant in accordance with this Act and the Judicial Factors (Scotland) Act 1880 and relative acts of sederunt; and, if the deceased’s estate is absolutely insolvent within the meaning of section 73(2) of the Bankruptcy (Scotland) Act 1985, section 51 of, and Schedule 1 to, that Act shall apply as if for references to—

*Status: Point in time view as at 01/03/2016.*

*Changes to legislation: Bankruptcy (Scotland) Act 1985 (repealed) is up to date with all changes known to be in force on or before 25 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)*

- (a) the interim trustee or permanent trustee there were substituted references to the judicial factor; and
- (b) the date of sequestration there were substituted references to the date of the judicial factor’s appointment.

**11B Judicial factor’s duties to be regulated by act of sederunt.**

The Court of Session shall have full power to regulate by act of sederunt—

- (a) the caution to be found by a factor appointed under section 11A above;
- (b) the mode in which he shall proceed in realising and dividing the funds, and otherwise in the discharge of his duties; and
- (c) any other matter which they may deem necessary.”.

*The Conveyancing (Scotland) Act 1924 (c. 27)*

5 In section 44(4)(c) (limitation of effect of entries in the register of inhibitions and adjudications)—

- (a) after the words “Bankruptcy (Scotland) Act 1913” there shall be inserted the words “or the Bankruptcy (Scotland) Act 1985”;
- (b) after the words “effect of recording” there shall be inserted “(a)” and after the words “as aforesaid” there shall be inserted the words “; or (b) under subsection (1)(a) of section 14 of the Bankruptcy (Scotland) Act 1985 the certified copy of an order shall have expired by virtue of subsection (3) of that section”; and
- (c) for the words “in terms of paragraph (b) of this subsection”, there shall be substituted the words “in the form provided by Schedule O to this Act”.

*The Third Parties (Rights Against Insurers) Act 1930 (c.25)*

6 (1) In section 1(2) (rights of third parties against insurers on bankruptcy of insured), after the words “provable in bankruptcy” there shall be inserted the words “(in Scotland, any claim accepted in the sequestration)”.

(2) In section 4 (application to Scotland)—

- (a) paragraph (a) shall be omitted; and
- (b) in paragraph (b), for the words “one hundred and sixty-three of the Bankruptcy (Scotland) Act 1913” there shall be substituted the words “11A of the Judicial Factors (Scotland) Act 1889”.

7 ..... F997

**Textual Amendments**

F997 Sch. 7 para. 7 repealed by Finance Act 1987 (c. 16, SIF 99:6), s. 72, Sch. 16 Pt. XI

*Status: Point in time view as at 01/03/2016.*

*Changes to legislation: Bankruptcy (Scotland) Act 1985 (repealed) is up to date with all changes known to be in force on or before 25 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)*

*The Conveyancing and Feudal Reform (Scotland) Act 1970 (c.35)*

8 In paragraph 9(2)(b) of Schedule 3 (“insolvent” for purposes of standard condition as to default), for the words “163 of the Bankruptcy (Scotland) Act 1913” there shall be substituted the words “11A of the Judicial Factors (Scotland) Act 1889”.

*The Superannuation Act 1972 (c.11)*

9 In section 5(2) (benefits under civil service superannuation schemes not negotiable), for the words “148” and “1913” there shall be substituted respectively, the words “32(2) and (4)” and “1985”.

10 ..... F998

**Textual Amendments**

F998 Sch. 7 para. 10 repealed by Road Traffic (Consequential Provisions) Act 1988 (c.54, SIF 107:1), ss. 3, 5, Sch. 1 Pt. I, Sch. 4 paras. 1, 2

*The Prescription and Limitation (Scotland) Act 1973 (c.52)*

11 In section 9(1), for paragraph (b) there shall be substituted the following paragraphs—

- “(b) by the presentation of, or the concurring in, a petition for sequestration or by the submission of a claim under section 22 or 48 of the Bankruptcy (Scotland) Act 1985 (or those sections as applied by section 613 of the Companies Act 1985); or
- (c) by a creditor to the trustee acting under a trust deed as defined in section 5(2)(c) of the Bankruptcy (Scotland) Act 1985;”.

*The Local Government (Scotland) Act 1973 (c.65)*

12 In section 31(2) (disqualifications regarding members of local authority), for paragraph (b) there shall be substituted the following paragraph—

- “(b) he is discharged under or by virtue of the Bankruptcy (Scotland) Act 1985.”.

*The Social Security Pensions Act 1975 (c.60)*

F999 13 .....

**Textual Amendments**

F999 Sch. 7 para. 13 repealed (7.2.1994) by 1993 c. 48, s. 188, Sch. 5 Pt.I (with s. 6(8)); S.I. 1994/86, art. 2

*The Employment Protection (Consolidation) Act 1978 (c.44)*

14 F1000(1) .....

F1000(2) .....

*Status: Point in time view as at 01/03/2016.*

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(3) ..... F1001

F1000(4) .....

**Textual Amendments**

F1000 Sch. 7 Pt. I para. 14(1)(2)(4) repealed (22.8.1996) by 1996 c. 18, ss. 242, 243, Sch. 7 Pt. I (with ss. 191-195, 202)

F1001 Sch. 7 para. 14(3) repealed by Employment Act 1989 (c. 38, SIF 43:1), s. 29(4), Sch. 7 Pt. II

*The Land Registration (Scotland) Act 1979 (c.33)*

F1002 15 .....

**Textual Amendments**

F1002 Sch. 7 para. 15 repealed (8.12.2014) by Land Registration etc. (Scotland) Act 2012 (asp 5), ss. 122, 123, sch. 5 para. 28(3) (with s. 121, sch. 4 paras. 13, 16); S.S.I. 2014/127, art. 2

*The Banking Act 1979 (c.37)*

- 16 In section 28 (payments to depositors on institution’s insolvency)—
- (a) in subsection (6)—
    - (i) in paragraph (a), after the word “proved” there shall be inserted the words “or whose claim has been accepted in the sequestration”; and
    - (ii) in paragraph (b)(iii), for the words “72” and “1913” there shall be substituted, respectively, the words “30” and “1985”; and
  - (b) in subsection (7)(c)—
    - (i) the words from “where” to “court,” shall cease to have effect; and
    - (ii) for the words “deed of arrangement or other settlement or arrangement by way” there shall be substituted the words “trust deed, contract of composition or offer”.

*The Estate Agents Act 1979 (c.38)*

- 17 In section 23(2) (bankrupts not to engage in estate agency work), in paragraph (a) after the word “recalled” there shall be inserted the words “or reduced”.

*The Value Added Tax Act 1983 (c.55)*

- 18 In section 22(4)(a)(ii) (“insolvency” for purposes of refund of tax in cases of bad debts), for the words “163 of the Bankruptcy (Scotland) Act 1913” there shall be substituted the words “11A of the Judicial Factors (Scotland) Act 1889”.

19—22. .... F1003

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### Textual Amendments

F1003 Sch. 7 paras. 19–22 repealed by [Insolvency Act 1986 \(c. 45, SIF 66\)](#), ss. 438, 443, [Sch. 12](#)

### *The Family Law (Scotland) Act 1985 (c.37)*

- 23 In section 14(5)(b) for the words from “sections 30” to “1913” there shall be substituted the words “section 41 of the Bankruptcy (Scotland) Act 1985”.

## PART II

### RE-ENACTMENT OF CERTAIN PROVISIONS OF BANKRUPTCY (SCOTLAND) ACT 1913 (C. 20)

#### *Arrestments and Poidings*

- 24 (1) Subject to sub-paragraph (2) below, all arrestments and [F1004 attachments] which have been executed within 60 days prior to the constitution of the apparent insolvency of the debtor, or within four months thereafter, shall be ranked *pari passu* as if they had all been executed on the same date.
- (2) Any such arrestment which is executed on the dependence of an action shall be followed up without undue delay.
- (3) Any creditor judicially producing in a process relative to the subject of such arrestment or [F1005 attachment] liquid grounds of debt or decree of payment within the 60 days or four months referred to in sub-paragraph (1) above shall be entitled to rank as if he had executed an arrestment or [F1006 an attachment] ; and if [F1007 in the meantime the first or any subsequent arrester obtains] a decree of furthcoming, and recovers payment, or [F1008 an attaching] creditor carries through [F1009 an auction] [F1010 or receives payment in respect of [F1011 attached] article upon its redemption], he shall be accountable for the sum recovered to those who, by virtue of this Act, may be eventually found to have a right to a ranking *pari passu* thereon, and shall be liable in an action at their instance for payment to them proportionately, after allowing out of the fund the expense of such recovery.
- (4) Arrestments executed for attaching the same effects of the debtor after the period of four months subsequent to the constitution of his apparent insolvency shall not compete with those within the said periods prior or subsequent thereto, but may rank with each other on any reversion of the fund attached in accordance with any enactment or rule of law relating thereto.
- (5) Any reference in the foregoing provisions of this paragraph to a debtor shall be construed as including a reference to an entity whose apparent insolvency may, by virtue of subsection [F1012(4)] of section 7 of this Act, be constituted under subsection (1) of that section.
- (6) This paragraph shall apply in respect of arrestments and poidings which have been executed either before or after the coming into force of this paragraph.
- (7) The repeal of the Bankruptcy (Scotland) Act 1913 shall not affect the equalisation of arrestments and poidings (whether executed before or after the coming into force of



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this paragraph) in consequence of the constitution of notour bankruptcy under that Act.

[<sup>F1013</sup>(8) Nothing in this paragraph shall apply to an earnings arrestment, a current maintenance arrestment or a conjoined arrestment order.]

#### Textual Amendments

- F1004** Word in Sch. 7 para. 24(1) substituted (30.12.2002) by Debt Arrangement and Attachment (Scotland) Act 2002 (asp. 17), s. 61, **Sch. 3 Pt. 1 para. 15(5)(a)**
- F1005** Word in Sch. 7 para. 24(3) substituted (30.12.2002) by Debt Arrangement and Attachment (Scotland) Act 2002 (asp. 17), s. 61, **Sch. 3 Pt. 1 para. 15(5)(b)(i)**
- F1006** Words in Sch. 7 para. 24(3) substituted (30.12.2002) by Debt Arrangement and Attachment (Scotland) Act 2002 (asp. 17), s. 61, **Sch. 3 Pt. 1 para. 15(5)(b)(ii)**
- F1007** Words in Sch. 7 para. 24(3) substituted (1.4.2015) by Bankruptcy and Debt Advice (Scotland) Act 2014 (asp 11), s. 57(2), **sch. 3 para. 37**; S.S.I. 2014/261, art. 3 (with arts. 4-7, 12) (as amended by S.S.I. 2015/54, art. 2)
- F1008** Words in Sch. 7 para. 24(3) substituted (30.12.2002) by Debt Arrangement and Attachment (Scotland) Act 2002 (asp. 17), s. 61, **Sch. 3 Pt. 1 para. 15(5)(b)(iii)**
- F1009** Words in Sch. 7 para. 24(3) substituted (30.12.2002) by Debt Arrangement and Attachment (Scotland) Act 2002 (asp. 17), s. 61, **Sch. 3 Pt. 1 para. 15(5)(b)(iv)**
- F1010** Words inserted by Debtors (Scotland) Act 1987 (c.18, SIF 45:2), s. 108(1)(2), Sch. 6 para. 28(a), Sch. 7 paras. 5, **9(1)**
- F1011** Words in Sch. 7 para. 24(3) substituted (30.12.2002) by Debt Arrangement and Attachment (Scotland) Act 2002 (asp. 17), s. 61, **Sch. 3 Pt. 1 para. 15(5)(b)(v)**
- F1012** Word in Sch. 7 para. 24(5) substituted (1.4.2008) by Bankruptcy and Diligence etc. (Scotland) Act 2007 (asp 3), ss. 36, 227(3), **Sch. 1 para. 62** (with s. 223); S.S.I. 2008/115, **art. 3(1)(i)** (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))
- F1013** Words added by Debtors (Scotland) Act 1987 (c. 18, SIF 45:2), s. 108(1)(2), Sch. 6 para. 28(b), Sch. 7 paras. 5, **9(1)**

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

- C111** Sch. 7 para. 24 excluded by Debtors (Scotland) Act 1987 (c. 18, SIF 45:2), ss. 67, 108(2), Sch. 7 paras. 5, **9(1)**

#### *Exemptions from stamp or other duties for conveyances, deeds etc. relating to sequestrated estates*

25

Any—

- (a) conveyance, assignation, instrument, discharge, writing, or deed relating solely to the estate of a debtor which has been or may be sequestrated, either under this or any former Act, being estate which after the execution of such conveyance, assignation, instrument, discharge, writing, or deed, shall be and remain the property of such debtor, for the benefit of his creditors, or the <sup>F1014</sup> . . . trustee appointed or chosen under or by virtue of such sequestration,
- (b) discharge to such debtor,
- (c) deed, assignation, instrument, or writing for reinvesting the debtor in the estate,
- (d) article of roup or sale, or submission,
- (e) other instrument or writing whatsoever relating solely to the estate of any such debtor; and

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- (f) other deed or writing forming part of the proceedings ordered under such sequestration,  
shall be exempt from all stamp duties or other Government duty.

#### Textual Amendments

**F1014** Words in Sch. 7 para. 25(a) repealed (1.4.2008) by [Bankruptcy and Diligence etc. \(Scotland\) Act 2007](#) (asp 3), ss. 226, 227(3), [Sch. 6 Pt. 1](#) (with s. 223); S.S.I. 2008/115, [art. 3\(2\)\(3\)](#), Sch. 2 (with arts. 4-6, 10 (as amended (with effect from 31.1.2011) by S.S.I. 2011/31, art. 5))

## SCHEDULE 8

Section 75(2)

### REPEALS

Chapter	Short title	Extent of repeal
1621 c. 18.	The Bankruptcy Act 1621.	The whole Act.
1696 c. 5.	The Bankruptcy Act 1696.	The whole Act.
31 & 32 Vict. c. 101.	The Titles to Land Consolidation (Scotland) Act 1868.	Section 148.
44 & 45 Vict. c. 21.	The Married Women's Property (Scotland) Act 1881.	Section 1(4).
52 & 53 Vict. c. 39.	The Judicial Factors (Scotland) Act 1889.	In section 5, the words “, and of the Bankruptcy Acts and Cessio Acts,” and the words “and accountant in bankruptcy respectively,”. In section 14, the proviso. Sections 15 and 16. Section 22.
57 & 58 Vict. c. 60.	The Merchant Shipping Act 1894.	Section 36.
3 & 4 Geo. 5 c. 20.	The Bankruptcy (Scotland) Act 1913.	The whole Act.
10 & 11 Geo. 5 c. 64.	The Married Woman's Property (Scotland) Act 1920.	In section 5, the proviso.
14 & 15 Geo. 5 c. 27.	The Conveyancing (Scotland) Act 1924.	In section 44, in subsection (4) paragraphs (a) and (b); and in subsection (6) the words “and section 44 of

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		the Bankruptcy (Scotland) Act 1913”.
20 & 21 Geo. 5 c. 25.	The Third Parties (Rights Against Insurers) Act 1930.	In section 4, paragraph (a).
10 & 11 Geo. 6 c. 47.	The Companies Act 1947.	Sections 91 and 115.
11 & 12 Geo. 6 c. 39.	The Industrial Assurance and Friendly Societies Act 1948.	In section 2(4), the words “where the receiving order or the award of sequestration of his estate was made after the passing of this Act”.
15 & 16 Geo. 6 & 1 Eliz. 2, c. 33.	The Finance Act 1952.	In section 30, subsections (4) and (6).
1965 c. 25.	The Finance Act 1965.	In Schedule 10, paragraph 15(1).
1969 c. 48.	The Post Office Act 1969.	In Schedule 4, paragraph 22.
1970 c. 10.	The Income and Corporation Taxes Act 1970.	In Part II of Schedule 15, the entry relating to the Finance Act 1952.
Chapter	Short title	Extent of repeal
1972 c. 20.	The Road Traffic Act 1972.	In section 150(2), the words “‘company’ includes a limited partnership, and”.
1974 c. 46.	The Friendly Societies Act 1974.	In section 59, in subsection (1)(a) the words “or bankruptcy”; in subsection (2) the words “or trustee in bankruptcy”; and subsections (3) and (4).
1975 c. 14.	The Social Security Act 1975.	In Schedule 18, paragraph 1(1)(b) and (2)(b).
1975 c. 18.	The Social Security (Consequential Provisions) Act 1975.	In Schedule 2, paragraph 1.
1975 c. 45.	The Finance (No. 2) Act 1975.	In section 71(6), the words “section 30 of the Finance Act 1952”.
1975 c. 60.	The Social Security Pensions Act 1975.	In Schedule 4, paragraph 1.
1976 c. 24.	The Development Land Tax Act 1976.	In section 42, subsection (1), so far as it relates to bankruptcy in Scotland; and subsection (4)(a).
1976 c. 60.	The Insolvency Act 1976.	In section 5, subsections (3) and (4).

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		In Schedule 1, in Part I, the entries relating to the Bankruptcy (Scotland) Act 1913; and, in Part II, paragraphs 1(a), 2(a), 4 and 5(b).
1978 c. 44.	The Employment Protection (Consolidation) Act 1978.	Section 121(1)(b).
1979 c. 37.	The Banking Act 1979.	In section 28(7)(c) the words “where the sequestration is declared at an end by a competent court”.
1979 c. 54.	The Sale of Goods Act 1979.	In section 61(4), the words “, and whether he has become a notour bankrupt or not”.
1980 c. 55.	The Law Reform (Miscellaneous Provisions) (Scotland) Act 1980.	Section 12.
1981 c. 59.	The Matrimonial Homes (Family Protection) (Scotland) Act 1981.	Section 10.
1981 c. 63.	The Betting and Gaming Duties Act 1981.	In section 30, subsections (1) and (2).
1983 c. 53.	The Car Tax Act 1983.	In Schedule 1, paragraph 4.
1983 c. 55.	The Value Added Tax Act 1983.	In Schedule 7, paragraph 12.
1985 c. 6.	The Companies Act 1985.	In section 665, the words “(whether limited or not)”; and in paragraph (d) the words “registered in England and Wales or Northern Ireland”.
Chapter	Short title	Extent of repeal
1985 c. 17.	The Reserve Forces (Safeguard of Employment) Act 1985.	In section 13, the word “— (a)”; the words from “or, (b)” to “estate,”; the word “—(i)”; and the words from “or, (ii)” to “1913,”.

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