



Bankruptcy (Scotland) Act 2016

2016 asp 21

PART 14

VOLUNTARY TRUST DEEDS FOR CREDITORS

Effect of protected status etc.

172 Effect of protected status: general

- (1) Where a trust deed has protected status then—
 - (a) subject to section 177, a creditor who (either or both)—
 - (i) is not a notified creditor, or
 - (ii) notified the trustee, during the relevant period, of objection to the trust deed,
has no higher right to recover the debt than a creditor who has acceded to, or been deemed by virtue of section 170(2) to have acceded to, the trust deed, and
 - (b) an application for sequestration of the debtor's estate may not be made by the debtor while the trust deed subsists.
- (2) A creditor ceases to be deemed (by virtue of section 170(2)) to have acceded to a trust deed if the trustee refuses a request by the debtor to apply to AiB for discharge in terms of section 184(8).
- (3) Where a secured creditor's agreement has been obtained by virtue of section 166(2) (b) and the trust deed becomes a protected trust deed, that creditor is not entitled—
 - (a) to make a claim under the protected trust deed for any of the debt in respect of which the security is held,
 - (b) to do diligence against the assets conveyed to the trustee under the protected trust deed, or
 - (c) to petition for the sequestration of the debtor during the subsistence of the protected trust deed.