



Insolvency Act 1986

1986 CHAPTER 45

PART IX

BANKRUPTCY

CHAPTER V

EFFECT OF BANKRUPTCY ON CERTAIN RIGHTS TRANSACTIONS, ETC.

Adjustment of prior transactions, etc.

344 Avoidance of general assignment of book debts.

- (1) The following applies where a person engaged in any business makes a general assignment to another person of his existing or future book debts, or any class of them, and is subsequently [^{F1}made] bankrupt.
- (2) The assignment is void against the trustee of the bankrupt's estate as regards book debts which were not paid before the [^{F2}making of the bankruptcy application or (as the case may be) the] presentation of the bankruptcy petition, unless the assignment has been registered under the ^{M1}Bills of Sale Act 1878.
- (3) For the purposes of subsections (1) and (2)—
 - (a) "assignment" includes an assignment by way of security or charge on book debts, and
 - (b) "general assignment" does not include—
 - (i) an assignment of book debts due at the date of the assignment from specified debtors or of debts becoming due under specified contracts, or
 - (ii) an assignment of book debts included either in a transfer of a business made in good faith and for value or in an assignment of assets for the benefit of creditors generally.

Changes to legislation: *Insolvency Act 1986, Section 344 is up to date with all changes known to be in force on or before 20 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*

- (4) For the purposes of registration under the Act of 1878 an assignment of book debts is to be treated as if it were a bill of sale given otherwise than by way of security for the payment of a sum of money; and the provisions of that Act with respect to the registration of bills of sale apply accordingly with such necessary modifications as may be made by rules under that Act.

Textual Amendments

- F1** Word in s. 344(1) substituted (6.4.2016) by [Enterprise and Regulatory Reform Act 2013 \(c. 24\)](#), s. 103(3), **Sch. 19 para. 37(2)**; S.I. 2016/191, art. 2 (with art. 3)
- F2** Words in s. 344(2) inserted (6.4.2016) by [Enterprise and Regulatory Reform Act 2013 \(c. 24\)](#), s. 103(3), **Sch. 19 para. 37(3)**; S.I. 2016/191, art. 2 (with art. 3)

Modifications etc. (not altering text)

- C1** Ss. 342–345 applied with modifications by [S.I. 1986/1999](#), art. 3, **Sch. 1 Pt. II**

Marginal Citations

- M1** 1878 c. 31.

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