



Insolvency Act 1986

1986 CHAPTER 45

PART IX

BANKRUPTCY

CHAPTER V

EFFECT OF BANKRUPTCY ON CERTAIN RIGHTS TRANSACTIONS, ETC.

Adjustment of prior transactions, etc.

339 Transactions at an undervalue.

- (1) Subject as follows in this section and sections 341 and 342, where an individual is [^{F1}made] bankrupt and he has at a relevant time (defined in section 341) entered into a transaction with any person at an undervalue, the trustee of the bankrupt's estate may apply to the court for an order under this section.
- (2) The court shall, on such an application, make such order as it thinks fit for restoring the position to what it would have been if that individual had not entered into that transaction.
- (3) For the purposes of this section and sections 341 and 342, an individual enters into a transaction with a person at an undervalue if—
 - (a) he makes a gift to that person or he otherwise enters into a transaction with that person on terms that provide for him to receive no consideration,
 - (b) he enters into a transaction with that person in consideration of marriage [^{F2}or the formation of a civil partnership], or
 - (c) he enters into a transaction with that person for a consideration the value of which, in money or money's worth, is significantly less than the value, in money or money's worth, of the consideration provided by the individual.

Changes to legislation: Insolvency Act 1986, Section 339 is up to date with all changes known to be in force on or before 13 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

Textual Amendments

- F1** Word in s. 339(1) inserted (6.4.2016) by [Enterprise and Regulatory Reform Act 2013 \(c. 24\), s. 103\(3\), Sch. 19 para. 31](#); [S.I. 2016/191, art. 2](#) (with [art. 3](#))
- F2** Words in s. 339(3)(b) substituted (5.12.2005) by [Civil Partnership Act 2004 \(c. 33\), ss. 261\(1\), 263, Sch. 27 para. 119](#); [S.I. 2005/3175, art. 2\(2\)](#) (subject to [art. 2\(3\)-\(5\)](#))

Modifications etc. (not altering text)

- C1** S.339 applied (with modifications) by [S.I. 1986/1999, art. 3, Sch. 1 Pt. II](#)
 S. 339 applied (with modifications) (4.4.2006) by [The Cross-Border Insolvency Regulations 2006 \(S.I. 2006/1030\), reg. 2, Sch. 1 Art. 23 paras. 1-3](#) (subject to [Sch. 1 Art. 23 paras. 6-9](#))
- C2** S. 339 restricted by [Drug Trafficking Offences Act 1986 \(c.32, SIF 39:1\), s. 15\(6\)\(a\)\(7\)](#)
 S. 339 restricted by [Criminal Justice \(Scotland\) Act 1987 \(c. 41, SIF 39:1\), ss. 30\(6\), 34\(5\)\(a\), 47\(4\)\(a\)](#)
 S. 339 restricted (25.4.1991) by [Companies Act 1989 \(c. 40\), s. 182\(4\), Sch. 22 para. 8\(1\)\(a\)](#); [S.I. 1991/878, art. 2, Sch.](#)
 S. 339 restricted by [1986 c. 32, s. 15\(6\)\(a\)\(b\)](#) (as substituted (prosp.) by [1993 c. 36, ss. 13\(9\), 78\(3\)](#) (with [s. 78\(6\)](#)) (which amending provision was repealed (3.2.1995) by [1994 c. 37, ss. 67, 69\(2\), Sch. 3](#)))
 S. 339 restricted (3.2.1995) by [1994 c. 37, ss. 32\(5\)\(a\), 69\(2\), Sch. 2 para. 5](#) (with [s. 66\(2\)](#))
 S. 339 restricted (1.11.1995) by [1988 c. 33, s. 84\(6\)\(a\)](#) (as substituted by [1995 c. 11, s. 8\(7\)](#) (with [s. 16\(5\)\(6\)](#)); [S.I. 1995/2650, art. 2](#))
 S. 339 restricted (1.4.1996) by [1995 c. 43, ss. 44, 50\(2\), Sch. 2 para. 2\(5\)](#)
 S. 339 restricted (11.12.1999) by [S.I. 1999/2979, reg. 17\(1\)](#)
 S. 339 restricted (24.3.2003) by [2002 c. 29, ss. 419\(1\)-\(4\), 458\(1\)\(3\)](#); [S.I. 2003/333, art. 2, Sch.](#) (subject to [arts. 3-13](#) (as amended by [S.I. 2003/531, arts. 3, 4](#)))
- C3** S. 339 excluded (25.4.1991) by [Companies Act 1989 \(c. 40\), ss. 154, 155, 165\(1\)\(a\)](#); [S.I. 1991/878, art. 2, Sch.](#)
- C4** S. 339 modified (3.2.1995) by [1994 c. 37, ss. 32\(5\)\(b\), 69\(2\), Sch. 2 para. 5](#) (with [s. 66\(2\)](#))

Changes to legislation:

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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\(3\)\(b\)](#)