

# Sequestration

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Sequestration is the closest Scottish equivalent to bankruptcy. It is a solution available to residents of Scotland who cannot afford to repay their debts each month. Any assets of value that you have will be accounted for and sold as part of your sequestration; they will be shared fairly amongst your creditors depending on the debt amount owed. Sequestration can be used as a tool to help you make a fresh start but, as with bankruptcy, has its own restrictions. As with bankruptcy, you will be discharged from your Sequestration after one year but your credit file will be affected for the full six years.

## Qualifying Criteria

Anyone can be sequestered. If a person cannot meet their debt obligations when they fall due then they should consider sequestration / bankruptcy. A client can apply to the Accountant in Bankruptcy (AiB) for their own Sequestration provided they meet the below conditions:

- You must have a debt level of at least £1,500.
- You must be a resident of Scotland or have lived in Scotland within the past year.
- You must not have been made insolvent in the past five years.
- You must be able to pay all fees up front.
- You must either be insolvent or have at least one creditor agree to your sequestration.

## Advantages

- You will no longer have to pay or communicate directly with your creditors.
- All of your unsecured debts are written off when your Sequestration is confirmed.

## Disadvantages/Risks

- If you have available disposable income you will be expected to contribute this towards the Sequestration arrangement.
- Public notices relating to Sequestrations are published on the Scottish Insolvency Register.
- Your assets will be at risk as they are used to offset the debts.
- You cannot apply for credit over £250 without informing the lender of your sequestration.
- Your employment may be affected – check this with your employer.
- You are not able to act as a Director of a company.
- You need permission from the court to be involved in the management of any limited company.
- You are unable to apply for a Student Loan.

## Debts Included/Not Included

The majority of unsecured finance is included within Sequestration however there are certain debts that cannot be included. Such debts include student loans, TV licenses, any court fees and debts that are a result of fraudulent activity.

## Costs

The Sequestration costs £200; this is payable to the AiB and is not inclusive of court fees. There are no exemption to this fee.

If you have any questions relating to the above solution or you would like any further information please call us on 0151 252 0111.

Alternatively, to apply for the above solution, you can email [debt.advisor@123ds.co.uk](mailto:debt.advisor@123ds.co.uk) or complete an application form online at [www.123ds.co.uk](http://www.123ds.co.uk).