

Press release: Bankruptcy restriction for man who gambled money borrowed from family

This follows an investigation by the Insolvency Service, which found representations were made to family and friends to get money, which was used for online spread betting and to fund his lifestyle.

Mr Patel entered into a 11 year bankruptcy restrictions' undertaking on 18 December 2017, by the restrictions set out in insolvency law that a bankrupt is subject to until they are discharged from bankruptcy (normally 12 months) until 2028.

Between 2013 and 2017, Mr Patel made false representations to family and friends to obtain loan funds of £390,000, saying that the funds were to be used as a venture investment. He used £238,451 of these funds to finance online spread betting, with the majority of the remaining funds being used to fund Mr Patel's lifestyle. Mr Patel's actions directly resulted in him becoming insolvent with total liabilities of £403,753.

Mr Patel was declared bankrupt on 26 July 2017 with a deficiency of £386,238. Mr Patel was interviewed at the Official Receiver's office at which time he stated that around December 2012 he began online spread betting and initially used his savings to fund this. However once his money ran out he obtained funds from family and friends and used the money he received to continue gambling.

The loans were covered by formal agreements which stated that Mr Patel would hold the investment funds for the duration of 12 months during which time the investor would not be able to withdraw the capital invested.

Mr Patel advised family and friends that the funds were to be used as a venture investment but he was in fact using the funds to finance his online spread betting and, from June 2015 onwards, to fund his living expenses with a very small amount being used to repay a couple of the lenders.

In January 2017 when all the money had been exhausted he ceased gambling and sought advice regarding his financial situation following which in July 2017 he made his own application for bankruptcy.

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.

Notes to editors

Mr Shared Dayaram Patel is of Leicester and his date of birth is January 1966. The Bankruptcy Order was made on his own petition

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.

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.

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.

Further information about the work of the Insolvency Service, and how to complain about financial misconduct, is [available](#).

Contact Press Office

Media enquiries for this press release – 020 7674 6910 or 020 7596 6187

Press Office

The Insolvency Service

4 Abbey Orchard Street
London
SW1P 2HT

Email

press.office@insolvency.gsi.gov.uk

Media Manager

020 7596 6187

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