
STATUTORY INSTRUMENTS

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The Insolvency Rules 1986

THE SECOND GROUP OF PARTS

PART 6

BANKRUPTCY

CHAPTER 9

SECURED CREDITORS

Value of security

6.115.—(1) A secured creditor may, with the agreement of the trustee or the leave of the court, at any time alter the value which he has, in his proof of debt, put upon his security.

(2) However, if a secured creditor—

- (a) being the petitioner, has in the petition put a value on his security, or
- (b) has voted in respect of the unsecured balance of his debt,

he may re-value his security only with leave of the court.

Surrender for non-disclosure

6.116.—(1) If a secured creditor omits to disclose his security in his proof of debt, he shall surrender his security for the general benefit of creditors, unless the court, on application by him, relieves him from the effect of this Rule on the ground that the omission was inadvertent or the result of honest mistake.

(2) If the court grants that relief, it may require or allow the creditor's proof of debt to be amended, on such terms as may be just.

Redemption by trustee

6.117.—(1) The trustee may at any time give notice to a creditor whose debt is secured that he proposes, at the expiration of 28 days from the date of the notice, to redeem the security at the value put upon it in the creditor's proof.

(2) The creditor then has 21 days (or such longer period as the trustee may allow) in which, if he so wishes, to exercise his right to re-value his security (with the leave of the court, where Rule 6.115(2) applies).

If the creditor re-values his security, the trustee may only redeem at the new value.

(3) If the trustee redeems the security, the cost of transferring it is borne by the estate.

(4) A secured creditor may at any time, by a notice in writing, call on the trustee to elect whether he will or will not exercise his power to redeem the security at the value then placed on it; and the trustee then has 6 months in which to exercise the power or determine not to exercise it.

Test of security's value

6.118.—(1) Subject as follows, the trustee, if he is dissatisfied with the value which a secured creditor puts on his security (whether in his proof or by way of re-valuation under Rule 6.117), may require any property comprised in the security to be offered for sale.

(2) The terms of sale shall be such as may be agreed, or as the court may direct; and if the sale is by auction, the trustee on behalf of the estate, and the creditor on his own behalf, may appear and bid.

(3) This Rule does not apply if the security has been re-valued and the re-valuation has been approved by the court.

Realisation of security by creditor

6.119. If a creditor who has valued his security subsequently realises it (whether or not at the instance of the trustee)—

- (a) the net amount realised shall be substituted for the value previously put by the creditor on the security, and
- (b) that amount shall be treated in all respects as an amended valuation made by him.