

BANK ACCOUNT AND CREDIT RATING

QUESTION

1 What will happen to my Bank account

2 What will happen to my credit rating

ANSWER

1 Your Bank account will be frozen, any money in it will be an asset and can be claimed by the trustee.

If the account is overdrawn then the bank will become a creditor in your bankruptcy

If the account is in credit and you owe money to the same bank then they can take this credit balance and use it as set off against the other debt.

You need to be aware that if it is a joint account the other party will be affected

If this account is only used for your daily living then the trustee can agree with the bank that you can continue to use this, but the account will remain frozen until this can be agreed.

Bankruptcy – your bank account options

In January 2016 many banks introduced new basic bank accounts with no overdraft facility, one of the main aims was to widen bank account access to groups of people who have found it difficult or impossible to open an account – including people who are bankrupt. Barclays, HSBC, Halifax, Nationwide, Yorkshire Bank

2 Your bankruptcy will stay on your credit file for 6 years after the bankruptcy order is made. You should check if the entry has been removed after 6 years.

The 3 main UK credit agencies are

Callcredit

Equifax

Experian.

See Additional Information sheet for the Insolvency Service Guidelines

ADDITIONAL INFORMATION

Insolvency Service Guide to Bankruptcy 21 July 2016

<https://www.gov.uk/government/publications/guide-to-bankruptcy/guide-to-bankruptcy>

When the bankruptcy order is made, you must:

- make sure you don't use your bank account
- give your cards and cheque books to the trustee

Your bank account will be frozen. Any money in your account will be an asset and claimed by the trustee. The trustee can ask to release some money:

- for your daily living needs
- to the other person in a joint account

The bank is allowed to use money from one of your accounts to pay your debts on another account you hold with them. This is called 'set off'.

Otherwise, money owed to the bank (eg, if you're overdrawn) is a bankruptcy debt, so you can't pay this to the bank directly. The exception is if the bank has a charge on your home (security for payment of a loan like a mortgage).

Open a new account

You can open a new bank account after the date of the bankruptcy order but you must tell the bank or building society that you're bankrupt. Some banks will let you use your old account after they've spoken to the trustee.