



Insolvency Act 1986

1986 CHAPTER 45

The Third Group of Parts Miscellaneous Matters Bearing on both Company and Individual Insolvency ; General Interpretation ; Final Provisions

PART XVI

PROVISIONS AGAINST DEBT AVOIDANCE (ENGLAND AND WALES ONLY)

423 Transactions defrauding creditors

- (1) This section relates to transactions entered into at an undervalue ; and a person enters into such a transaction with another person if—
 - (a) he makes a gift to the other person or he otherwise enters into a transaction with the other on terms that provide for him to receive no consideration ;
 - (b) he enters into a transaction with the other in consideration of marriage; or
 - (c) he enters into a transaction with the other for a consideration the value of which, in money or money's worth, is significantly less than the value, in money or money's worth, of the consideration provided by himself.
- (2) Where a person has entered into such a transaction, the court may, if satisfied under the next subsection, make such order as it thinks fit for—
 - (a) restoring the position to what it would have been if the transaction had not been entered into, and
 - (b) protecting the interests of persons who are victims of the transaction.
- (3) In the case of a person entering into such a transaction, an order shall only be made if the court is satisfied that it was entered into by him for the purpose—
 - (a) of putting assets beyond the reach of a person who is making, or may at some time make, a claim against him, or
 - (b) of otherwise prejudicing the interests of such a person in relation to the claim which he is making or may make.
- (4) In this section " the court" means the High Court or—

Status: This is the original version (as it was originally enacted).

- (a) if the person entering into the transaction is an individual, any other court which would have jurisdiction in relation to a bankruptcy petition relating to him ;
 - (b) if that person is a body capable of being wound up under Part IV or V of this Act, any other court having jurisdiction to wind it up.
- (5) In relation to a transaction at an undervalue, references here and below to a victim of the transaction are to a person who is, or is capable of being, prejudiced by it; and in the following two sections the person entering into the transaction is referred to as "the debtor".