



# Insolvency Act 1986

## 1986 CHAPTER 45

### PART IX

#### BANKRUPTCY

#### CHAPTER V

##### EFFECT OF BANKRUPTCY ON CERTAIN RIGHTS TRANSACTIONS, ETC.

##### *Adjustment of prior transactions, etc.*

#### **345 Contracts to which bankrupt is a party.**

- (1) The following applies where a contract has been made with a person who is subsequently [<sup>F1</sup>made] bankrupt.
- (2) The court may, on the application of any other party to the contract, make an order discharging obligations under the contract on such terms as to payment by the applicant or the bankrupt of damages for non-performance or otherwise as appear to the court to be equitable.
- (3) Any damages payable by the bankrupt by virtue of an order of the court under this section are provable as a bankruptcy debt.
- (4) Where an undischarged bankrupt is a contractor in respect of any contract jointly with any person, that person may sue or be sued in respect of the contract without the joinder of the bankrupt.

#### **Textual Amendments**

- F1** Word in s. 345(1) substituted (6.4.2016) by [Enterprise and Regulatory Reform Act 2013 \(c. 24\)](#), s. 103(3), [Sch. 19 para. 38](#); S.I. 2016/191, art. 2 (with art. 3)

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**Changes to legislation:** *Insolvency Act 1986, Section 345 is up to date with all changes known to be in force on or before 19 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*

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**Modifications etc. (not altering text)**

- C1** Ss. 342–345 applied with modifications by [S.I. 1986/1999, art. 3, Sch. 1 Pt. II](#)
- C2** S. 345 excluded (25.4.1991) by [Companies Act 1989 \(c. 40\), ss. 154, 155, 164\(1\), 182\(4\), Sch. 22 para. 7\(1\)](#); [S.I. 1991/878, art. 2, Sch. .](#)  
S. 345 excluded (11.12.1999) by [S.I. 1999/2979, reg. 16\(1\)](#)

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