



Insolvency Act 1986

1986 CHAPTER 45

PART VI

MISCELLANEOUS PROVISIONS APPLYING TO COMPANIES WHICH ARE INSOLVENT OR IN LIQUIDATION

Management by administrators, liquidators, etc.

[^{F1}233B Protection of supplies of goods and services

- (1) This section applies where a company becomes subject to a relevant insolvency procedure.
- (2) A company becomes subject to a relevant insolvency procedure for the purposes of this section where—
 - (a) a moratorium under Part A1 comes into force for the company,
 - (b) the company enters administration,
 - (c) an administrative receiver of the company is appointed (otherwise than in succession to another administrative receiver),
 - (d) a voluntary arrangement approved under Part 1 takes effect in relation to the company,
 - (e) the company goes into liquidation,
 - (f) a provisional liquidator of the company is appointed (otherwise than in succession to another provisional liquidator), or
 - (g) a court order is made under section 901C(1) of the Companies Act 2006 in relation to the company (order summoning meeting relating to compromise or arrangement).
- (3) A provision of a contract for the supply of goods or services to the company ceases to have effect when the company becomes subject to the relevant insolvency procedure if and to the extent that, under the provision—

Changes to legislation: Insolvency Act 1986, Section 233B is up to date with all changes known to be in force on or before 10 April 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) View outstanding changes

- (a) the contract or the supply would terminate, or any other thing would take place, because the company becomes subject to the relevant insolvency procedure, or
 - (b) the supplier would be entitled to terminate the contract or the supply, or to do any other thing, because the company becomes subject to the relevant insolvency procedure.
- (4) Where—
- (a) under a provision of a contract for the supply of goods or services to the company the supplier is entitled to terminate the contract or the supply because of an event occurring before the start of the insolvency period, and
 - (b) the entitlement arises before the start of that period,
- the entitlement may not be exercised during that period.
- (5) Where a provision of a contract ceases to have effect under subsection (3) or an entitlement under a provision of a contract is not exercisable under subsection (4), the supplier may terminate the contract if—
- (a) in a case where the company has become subject to a relevant insolvency procedure as specified in subsection (2)(b), (c), (e) or (f), the office-holder consents to the termination of the contract,
 - (b) in any other case, the company consents to the termination of the contract, or
 - (c) the court is satisfied that the continuation of the contract would cause the supplier hardship and grants permission for the termination of the contract.
- (6) Where a provision of a contract ceases to have effect under subsection (3) and the company becomes subject to a further relevant insolvency procedure, the supplier may terminate the contract in accordance with subsection (5)(a) to (c).
- (7) The supplier shall not make it a condition of any supply of goods and services after the time when the company becomes subject to the relevant insolvency procedure, or do anything which has the effect of making it a condition of such a supply, that any outstanding charges in respect of a supply made to the company before that time are paid.
- (8) In this section “the insolvency period”, in relation to a relevant insolvency procedure, means the period beginning when the company becomes subject to the relevant insolvency procedure and ending—
- (a) in the case of a moratorium under Part A1, when the moratorium comes to an end,
 - (b) in the case of the company entering administration, when the appointment of the administrator ceases to have effect under—
 - (i) paragraphs 76 to 84 of Schedule B1, or
 - (ii) an order under section 901F of the Companies Act 2006,
 - (c) in the case of the appointment of an administrative receiver of the company, when the receiver or any successor to the receiver ceases to hold office without a successor being appointed,
 - (d) in the case of a voluntary arrangement approved under Part 1 taking effect in relation to the company, when the arrangement ceases to have effect,
 - (e) in the case of the company going into liquidation, when—
 - (i) the liquidator complies with section 94(2), 106(2) or 146(3) (duties relating to final account), or

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- (ii) the appointment of the liquidator ceases to have effect under an order under section 901F of the Companies Act 2006,
 - (f) in the case of the appointment of a provisional liquidator for the company, when the provisional liquidator or any successor to the provisional liquidator ceases to hold office without a successor being appointed, and
 - (g) in the case of the making of a court order under section 901C(1) of the Companies Act 2006 in relation to the company, when—
 - (i) an order made by the court under section 901F of that Act takes effect, or
 - (ii) the court decides not to make such an order.
- (9) In this section “office-holder”, in relation to a company which has entered into an insolvency procedure as specified in subsection (2)(b), (c), (e) or (f), means the administrator, administrative receiver, liquidator or provisional liquidator respectively.
- (10) Schedule 4ZZA provides for exclusions from the operation of this section.]

Textual Amendments

- F1** Ss. 233B, 233C inserted (26.6.2020) by [Corporate Insolvency and Governance Act 2020 \(c. 12\)](#), **ss. 14(1), 49(1)** (with [ss. 2\(2\), 5\(2\), 14\(4\)](#))
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Modifications etc. (not altering text)

- C1** Pt. 6 applied (with modifications) (8.7.2021) by [The Payment and Electronic Money Institution Insolvency Regulations 2021 \(S.I. 2021/716\)](#), [reg. 2](#), **Sch. 1 para. 3** (with [reg. 5](#)) (as amended (4.1.2024) by [S.I. 2023/1399](#), [regs. 1\(2\), 4](#))
- C2** [S. 233B](#) excluded (26.6.2020) by [Corporate Insolvency and Governance Act 2020 \(2020 c. 12\)](#), **ss. 15, 49(1)** (with [ss. 2\(2\), 5\(2\)](#))
- C3** [S. 233B](#) applied by [S.I. 1994/2421](#), **art. 4(3)(a)** (as amended) (26.6.2020) by [Corporate Insolvency and Governance Act 2020 \(c. 12\)](#), [s. 49\(1\)](#), **Sch. 12 para. 5** (with [ss. 2\(2\), 5\(2\), 14\(4\)](#))
- C4** [Ss. 233-237](#) applied (with modifications) (E.W.) (15.3.2024) by [The Water Industry \(Special Administration\) Regulations 2024 \(S.I. 2024/205\)](#), [regs. 2\(2\), 5\(1\)](#) (with [reg. 64](#))

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Changes and effects yet to be applied to the whole Act associated Parts and Chapters:

- Act amendment to earlier affecting provision S.I. 1986/1999, art. 3, Sch. 1 Pt. 2 by [S.I. 2017/1119 Sch. 3 para. 1](#)
- Act savings and transitional provisions for amendments by S.I. 2022/1166 by [S.I. 2022/1172 Regulations](#)

Whole provisions yet to be inserted into this Act (including any effects on those provisions):

- s. 41HB(2) words substituted by [2018 c. 14 s. 1\(3\)\(b\)](#)