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Insolvency Act 1986

1986 CHAPTER 45

PART IX

BANKRUPTCY

CHAPTER I

BANKRUPTCY PETITIONS; BANKRUPTCY ORDERS

Debtor's petition

272 Grounds of debtor's petition.

- (1) A debtor's petition may be presented to the court only on the grounds that the debtor is unable to pay his debts.
- (2) The petition shall be accompanied by a statement of the debtor's affairs containing—
 - (a) such particulars of the debtor's creditors and of his debts and other liabilities and of his assets as may be prescribed, and
 - (b) such other information as may be prescribed.

Modifications etc. (not altering text)

- C1** S. 272 applied (with modifications) by [S.I. 1986/2142](#) (made under the power in S. 420 of the Act to apply provisions of the Act in relation to insolvent partnerships), art. 13(5) (with arts. 1 and 15) which provides (E.W.) that for s. 272 of the Act there is substituted the following: "272. A joint debtors' petition in Form 8 in Schedule 3 to the Insolvent Partnerships Order 1986 may be presented to the court by individual members only on the grounds that the partnership is unable to pay its debts."
- C2** S. 272 applied (with modifications) (1.12.1994) by [S.I. 1994/2421](#), art. 10(1)(a)(6), [Sch. 6 para. 2](#) (as amended (1.7.2005) by [S.I. 2005/1516](#), [art. 5\(b\)](#))
- C3** S. 272 modified (1.12.1994) by [S.I. 1994/2421](#), art. 11(2)(3), [Sch. 7 para. 5](#)
- C4** S. 272(1) applied (with modifications) by [S.I. 1986/1999](#), art. 3, [Sch. 1 Pt. II](#)

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273 Appointment of insolvency practitioner by the court.

- (1) Subject to the next section, on the hearing of a debtor’s petition the court shall not make a bankruptcy order if it appears to the court—
- (a) that if a bankruptcy order were made the aggregate amount of the bankruptcy debts, so far as unsecured, would be less than the small bankruptcies level,
 - (b) that if a bankruptcy order were made, the value of the bankrupt’s estate would be equal to or more than the minimum amount,
 - (c) that within the period of 5 years ending with the presentation of the petition the debtor has neither been adjudged bankrupt nor made a composition with his creditors in satisfaction of his debts or a scheme of arrangement of his affairs, and
 - (d) that it would be appropriate to appoint a person to prepare a report under section 274.
- “The minimum amount” and “the small bankruptcies level” means such amounts as may for the time being be prescribed for the purposes of this section.
- (2) Where on the hearing of the petition, it appears to the court as mentioned in subsection (1), the court shall appoint a person who is qualified to act as an insolvency practitioner in relation to the debtor—
- (a) to prepare a report under the next section, and
 - (b) subject to section 258(3) in Part VIII, to act in relation to any voluntary arrangement to which the report relates either as trustee or otherwise for the purpose of supervising its implementation.

Modifications etc. (not altering text)

C5 S. 273 applied with modifications by [S.I. 1986/1999, art. 3, Sch. 1 Pt. II](#)

274 Action on report of insolvency practitioner.

- (1) A person appointed under section 273 shall inquire into the debtor’s affairs and, within such period as the court may direct, shall submit a report to the court stating whether the debtor is willing, for the purposes of Part VIII, to make a proposal for a voluntary arrangement.
- (2) A report which states that the debtor is willing as above mentioned shall also state—
- (a) whether, in the opinion of the person making the report, a meeting of the debtor’s creditors should be summoned to consider the proposal, and
 - (b) if in that person’s opinion such a meeting should be summoned, the date on which, and time and place at which, he proposes the meeting should be held.
- (3) On considering a report under this section the court may—
- (a) without any application, make an interim order under section 252, if it thinks that it is appropriate to do so for the purposes of facilitating the consideration and implementation of the debtor’s proposal, or
 - (b) if it thinks it would be inappropriate to make such an order, make a bankruptcy order.
- (4) An interim order made by virtue of this section ceases to have effect at the end of such period as the court may specify for the purpose of enabling the debtor’s proposal to be considered by his creditors in accordance with the applicable provisions of Part VIII.

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- (5) Where it has been reported to the court under this section that a meeting of the debtor's creditors should be summoned, the person making the report shall, unless the court otherwise directs, summon that meeting for the time, date and place proposed in his report.

The meeting is then deemed to have been summoned under section 257 in Part VIII, and subsections (2) and (3) of that section, and sections 258 to 263 apply accordingly.

VALID FROM 24/02/2009

[^{F1}274A Debtor who meets conditions for a debt relief order

- (1) This section applies where, on the hearing of a debtor's petition—
- (a) it appears to the court that a debt relief order would be made in relation to the debtor if, instead of presenting the petition, he had made an application under Part 7A; and
 - (b) the court does not appoint an insolvency practitioner under section 273.
- (2) If the court thinks it would be in the debtor's interests to apply for a debt relief order instead of proceeding on the petition, the court may refer the debtor to an approved intermediary (within the meaning of Part 7A) for the purposes of making an application for a debt relief order.
- (3) Where a reference is made under subsection (2) the court shall stay proceedings on the petition on such terms and conditions as it thinks fit; but if following the reference a debt relief order is made in relation to the debtor the court shall dismiss the petition.]

Textual Amendments

- F1** S. 274A inserted (24.2.2009 for certain purposes otherwise 6.4.2009) by [Tribunals, Courts and Enforcement Act 2007 \(c.15\)](#), ss. 108(3), 148(5), [Sch. 20 para. 3](#); S.I. 2009/382, [art. 2](#)

275 Summary administration.

- (1) Where on the hearing of a debtor's petition the court makes a bankruptcy order and the case is as specified in the next subsection, the court shall, if it appears to it appropriate to do so, issue a certificate for the summary administration of the bankrupt's estate.
- (2) That case is where it appears to the court—
- (a) that if a bankruptcy order were made the aggregate amount of the bankruptcy debts so far as unsecured would be less than the small bankruptcies level (within the meaning given by section 273), and
 - (b) that within the period of 5 years ending with the presentation of the petition the debtor has neither been adjudged bankrupt nor made a composition with his creditors in satisfaction of his debts or a scheme of arrangement of his affairs,
- whether the bankruptcy order is made because it does not appear to the court as mentioned in section 273(1)(b) or (d), or it is made because the court thinks it would be inappropriate to make an interim order under section 252.

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- (3) The court may at any time revoke a certificate issued under this section if it appears to it that, on any grounds existing at the time the certificate was issued, the certificate ought not to have been issued.

Modifications etc. (not altering text)

C6 S. 275 modified (1.12.1994) by S.I. 1994/2421, art. 11(2)(3), Sch. 7 para. 6

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