



Insolvency Act 1986

1986 CHAPTER 45

PART IX

BANKRUPTCY

CHAPTER VI

BANKRUPTCY OFFENCES

Wrongdoing by the bankrupt before and after bankruptcy

359 Fraudulent dealing with property obtained on credit.

- (1) The bankrupt is guilty of an offence if, in the 12 months before [^{F1}the making of the bankruptcy application or (as the case may be) the presentation of the bankruptcy] petition, or in the initial period, he disposed of any property which he had obtained on credit and, at the time he disposed of it, had not paid for.

Section 352 applies to this offence.

- (2) A person is guilty of an offence if, in the 12 months before [^{F2}the making of the bankruptcy application or (as the case may be) the presentation of the bankruptcy] petition or in the initial period, he acquired or received property from the bankrupt knowing or believing—
- (a) that the bankrupt owed money in respect of the property, and
 - (b) that the bankrupt did not intend, or was unlikely to be able, to pay the money he so owed.
- (3) A person is not guilty of an offence under subsection (1) or (2) if the disposal, acquisition or receipt of the property was in the ordinary course of a business carried on by the bankrupt at the time of the disposal, acquisition or receipt.

Changes to legislation: *Insolvency Act 1986, Section 359 is up to date with all changes known to be in force on or before 15 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) In determining for the purposes of this section whether any property is disposed of, acquired or received in the ordinary course of a business carried on by the bankrupt, regard may be had, in particular, to the price paid for the property.
- (5) In this section references to disposing of property include pawning or pledging it; and references to acquiring or receiving property shall be read accordingly.

Textual Amendments

- F1** Words in s. 359(1) inserted (6.4.2016) by [Enterprise and Regulatory Reform Act 2013 \(c. 24\)](#), s. 103(3), [Sch. 19 para. 48\(2\)](#); S.I. 2016/191, art. 2 (with art. 3)
- F2** Words in s. 359(2) inserted (6.4.2016) by [Enterprise and Regulatory Reform Act 2013 \(c. 24\)](#), s. 103(3), [Sch. 19 para. 48\(3\)](#); S.I. 2016/191, art. 2 (with art. 3)

Modifications etc. (not altering text)

- C1** S. 359(1)(2) applied (with modifications) by S.I. 1986/1999, art. 3, [Sch. 1 Pt. II](#) (as amended (6.4.2016) by [The Enterprise and Regulatory Reform Act 2013 \(Consequential Amendments\) \(Bankruptcy\)](#) and the [Small Business, Enterprise and Employment Act 2015 \(Consequential Amendments\) Regulations 2016 \(S.I. 2016/481\)](#), reg. 1, [Sch. 2 para. 2\(7\)\(e\)](#))

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