

2012 No. 469

INSOLVENCY

The Insolvency (Amendment) Rules 2012

Made - - - - - *21st February 2012*

Laid before Parliament *27th February 2012*

Coming into force - - - *19th March 2012*

The Lord Chancellor has consulted the committee existing for the purposes of section 413 of the Insolvency Act 1986 (“the Act”)(a).

The Lord Chancellor, in exercise of the powers conferred by section 412 of the Act and with the concurrence of the Secretary of State, makes the following Rules—

Citation and commencement

1. These Rules may be cited as the Insolvency (Amendment) Rules 2012 and come into force on 19th March 2012.

Transitional Provisions

2.—(1) The amendment made by rule 3(2) applies where an application is made for a debt relief order on or after 19th March 2012

(2) The amendments made by rule 3(3) and (4) apply only in relation to petitions for bankruptcy where the petition is presented on or after 19th March 2012

Amendments to the Insolvency Rules 1986

3.—(1) The Insolvency Rules 1986(b) are amended as follows.

(2) In Rule 5A.2 (excluded debts), in the definition of “excluded debt”—

(a) at the end of sub-paragraph (c) omit “and”;

(b) after sub-paragraph (d), add—

“; and

(e) any obligation arising from a payment out of the social fund under section 138(1)(b) of the Social Security Contributions and Benefits Act 1992(c) by way of crisis loan or budgeting loan.”.

(a) 1986 c.45.

(b) S.I. 1986/1925; relevant amending instruments are S.I. 1987/1919, 1989/397, 2002/1730 and 2009/642.

(c) 1992 c.4; section 138(1) was substituted by 1998 c.14, s. 70(1).

(3) In Rule 6.223 (bankrupt's debts surviving discharge), at the end add "or any obligation arising from a payment out of the social fund under section 138(1)(b) of the Social Security Contributions and Benefits Act 1992 by way of crisis loan or budgeting loan."

(4) In Rule 12.3 (provable debts), in sub-paragraph (2)(b), at the end add "or any obligation arising from a payment out of the social fund under section 138(1)(b) of the Social Security Contributions and Benefits Act 1992 by way of crisis loan or budgeting loan."

21st February 2012

Kenneth Clarke
Lord Chancellor and Secretary of State for Justice
Ministry of Justice

I concur, on behalf of the Secretary of State,

Norman Lamb
Parliamentary Under Secretary of State for Employment Relations, Consumer and Postal Affairs
21st February 2012
Department for Business, Innovation and Skills

EXPLANATORY NOTE

(This note is not part of the Order)

These Rules amend the Insolvency Rules 1986.

They amend the definition of "excluded debt" in Rule 5A.2 so as to exclude from the scope of a Debt Relief Order any obligation arising from a payment out of the social fund by way of crisis loan or budgeting loan.

They also amend Rule 6.223 so as to include such an obligation in the list of debts that survive an individual's bankruptcy, and Rule 12.3 to prevent such an obligation being included as a 'provable debt' in a bankruptcy.

Rule 2 makes transitional provisions.

A full impact assessment of the effect that this instrument will have on the costs of business and the voluntary sector is available from the Policy Unit, The Insolvency Service, 21 Bloomsbury Street, London WC1B 3QW and is published with the Explanatory Memorandum alongside the instrument on www.legislation.gov.uk.

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