

Status: Point in time view as at 26/06/2020.

Changes to legislation: Insolvency Act 1986, Cross Heading: Restrictions on payments and disposal of property is up to date with all changes known to be in force on or before 20 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)



Insolvency Act 1986

1986 CHAPTER 45

[^{F1}PART A1

MORATORIUM

CHAPTER 4

EFFECTS OF MORATORIUM

[^{F1}Restrictions on payments and disposal of property

Textual Amendments

- F1** Pt. A1 inserted (26.6.2020) by [Corporate Insolvency and Governance Act 2020 \(c. 12\)](#), **ss. 1(1), 49(1)** (with **ss. 2(2), 5(2)**)

A28 Restrictions on payment of certain pre-moratorium debts

- (1) During a moratorium, the company may make one or more relevant payments to a person that (in total) exceed the specified maximum amount only if—
- the monitor consents,
 - the payment is in pursuance of a court order, or
 - the payment is required by section A31(3) or A32(3).
- (2) In subsection (1)—
- “relevant payments” means payments in respect of pre-moratorium debts for which the company has a payment holiday during the moratorium (see section A18);
- “specified maximum amount” means an amount equal to the greater of—
- £5000, and

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- (b) 1% of the value of the debts and other liabilities owed by the company to its unsecured creditors when the moratorium began, to the extent that the amount of such debts and liabilities can be ascertained at that time.
- (3) The monitor may give consent under subsection (1)(a) only if the monitor thinks that it will support the rescue of the company as a going concern.
- (4) In deciding whether to give consent under subsection (1)(a), the monitor is entitled to rely on information provided by the company unless the monitor has reason to doubt its accuracy.
- (5) If the company makes a payment to which subsection (1) applies otherwise than as authorised by that subsection—
 - (a) the company commits an offence, and
 - (b) any officer of the company who without reasonable excuse authorised or permitted the payment commits an offence.

A29 Restrictions on disposal of property

- (1) During a moratorium, the company may dispose of its property only if authorised by subsection (2) or (5).
- (2) In the case of property that is not subject to a security interest, the company may dispose of the property if—
 - (a) the disposal is made in the ordinary way of the company’s business,
 - (b) the monitor consents, or
 - (c) the disposal is in pursuance of a court order.
- (3) The monitor may give consent under subsection (2)(b) only if the monitor thinks that it will support the rescue of the company as a going concern.
- (4) In deciding whether to give consent under subsection (2)(b), the monitor is entitled to rely on information provided by the company unless the monitor has reason to doubt its accuracy.
- (5) In the case of property that is subject to a security interest, the company may dispose of the property if the disposal is in accordance with—
 - (a) section A31(1), or
 - (b) the terms of the security.
- (6) If the company disposes of its property during the moratorium otherwise than as authorised by this section—
 - (a) the company commits an offence, and
 - (b) any officer of the company who without reasonable excuse authorised or permitted the disposal commits an offence.

Modifications etc. (not altering text)

C1 Ss. A29-A32 excluded by S.I. 2015/912, reg. 37(12A)(d) (as inserted (26.6.2020) by [Corporate Insolvency and Governance Act 2020 \(c. 12\)](#), s. 49(1), [Sch. 3 para. 55\(4\)](#) (with ss. 2(2), 5(2)))

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A30 Restrictions on disposal of hire-purchase property

- (1) During a moratorium, the company may dispose of any goods in the possession of the company under a hire-purchase agreement only if the disposal is in accordance with —
 - (a) section A32(1), or
 - (b) the terms of the agreement.
- (2) If the company disposes of goods in the possession of the company under a hire-purchase agreement otherwise than as authorised by subsection (1)—
 - (a) the company commits an offence, and
 - (b) any officer of the company who without reasonable excuse authorised or permitted the disposal commits an offence.]

Modifications etc. (not altering text)

- C1** Ss. A29-A32 excluded by S.I. 2015/912, reg. 37(12A)(d) (as inserted (26.6.2020) by [Corporate Insolvency and Governance Act 2020 \(c. 12\)](#), s. 49(1), **Sch. 3 para. 55(4)** (with ss. 2(2), 5(2)))

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