

Title:

Bankruptcy Explained

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413

Summary:

Whether or not we want it to or mean it to, often times our debt can become out of hand, to the point that we can no longer control it

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Article Body:

Whether or not we want it to or mean it to, often times our debt can become out of hand, to the point that we can no longer control it. It does not occur because we expect it, it occurs because we live in an age where credit is everything. In fact, many people do not even accept cash for a variety of things, for example, online shopping. All online shopping opportunities takes credit cards only. We will use credit for so many different items, that before we know it we begin to become overwhelmed and have the inability to pay the credit when the time comes.

When it comes to bankruptcy, this means that you are legally declaring that you have the inability to pay your creditors. Bankruptcy was formed in efforts to allow the debtor to have a fresh start within their life, this will allow the debtor to be relieved of most of the debts they have incurred. Additionally, bankruptcy gives creditors some rights as well, because it can allow them to recoup some of their money to the extent of the debtors ability to pay. There are various laws in place that allow the debtor to make use of non-exempt property in efforts to pay the creditors. Many pieces of your property will be exempt; however, it is possible that you have some non-exempt items.

Within the United Kingdom, the word Bankruptcy only applies to partnerships and individuals. Corporations are required to declare other types of legal insolvency such as administration, liquidation, and administrative receivership. The typical bankruptcy procedures last no more than one full year, often less depending upon the trustee in bankruptcy.

When a person has filed for bankruptcy, all credit collection must end.

Companies are not allowed to pursue, call, mail, visit, repossess, or otherwise

sue the debtor, for the purposes of debt collection. If a company chooses to do so, they will likely be held responsible by the court of law and to the debtor.

Bankruptcy is to be used as a last result; there are many other steps you could take to help eliminate your debt prior to filing for bankruptcy. Other options available to you include debt consolidation, credit counseling, and negotiation with your creditors, make a formal proposal with the creditors, and learn to manage your money yourself. It is important that you fully investigate all of your options and learn what steps you can take to obtain a debt free life.