



# Insolvency Act 1985

## 1985 CHAPTER 65

### PART III

#### INDIVIDUAL INSOLVENCY

#### CHAPTER III

##### PROTECTION OF BANKRUPT'S ESTATE AND INVESTIGATION OF HIS AFFAIRS

##### *Restrictions applying after presentation of petition*

#### **131 Restrictions on dispositions of property**

- (1) Where a person is adjudged bankrupt, any disposition of property made by that person in the period to which this section applies shall be void except to the extent that it is or was made with the consent of the court, or is or was subsequently ratified by the court.
- (2) Subsection (1) above applies to a payment (whether in cash or otherwise) as it applies to a disposition of property and, accordingly, where any payment is void by virtue of that subsection, the person paid shall hold the sum paid for the bankrupt as part of his estate.
- (3) This section applies to the period beginning with the day of the presentation of the petition for the bankruptcy order and ending with the vesting, under Chapter V of this Part, of the bankrupt's estate in a trustee.
- (4) The preceding provisions of this section shall not give a remedy against any person—
  - (a) in respect of any property or payment which he received before the commencement of the bankruptcy in good faith, for value and without notice that the petition had been presented; or
  - (b) in respect of any interest in property which derives from an interest in respect of which there is, by virtue of this subsection, no remedy.

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*Status: This is the original version (as it was originally enacted). This item of legislation is currently only available in its original format.*

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- (5) Where after the commencement of his bankruptcy a bankrupt has incurred a debt to a banker or other person by reason of the making of a payment which is void under this section, that debt shall be deemed for the purposes of this Part to have been incurred before the commencement of the bankruptcy unless—
- (a) that banker or person had notice of the bankruptcy before the debt was incurred ; or
  - (b) it is not reasonably practicable for the amount of the payment to be recovered from the person to whom it was made.
- (6) A disposition of property shall be void under this section notwithstanding that the property is not or, as the case may be, would not be comprised in the bankrupt's estate; but nothing in this section shall affect any disposition made by any person of property held by him on trust for any other person.

### **132 Restrictions on proceedings and remedies**

- (1) At any time when proceedings on a bankruptcy petition are pending or an individual has been adjudged bankrupt the court may stay any action, execution or other legal process against the property or person of the debtor or, as the case may be, of the bankrupt.
- (2) Any court in which proceedings are pending against any individual may, on proof that a bankruptcy petition has been presented in respect of that individual or that he is an undischarged bankrupt, either stay the proceedings or allow them to continue on such terms as it thinks fit.
- (3) Subject to sections 179 and 180 below, after the making of a bankruptcy order no person who is a creditor of the bankrupt in respect of a debt provable in the bankruptcy shall—
- (a) have any remedy against the property or person of the bankrupt in respect of that debt; or
  - (b) before the discharge of the bankrupt, commence any action or other legal proceedings against the bankrupt except with the leave of the court and on such terms as the court may impose.
- (4) Subject to subsection (5) below, subsection (3) above shall not affect the right of a secured creditor of the bankrupt to enforce his security.
- (5) Where any goods of an undischarged bankrupt are held by any person by way of pledge, pawn or other security, the official receiver may, after giving notice in writing of his intention to do so, inspect the goods; and where such a notice has been given to any person, that person shall not, without the leave of the court, be entitled to realise his security unless he has given the trustee of the bankrupt's estate a reasonable opportunity of inspecting the goods and of exercising the bankrupt's right of redemption.
- (6) References in this section to the property or goods of a bankrupt are references to any of his property or goods, whether or not comprised in his estate.