

News story: Extended bankruptcy for accountant who failed to disclose assets

The eight year bankruptcy restrictions undertaking from 16 November 2017 until 2025 follows an investigation by the Insolvency Service. Bankrupts are normally discharged after 12 months.

After a Bankruptcy Order was made against him on 16 June 2017 Mr Payne was interviewed by the Official Receiver and failed to disclose that he had disposed of assets in the lead up to the Bankruptcy Order being made. In March 2017 he received £99,073 (after payment of tax, fees and a mortgage) in consideration for the sale of shares in a limited company of which he was a director. Mr Payne used £58,000 of the proceeds to repay a debt to a relative, £10,000 to repay two creditors, and the remainder to pay for household expenses.

Commenting on the bankruptcy restriction, Gerard O'Hare, an Official Receiver at the Insolvency Service said:

Where a bankrupt has taken undue risks with creditors' money, he should not expect to do so without repercussions, particularly when others suffer financial loss as a result.

'A bankruptcy restriction in these circumstances will serve to provide creditors with a degree of protection, and it will also act as a deterrent to the bankrupt not to act in a similar manner in the future.

Mr Payne was declared bankrupt on 16 June 2017 with a deficiency of £4,508,831. Mr Payne was interviewed at the Official Receiver's office at which time he stated that between 2009 and 2016 he borrowed sums of money from various parties to fund building ventures, supplement his general income, fund repayments to existing debts and to support his long term gambling addiction.

The Official Receiver's enquiries established that in February 2017 Mr Payne transferred his interest in a jointly owned property valued at £147,288 to a company of which he was a director. In March 2017 he sold his shares in the company for which he received £99,073. Mr Payne used £58,000 of the proceeds to repay a debt to a relative, £10,000 to repay two creditors, and the remainder to pay for household expenses. None of Mr Payne's remaining creditors received any payments and remained outstanding upon his bankruptcy.

Notes to editors

Mr Russell Ian Payne is of Lincoln and his date of birth is January 1960. The Bankruptcy Order was made against him on a petition presented by Premium Credit Limited.

If the Official Receiver considers that the conduct of a bankrupt has been dishonest or blameworthy in some other way, he (or she) will report the facts to court and ask for a Bankruptcy Restrictions Order (BRO) to be made. The court will consider this report and any other evidence put before it, and will decide whether it should make a BRO. If it does, the bankrupt will be subject to certain restrictions for the period stated in the order. This can be from 2 to 15 years.

The bankrupt may instead agree to a Bankruptcy Restrictions Undertaking (BRU) which has the same effect as an order, but will mean that the matter does not go to court.

These are restrictions set out in insolvency law that the bankrupt is subject to until they are discharged from bankruptcy – normally 12 months and include that bankrupts:

- must disclose their status to a credit provider if they wish to get credit of more than £500
- who carry on business in a different name from the name in which they were made bankrupt, they must disclose to those they wish to do business with the name (or trading style) under which they were made bankrupt
- may not act as the director of a company nor take part in its promotion, formation or management unless they have a court's permission to do so
- may not act as an insolvency practitioner, or as the receiver or manager of the property of a company on behalf of debenture holders.

Additionally, a person subject to a Bankruptcy Restrictions Order/Undertaking or a Debt Relief Restrictions Order/Undertaking, may not be a Member of Parliament in England or Wales.

All public enquiries concerning the affairs of the bankrupt should be made to: The Official Receiver, Level One, Apex Court, Nottingham, NG2 4LA.

The Insolvency Service, an executive agency sponsored by the Department for Business, Energy and Industrial Strategy (BEIS), administers the insolvency regime, and aims to deliver and promote a range of investigation and enforcement activities both civil and criminal in nature, to support fair and open markets. We do this by effectively enforcing the statutory company and insolvency regimes, maintaining public confidence in those regimes and reducing the harm caused to victims of fraudulent activity and to the business community, including dealing with the disqualification of directors in corporate failures. Further information about the work of the Insolvency Service, and how to complain about financial misconduct, is [available](#).

BEIS' mission is to build a dynamic and competitive UK economy that works for all, in particular by creating the conditions for business success and

promoting an open global economy. The Criminal Investigations and Prosecutions team contributes to this aim by taking action to deter fraud and to regulate the market. They investigate and prosecute a range of offences, primarily relating to personal or company insolvencies. The agency also authorises and regulates the insolvency profession, assesses and pays statutory entitlement to redundancy payments when an employer cannot or will not pay employees, provides banking and investment services for bankruptcy and liquidation estate funds and advises ministers and other government departments on insolvency law and practice.

Media enquiries for this press release – 020 7596 6187

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