



Insolvency Act 1986

1986 CHAPTER 45

PART IX

BANKRUPTCY

CHAPTER V

EFFECT OF BANKRUPTCY ON CERTAIN RIGHTS TRANSACTIONS, ETC.

Adjustment of prior transactions, etc.

347 Distress, etc.

- (1) [^{F1}CRAR (the power of commercial rent arrears recovery under section 72(1) of the Tribunals, Courts and Enforcement Act 2007) is exercisable where the tenant is an undischarged bankrupt] (subject to [^{F2}sections 252(2)(b) and 254(1) above and] subsection (5) below) against goods and effects comprised in the bankrupt's estate, but only for 6 months' rent accrued due before the commencement of the bankruptcy.
- (2) [^{F3}Where CRAR has been exercised to recover rent from] an individual to whom [^{F4}a bankruptcy application or] a bankruptcy petition relates and a bankruptcy order is subsequently made [^{F5}as a result of that application or] on that petition, any amount recovered by way of [^{F6}CRAR] which—
 - (a) is in excess of the amount which by virtue of subsection (1) would have been recoverable after the commencement of the bankruptcy, or
 - (b) is in respect of rent for a period or part of a period after [^{F7}goods were taken control of under CRAR] ,shall be held for the bankrupt as apart of his estate.

[^{F8}(3) Subsection (3A) applies where—

Changes to legislation: *Insolvency Act 1986, Section 347 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*

- (a) any person (whether or not a landlord or person entitled to rent) has distrained upon the goods or effects of an individual who is [^{F9}made] bankrupt before the end of the period of 3 months beginning with the distraint, or
- (b) Her Majesty's Revenue and Customs has been paid any amount from an account of an individual under Part 1 of Schedule 8 to the Finance (No. 2) Act 2015 (enforcement by deduction from accounts) and the individual is adjudged bankrupt before the end of the period of 3 months beginning with the payment.

(3A) Where this subsection applies—

- (a) in a case within subsection (3)(a), the goods or effects, or the proceeds of their sale, and
 - (b) in a case within subsection (3)(b), the amount in question,
- is charged for the benefit of the bankrupt's estate with the preferential debts of the bankrupt to the extent that the bankrupt's estate is for the time being insufficient for meeting them.]

- (4) Where by virtue of any charge under subsection [^{F10}(3A)] any person surrenders any goods or effects to the trustee of a bankrupt's estate or makes a payment to such a trustee, that person ranks, in respect of the amount of the proceeds of the sale of those goods or effects by the trustee or, as the case may be, the amount of the payment, as a preferential creditor of the bankrupt, except as against so much of the bankrupt's estate as is available for the payment of preferential creditors by virtue of the surrender or payment.
- (5) [^{F11}CRAR is not exercisable at any time after the discharge of a bankrupt against] any goods or effects comprised in the bankrupt's estate.

^{F12}(6)

^{F13}(7)

- (8) [^{F14}Subject to sections 252(2)(b) and 254(1) above] nothing in this Group of Parts affects any right to distrain otherwise than for rent; and any such right is at any time exercisable without restriction against property comprised in a bankrupt's estate, even if that right is expressed by any enactment to be exercisable in like manner as a right to distrain for rent.
- (9) Any right to distrain against property comprised in a bankrupt's estate is exercisable notwithstanding that the property has vested in the trustee.
- (10) The provisions of this section are without prejudice to a landlord's right in a bankruptcy to prove for any bankruptcy debt in respect of rent.

^{F15}(11)

Textual Amendments

- F1** Words in s. 347(1) substituted (6.4.2014) by Tribunals, Courts and Enforcement Act 2007 (c. 15), s. 148, **Sch. 14 para. 44(2)** (with s. 89); S.I. 2014/768, art. 2(1)(b)
- F2** Words in s. 347(1) inserted (1.1.2003) by 2000 c. 39, s. 3, **Sch. 3 para. 14(a)**; S.I. 2002/2711, **art. 2** (subject to transitional provisions in arts. 3-5)
- F3** Words in s. 347(2) substituted (6.4.2014) by Tribunals, Courts and Enforcement Act 2007 (c. 15), s. 148, **Sch. 14 para. 44(3)(a)** (with s. 89); S.I. 2014/768, art. 2(1)(b)

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- F4** Words in s. 347(2) inserted (6.4.2016) by Enterprise and Regulatory Reform Act 2013 (c. 24), s. 103(3), **Sch. 19 para. 40(2)(a)**; S.I. 2016/191, art. 2 (with art. 3)
- F5** Words in s. 347(2) inserted (6.4.2016) by Enterprise and Regulatory Reform Act 2013 (c. 24), s. 103(3), **Sch. 19 para. 40(2)(b)**; S.I. 2016/191, art. 2 (with art. 3)
- F6** Word in s. 347(2) substituted (6.4.2014) by Tribunals, Courts and Enforcement Act 2007 (c. 15), s. 148, **Sch. 14 para. 44(3)(b)** (with s. 89); S.I. 2014/768, art. 2(1)(b)
- F7** Words in s. 347(2)(c) substituted (6.4.2014) by Tribunals, Courts and Enforcement Act 2007 (c. 15), s. 148, **Sch. 14 para. 44(3)(c)** (with s. 89); S.I. 2014/768, art. 2(1)(b)
- F8** S. 347(3)(3A) substituted for s. 347(3) (18.11.2015) by Finance (No. 2) Act 2015 (c. 33), **Sch. 8 para. 33(1)(a)**
- F9** Word in s. 347(3) substituted (6.4.2016) by Enterprise and Regulatory Reform Act 2013 (c. 24), s. 103(3), **Sch. 19 para. 40(3)**; S.I. 2016/191, art. 2 (with art. 3)
- F10** Word in s. 347(4) substituted (18.11.2015) by Finance (No. 2) Act 2015 (c. 33), **Sch. 8 para. 33(1)(b)**
- F11** Words in s. 347(5) substituted (6.4.2014) by Tribunals, Courts and Enforcement Act 2007 (c. 15), s. 148, **Sch. 14 para. 44(4)** (with s. 89); S.I. 2014/768, art. 2(1)(b)
- F12** S. 347(6) repealed (6.4.2014) by Tribunals, Courts and Enforcement Act 2007 (c. 15), s. 148, Sch. 14 para. 44(5), **Sch. 23 Pt. 4** (with s. 89); S.I. 2014/768, art. 2(1)(b)
- F13** S. 347(7) repealed (6.4.2014) by Tribunals, Courts and Enforcement Act 2007 (c. 15), s. 148, Sch. 14 para. 44(5), **Sch. 23 Pt. 4** (with s. 89); S.I. 2014/768, art. 2(1)(b)
- F14** Words in s. 347(8) inserted (1.1.2003) by 2000 c. 39, s. 3, **Sch. 3 para. 14(b)**; S.I. 2002/2711, **art. 2** (subject to transitional provisions in arts. 3-5)
- F15** S. 347(11) repealed (6.4.2014) by Tribunals, Courts and Enforcement Act 2007 (c. 15), s. 148, Sch. 14 para. 44(6), **Sch. 23 Pt. 4** (with s. 89); S.I. 2014/768, art. 2(1)(b)

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