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STATUTORY INSTRUMENTS

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**2024 No. 229**

**The Water Industry (Special Administration)  
(England and Wales) Rules 2024**

**PART 5**

**CLAIMS BY AND DISTRIBUTIONS TO CREDITORS IN  
ADMINISTRATION: APPLICATION OF PART 14 OF THE 2016 RULES**

**Application of Part 14 and interpretation (rule 14.1)**

**86.** Rule 14.1 has effect as if—

- (a) for paragraph (1) there were substituted—  
“(1) This Part applies to decision procedures.”;
- (b) for paragraph (2) there were substituted—  
“(2) The definitions in this rule apply to decision procedures.”;
- (c) in paragraph (3)—
  - (i) the words “decision procedures in respect of a moratorium under Part A1 of the Act, winding up and” were omitted;
  - (ii) for ““relevant date” means” to “bankruptcy order” there were substituted ““relevant date” means the date on which the company entered special administration.”;
- (d) paragraph 3A were omitted;
- (e) in paragraph (4), for “about moratoriums” to “or administration” there were substituted “any liability in tort is a debt provable in the special administration”;
- (f) in paragraphs (5) and (6), the words from “about moratoriums” to “administration” were omitted.

**Provable debts (rule 14.2)**

**87.** Rule 14.2 has effect as if—

- (a) in paragraph (1), “or bankrupt” were omitted;
- (b) for paragraph (2) there were substituted—  
“(2) An obligation arising under a confiscation order made under Part 2, 3 or 4 of the Proceeds of Crime Act 2002 is not provable.”;
- (c) paragraph (3) were omitted;
- (d) in paragraph (4)—
  - (i) in the words before sub-paragraph (a), “sections 189(2) (winding up), section 328(4) (bankruptcy) and” were omitted;

- (ii) in sub-paragraph (b), “and winding up,” “a bankruptcy,” and “or a winding up” were omitted.

### **Proving a debt (rule 14.3)**

**88.** Rule 14.3 has effect as if—

- (a) for paragraph (1) there were substituted—

“(1) A creditor wishing to recover a debt must submit a proof to the special administrator unless this rule or an order of the court provides otherwise.”;

- (b) paragraph (2) were omitted.

### **Requirements for proof (rule 14.4)**

**89.** Rule 14.4 has effect as if, in paragraph (1)(d), for “rules 14.24 and 14.25” there were substituted “rule 14.24”.

### **Costs of proving (rule 14.5)**

**90.** Rule 14.5 has effect as if—

- (a) in paragraph (b), in each place, “or winding up” were omitted;
- (b) paragraph (c) were omitted.

### **Allowing inspection of proofs (rule 14.6)**

**91.** Rule 14.6 has effect as if, in sub-paragraph (b), “or, in the case of a bankruptcy, the bankrupt” were omitted.

### **Appeal against decision on proof (rule 14.8)**

**92.** Rule 14.8 has effect as if—

- (a) in paragraph (3), for “, any other creditor or, in a bankruptcy, the bankrupt,” there were substituted “or any other creditor”;
- (b) after paragraph (6), there were inserted—

“(6A) Where the application is made by a member, the court must not disallow the proof (in whole or in part) unless the member shows that there is (or would be but for the amount claimed in the proof), or that it is likely that there will be (or would be but for the amount claimed in the proof), a surplus of assets to which the company would be entitled.”.

### **Office-holder not liable for costs under rule 14.8 (rule 14.9)**

**93.** Rule 14.9 has effect as if—

- (a) paragraph (1) were omitted;
- (b) in paragraph (2), “other than the official receiver” were omitted.

### **Exclusion of proof by the court (rule 14.11)**

**94.** Rule 14.11 has effect as if, in paragraphs (1)(b) and 3(b), for “, a contributory or a bankrupt” there were substituted “or a contributory”.

**Administration and winding up by the court: debts of insolvent company to rank equally (rule 14.12)**

95. Rule 14.12 has effect as if paragraph (1) were omitted.

**Administration and winding up: division of unsold assets (rule 14.13)**

96. Rule 14.13 has effect as if—

- (a) in paragraph (1), “in an administration or in a winding up of a company (other than a members’ voluntary winding up)” were omitted;
- (b) in paragraph (2), for “the required permission” there were substituted “the agreement of the creditors”;
- (c) paragraph (3) were omitted.

**Moratorium, administration and winding up: estimate of value of debt (rule 14.14)**

97. Rule 14.14 has effect as if, in paragraph (1), from “in respect of” to “a winding up” were omitted.

**Secured creditor: value of security (rule 14.15)**

98. Rule 14.15 has effect as if—

- (a) for paragraph (2) there were substituted—
  - “(2) Where a secured creditor has voted in respect of the unsecured balance of the debt—
  - (a) the secured creditor may re-value the security only with the agreement of the special administrator or the permission of the court; and
  - (b) where the revaluation was by agreement, the special administrator must deliver a notice of the revaluation to the creditors within five business days of the special administrator’s agreement.”;
- (b) paragraph (3) were omitted.

**Secured creditor: surrender for non-disclosure (rule 14.16)**

99. Rule 14.16 has effect as if paragraph (A1) were omitted.

**Secured creditor: redemption by office-holder (rule 14.17)**

100. Rule 14.17 has effect as if paragraph (A1) were omitted.

**Secured creditor: test of security’s value (rule 14.18)**

101. Rule 14.18 has effect as if paragraph (A1) were omitted.

**Interest (rule 14.23)**

102. Rule 14.23 has effect as if, in paragraph (4)—

- (a) after “notice was delivered” there were inserted “before the relevant date”;
- (b) the words after “date of the payment” to the end were omitted.

**Administration: mutual dealings and set-off (rule 14.24)**

103. Rule 14.24 has effect as if, in paragraph (6), for the definition of “mutual dealings” there were substituted—

““mutual dealings” means mutual credits, mutual debts or other mutual dealings between the company and a creditor proving or claiming to prove for a debt in the special administration, but does not include any of the following—

- (a) a debt arising out of an obligation incurred after the company entered special administration;
- (b) a debt arising out of an obligation incurred at a time when the creditor had notice that—
  - (i) a petition was pending for the winding up of the company in respect of which the court granted the special administration order;
  - (ii) an application for a special administration order was pending;
- (c) any debt which has been acquired by a creditor by assignment or otherwise, under an agreement between the creditor and another party where that agreement was entered into at a time—
  - (i) after the company entered special administration;
  - (ii) when the creditor had notice that a petition was pending for the winding up of the company in respect of which the court granted the special administration order;
  - (iii) when the creditor had notice that an application for a special administration order was pending.”.

**Gazette notice of intended first dividend or distribution (rule 14.28)**

104. Rule 14.28 has effect as if, in paragraph (1)—

- (a) after sub-paragraph (a), there were inserted “and”;
- (b) sub-paragraph (c), and the “and” preceding it, were omitted.

**Individual notices to creditors etc. of intended dividend or distribution (rule 14.29)**

105. Rule 14.29 has effect as if paragraph (1)(b), and the “and” preceding it, were omitted.

**Contents of notice of intention to declare a dividend or make a distribution (rule 14.30)**

106. Rule 14.30 has effect as if paragraph (f), and the “and” preceding it, were omitted.

**Further contents of notice to creditors owed small debts etc. (rule 14.31)**

107. Rule 14.31 has effect as if—

- (a) in paragraph (1), “or bankrupt” were omitted;
- (b) in paragraph (2)(a), “or the bankrupt (as the case may be)” were omitted.

**Notice of declaration of a dividend (rule 14.35)**

108. Rule 14.35 has effect as if, in paragraph (4), for “In an administration” to “or liquidator” there were substituted “Where the special administrator”.

**Contents of last notice about dividend (administration, winding up and bankruptcy) (rule 14.37)**

109. Rule 14.37 has effect as if paragraph (1) were omitted.

**Sole or final dividend (rule 14.38)**

110. Rule 14.38 has effect as if—

- (a) in paragraph (1)—
  - (i) in the words before sub-paragraph (a), “, in an administration or winding up,” were omitted;
  - (ii) sub-paragraphs (a), (b)(i) and (c) were omitted;
- (b) in paragraph (2), “and (c)” were omitted.

**Administration and winding up: provisions as to dividends (rule 14.39)**

111. Rule 14.39 has effect as if “an administration or winding up, in” were omitted.

**Supplementary provisions as to dividends and distributions (rule 14.40)**

112. Rule 14.40 has effect as if—

- (a) after paragraph (1)(a), “or” were inserted;
- (b) in paragraph (1)(b), “in an administration, a creditors’ voluntary winding up or a winding up by the court” were omitted;
- (c) paragraph (1)(c), and the “or” preceding it, were omitted.

**Administration and winding up: non-payment of dividend (rule 14.45)**

113. Rule 14.45 has effect as if for paragraph (1) there were substituted—

“(1) No action lies against the special administrator for payment of a dividend.”.