

DIRECTOR AID

The Winding-Up Petition Handbook

A Director's Guide to Petitions, Deadlines, Frozen Bank Accounts and the Options That Remain

Alastair Redfern LL.B., Solicitor

First Edition, October 2026

Free Initial Consultation for Directors
directoraid.co.uk

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About This Handbook

This Handbook is for directors of companies in England and Wales who have been served with a winding-up petition, who have been threatened with one, or who want to understand what would happen if one arrived. It is written in plain English by Alastair Redfern LL.B., Solicitor, who deals with these cases every week.

It is general information about the law of England and Wales as it stood in October 2026. It is not advice on your circumstances, and reading it does not create a solicitor–client relationship. Every petition turns on its own facts, and the time limits are short. If your company has been served, please take advice now, from us or from someone else, rather than waiting until you have finished reading.

Director Aid offers every director a free initial consultation, without obligation.

- Text **DIRAID** to **82228**
- Call **07361 999123**
- Email **help@directoraid.co.uk**
- Book online at **directoraid.co.uk**

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Introduction: Why Speed Is Everything

A winding-up petition is the most serious document a company can receive. It is a court application, usually by a creditor, asking a judge to close the company down and appoint a liquidator to sell everything it owns. Most petitions succeed. Most of the companies that survive one do so because their directors acted in the first few days.

The reason is simple. The petition's power comes less from the hearing, which may be weeks away, than from two things that happen long before it:

1. **Adjudication.** The Construction Act's quick dispute procedure; an adjudicator's decision is binding until finally determined and is enforced summarily by the courts.

Advertisement. The petitioner must publish the petition in The Gazette. From that moment the petition is public, and banks, credit reference agencies, suppliers and other creditors all see it. 2. **Section 127.** If the court eventually makes a winding-up order, the winding-up is treated as having begun on the day the petition was *presented* at court, not the day of the order. Every payment the company made in between is void unless the court says otherwise. Banks know this, and so they freeze accounts as soon as they learn of a petition.

The window between service and advertisement, usually at least seven business days, is therefore the most valuable time a director will ever have. In that window the debt can be paid cleanly, a genuine dispute can be put before the court before any publicity, and a plan for the hearing can be made. After advertisement every one of those options still exists, but each becomes harder, slower and more expensive.

This Handbook follows the life of a petition in order: what it is, what to do in the first 48 hours, the deadlines, the advertisement, the bank, the validation order that can unfreeze trading, disputed debts, paying,

the hearing, and what happens if an order is made. It then deals with the director's own position, the wider corporate insolvency options, three worked examples with day-by-day chronologies, the court documents a director may see, the questions directors ask most often, and what the figures tell us about petitions in 2026. It ends with a checklist, working pages to fill in, a glossary and an index. The diagrams and the timeline are there to be used: copy them, mark them up, and put the dates in.

CHAPTER 1

What a Winding-Up Petition Is

The Application

A winding-up petition is an application to the court under the Insolvency Act 1986 for an order that a company be wound up, that is, put into compulsory liquidation. The petition names the company, the petitioner, the court, the hearing date and the ground on which the order is sought. Almost every creditor's petition is brought on the ground that the company is unable to pay its debts.

Who Petitions

Any creditor can petition. In practice the most frequent petitioner by a wide margin is HM Revenue & Customs, pursuing unpaid VAT, PAYE and corporation tax. Trade creditors, landlords, lenders and former employees follow. The company itself, its directors or its shareholders can also petition, but this Handbook is about creditors' petitions, which are the ones that arrive unexpectedly.

How a Creditor Shows the Company Cannot Pay

Section 123 of the Act gives a creditor several ways of showing that a company is unable to pay its debts. The commonest are:

- **An unpaid statutory demand.** A written demand, containing the information the Insolvency Rules require, for a debt of £750 or more, served at the company's registered office and left unpaid, unsecured and uncompounded for three weeks.
- **An unsatisfied judgment.** A court judgment on which enforcement has been attempted and returned unsatisfied in whole or in part.

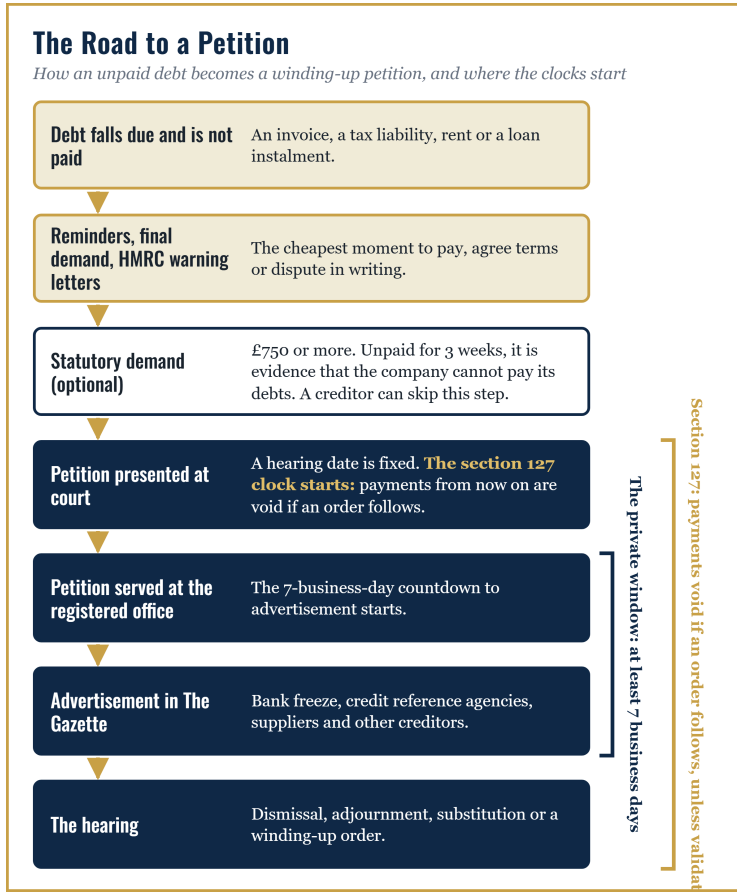
- **Proof that the company cannot pay its debts as they fall due.** Evidence of the kind a court will accept, such as an admitted debt that is simply not being paid.

A creditor does not have to serve a statutory demand first. A petition founded on an unpaid, undisputed invoice is perfectly possible, and HMRC often moves straight to a petition after its own warning letters.

> **Director Aid.** Free initial consultation for any director facing a petition. Text DIRAID to 82228 or call 07361 999123.

Where the Petition Is Heard

Petitions are presented in the High Court (the Insolvency and Companies List at the Rolls Building in London, or a Business and Property Courts district registry such as Manchester, Leeds, Birmingham, Bristol, Cardiff, Liverpool or Newcastle) or, where the company's paid-up share capital is £120,000 or less and it is outside the London insolvency district, in a County Court hearing centre with insolvency jurisdiction. The court and the hearing date are printed on the petition.



The road to a petition

The Timetable in Outline

1. **Presentation.** The creditor files the petition and is given a hearing date, typically some weeks away.
2. **Service.** The petition is served on the company, almost always by leaving it at the registered office.
3. **Advertisement.** The petitioner publishes a notice in The Gazette at least seven business days after service and at least seven business days before the hearing.

4. **Evidence.** A company that wishes to oppose the petition files its evidence at least five business days before the hearing.
5. **Hearing.** The court dismisses the petition, adjourns it, substitutes another creditor as petitioner, or makes a winding-up order.

Each of these stages has a chapter of its own. The two dates to fix in your mind now are the earliest advertisement date and the hearing date: everything that follows is organised around them, and the first of the two is the one that matters most. A director who knows those two dates, and what can and cannot be done between them, is already better placed than most of the companies in the weekly figures.

CHAPTER 2

The First 48 Hours

Act today. The steps below can be done in a day, and the order matters. The decision map at the end of this chapter shows where each answer leads.

1. Read the Petition and Record the Key Facts

Write down the date and method of service, the court, the case number, the hearing date and time, the petitioner's name and solicitors, and the amount claimed and how it is made up. Keep the envelope or the covering letter: the date of service starts the clock.

2. Work Out the Deadlines

The earliest date the petition can be advertised is seven business days after service. If the company wants to oppose, its evidence is due at least five business days before the hearing. Count business days only: weekends, Christmas Day, Good Friday and bank holidays in England and Wales do not count. Chapter 3 contains a table and a worksheet.

3. Stop Non-Essential Payments

If a winding-up order is later made, payments out of company funds after the petition was *presented* can be void. Pay nothing that is not essential, and do not pay one creditor ahead of the others. If wages or critical suppliers have to be paid for the business to survive, that is a reason to consider a validation order (Chapter 6), not a reason to pay quietly and hope.

4. Check the Debt

Is the full amount owed? Is any of it disputed, already paid, or offset by money the creditor owes the company? Gather the contract, the invoices, the correspondence and the payment records now. A dispute that is documented before the petition is far stronger than one raised for the first time afterwards.

5. Check the Bank Position

Find out what is in the account, what payments are due to leave it, and whether the bank has already been told of the petition. If the company must keep paying staff and suppliers, the application for a validation order should be prepared now, not after the account is frozen.

6. Think About Funding

If the debt is owed, can it be paid, and from where? Payment from a director's or a third party's own money is treated differently from payment out of the company's account (Chapter 8).

7. Speak to Your Accountant and Fellow Directors

Share the position with the board. Do not take on new credit, or accept orders the company may not be able to fulfil, while the position is unclear. Doing so can expose directors to personal claims later.

8. Take Advice Before Advertisement

The options for stopping or managing the petition are at their widest before it appears in The Gazette. Advice taken on day two is worth far more than the same advice on day twelve.

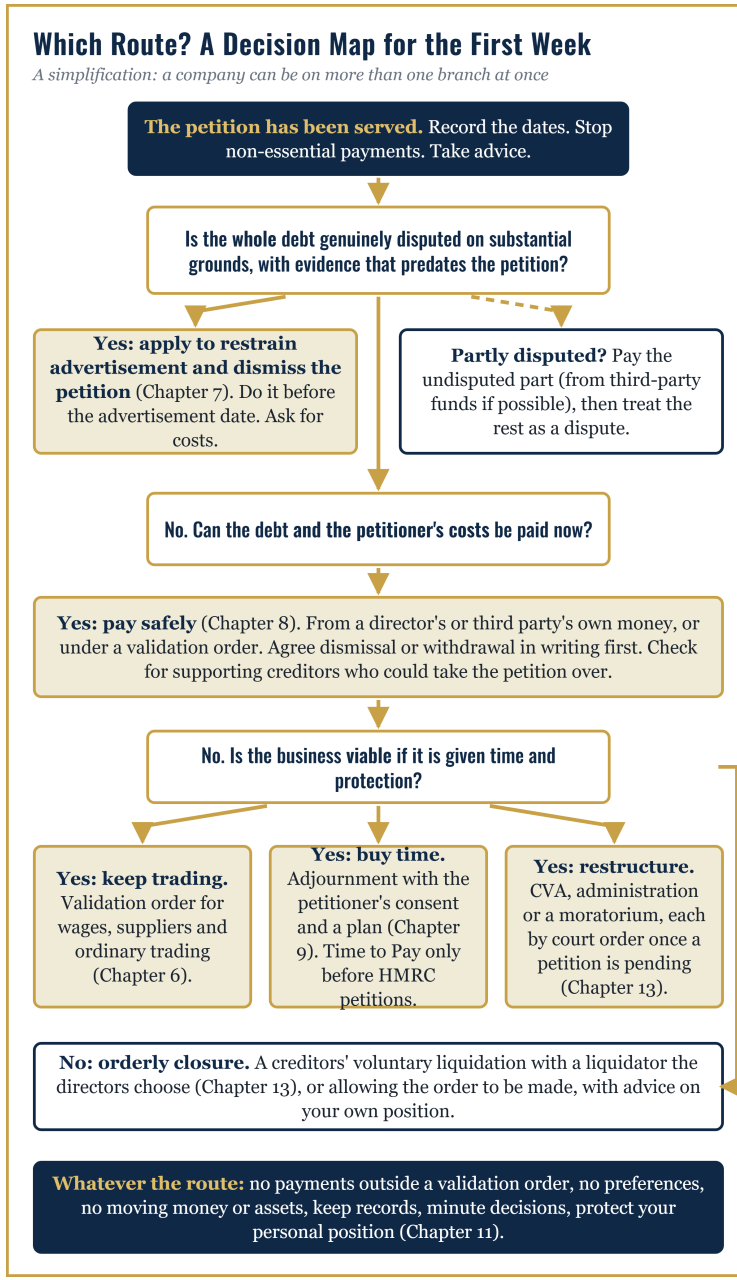
What Not to Do

- **DO NOT ignore it.** An unopposed petition usually ends in a winding-up order.
- **DO NOT move money or assets out of the company**, into a new account, a personal account or another company. It does not escape section 127 and it creates personal liability.
- **DO NOT pay the petitioner from the company account without advice.** The payment may be void, and other creditors may take the petition over regardless.
- **DO NOT assume that paying the petitioner ends the matter.**
- **DO NOT start a new company with a similar name** without advice; the Act restricts the re-use of a liquidated company's name.

> **Served today?** Call 07361 999123 now, or text DIRAID to 82228, for a free initial consultation.

Which Route? The Decision Map

The map below is a simplification, and a company's position can fall under more than one branch at once. It is a way of seeing the shape of the decision, not a substitute for advice.



Which route? A decision map for the first week

CHAPTER 3

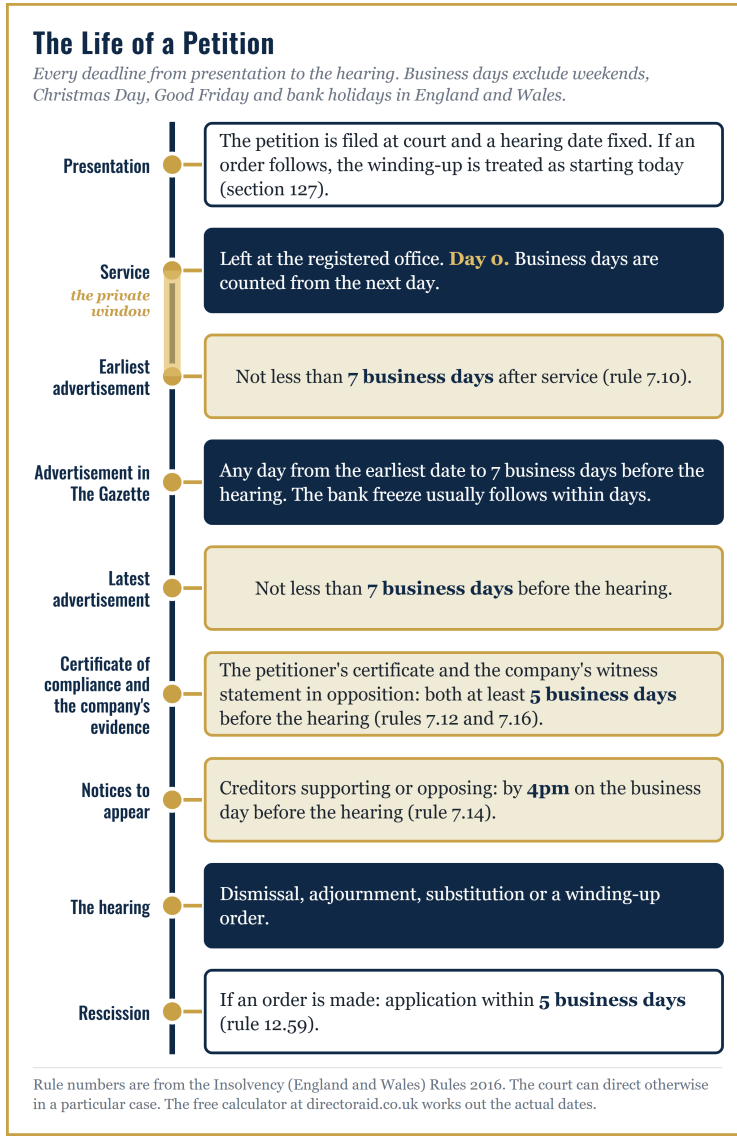
The Deadlines

Every figure in this table comes from the Insolvency Act 1986 or the Insolvency (England and Wales) Rules 2016. A business day is any day other than a Saturday, Sunday, Christmas Day, Good Friday or a bank holiday in England and Wales.

Step	Time limit	Source
Statutory demand left unpaid	3 weeks after service; debt of £750 or more	Insolvency Act 1986, s.123(1)(a)
Company's payments void if an order follows	From the day the petition is presented	ss.127 and 129
Advertisement in The Gazette	Not less than 7 business days after service, and not less than 7 business days before the hearing	Insolvency (E&W) Rules 2016, r.7.10
Petitioner's certificate of compliance	At least 5 business days before the hearing	r.7.12
Creditors' notice of intention to appear	By 4pm on the business day before the hearing	r.7.14
Company's evidence in opposition	Not less than 5 business days before the hearing	r.7.16
Application to rescind a winding-up order	Within 5 business days of the order	r.12.59
County Court may hear the petition	Paid-up share capital of £120,000 or less, outside the London insolvency district	s.117
Administration once a petition is pending	By court order only (a qualifying floating charge holder can still appoint out of court)	Schedule B1, para 25

The Timeline

The diagram shows the deadlines in the order they fall. Business days are counted from the day after service and, for the deadlines before the hearing, backwards from the hearing date. Put your own dates on the worksheet below it.



The life of a petition: deadlines from service to the hearing

Your Dates Worksheet

Fill this in on the day the petition arrives.

	Date
Petition presented (from the court seal)	
Petition served on the company	
Earliest advertisement date (7 business days after service)	
Hearing date and time	
Latest advertisement date (7 business days before the hearing)	
Petitioner's certificate due (5 business days before the hearing)	
Company's evidence due (5 business days before the hearing)	
Creditors' notices to appear due (4pm, business day before the hearing)	
If an order is made: rescission application due (5 business days after)	

A free online calculator that works out these dates for you, with bank holidays built in, is at directoraid.co.uk.

CHAPTER 4

Advertisement in The Gazette

When It Happens

The petitioner must advertise the petition in The Gazette at least seven business days after it was served on the company and at least seven business days before the hearing, unless the court directs otherwise. The advertisement is not optional: without it, and without a certificate confirming it, the court will not normally make an order.

What the Notice Contains

The notice names the company and its registered office, the petitioner and its solicitors, the court, the case number and the date and time of the hearing. It explains how any other creditor who wishes to support or oppose the petition can give notice of intention to appear.

Why It Matters So Much

- **Your bank** will usually freeze the company's accounts within days of seeing the notice (Chapter 5).
- **Credit reference agencies** record the notice immediately, which can withdraw credit terms with suppliers overnight.
- **Suppliers and customers** may stop trading, demand payment up front or withhold payments due.
- **Other creditors** can give notice to support the petition, or ask to take it over if the original petitioner is paid.
- **Your options narrow.** Once advertised, ending the petition is usually harder and more expensive, and the publicity cannot be undone.



Who learns what, and when

Can the Advertisement Be Stopped?

Sometimes. If the debt is genuinely disputed on substantial grounds, the company can apply to the court for an injunction restraining advertisement and for the petition to be dismissed (Chapter 7). The application must be made before the advertisement date to be of real use. Paying or settling the debt before advertisement also makes it far easier for the petitioner to seek dismissal or permission to withdraw, although how the payment is made still matters (Chapter 8).

If It Has Already Been Advertised

You still have options: opposing the petition at the hearing, seeking an adjournment, applying for a validation order so the company can keep trading, and the wider insolvency procedures in Chapter 13. But each of them must now be pursued against a background of a frozen account and public knowledge of the petition. Take advice immediately. To find out whether a petition has been advertised, The Gazette can be searched free of charge by company name or number. Director Aid also keeps its own records of recently advertised petitions and will check them for any director, free and in confidence (Chapter 12).

CHAPTER 5

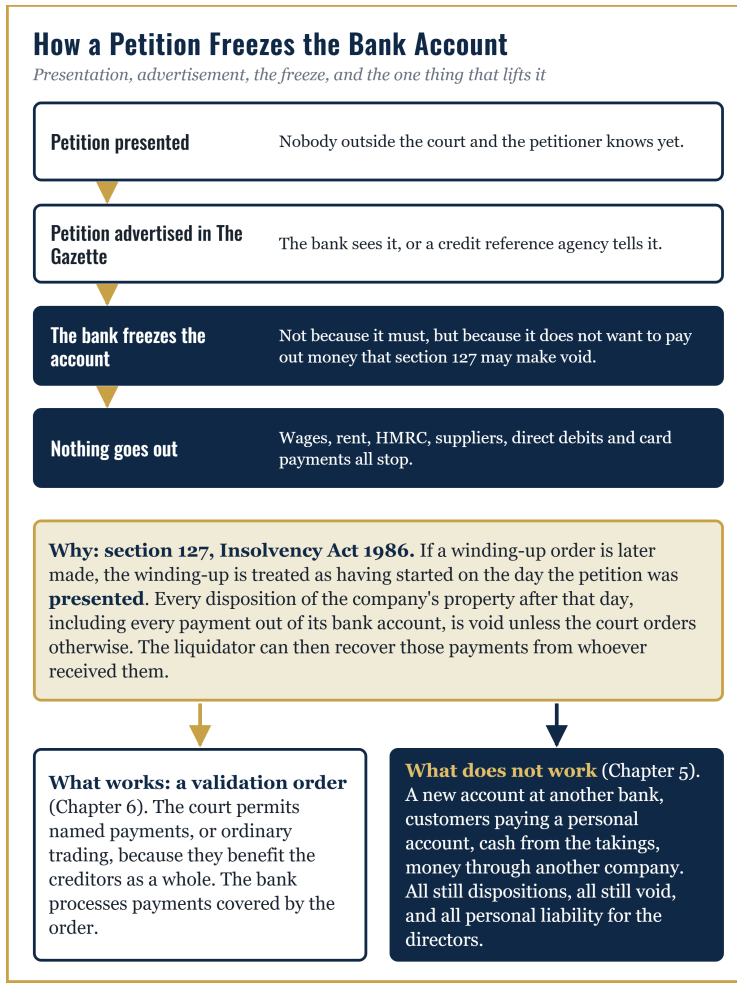
The Bank Account

For many directors the frozen bank account, not the petition, is the first sign that something is seriously wrong. A card is declined at the till and the wages run fails. This chapter explains why that happens, what it covers, what to ask the bank, and the one thing that lifts it.

Why Banks Freeze Accounts

Section 127 of the Insolvency Act 1986 provides that, in a winding-up by the court, any disposition of the company's property made after the commencement of the winding-up is void unless the court orders otherwise. Section 129 fixes the commencement of the winding-up at the presentation of the petition. Payments out of a company's bank account are dispositions of its property. If a winding-up order is made, the liquidator can seek to recover those payments from whoever received them.

Banks do not want to be drawn into that. So as soon as a bank learns of a petition, it freezes the account. This is not a legal requirement imposed on the bank; it is the bank protecting itself and, in practice, its customer's creditors.



How a petition freezes the bank account

How the Bank Finds Out, and When

- **The Gazette.** Banks and their agents check the advertisements. This is the usual route, and the freeze typically follows within one to five business days of the notice.
- **The credit reference agencies.** A petition is flagged on the company's commercial credit file soon after advertisement, and some banks act on the flag rather than the notice itself.

- **The petitioner's solicitors.** Some write to the company's bank directly, sometimes before advertisement, precisely so that the account is frozen.
- **The company.** Telling the relationship manager does not help: the bank's hands are tied by section 127 whoever tells it.

Because the petition is served at the registered office, a director whose post goes to an accountant's address can learn of the petition from the freeze itself, days after the private window has closed. Chapter 12 explains how to check.

What a Freeze Looks Like

- The account is marked "under review" or "restricted"; online banking becomes view-only.
- Outgoing payments, including wages, rent, HMRC and supplier payments, are stopped.
- Direct debits, standing orders and card payments fail.
- Customer receipts are usually accepted but ring-fenced rather than made available.
- The relationship manager is replaced by the bank's recoveries or insolvency team, which works to a procedure and cannot be talked round.
- Overdraft and loan facilities may be withdrawn or called in, and any personal guarantee of them looked at.

It Is Rarely Just One Account

The current account is the visible part. The same news reaches the company's other funders, each of which has its own reason to stop:

Facility	What usually happens	Why it matters
Card acquirer and payment providers	Settlements are held or delayed	Takings stop arriving even though customers are paying
Invoice finance or factoring	Advances stop; the facility may be terminated	Often the real cash problem for a trading business
Bank loan or overdraft	A demand under the facility; set-off against credit balances	The bank's own debt moves to the front of the queue
Hire purchase and leases on vehicles and equipment	Arrears follow the failed direct debits; termination can follow	Lorries, vans and machines can be repossessed
Insurance	Premiums unpaid when the direct debit fails; cover can lapse	A haulier without motor insurance stops on day one
Payroll and pensions	The wages run and the pension contributions fail	Employees are unpaid; auto-enrolment duties are breached

Each line of this table is a candidate for a validation order (Chapter 6), and the list is the one to bring to the first conversation with an adviser.

Money Coming In

The bank will usually accept receipts. But it will not let them out again, and where the account is overdrawn the position is more complicated: paying money in reduces what the company owes the bank, and the bank may itself be treated as having received a disposition. Banks generally direct post-petition receipts into a separate account that is not overdrawn. Take advice before directing customers to pay anywhere other than the company's own account.

The First Conversation With the Bank

Speak to the bank on the day of the freeze, in writing as well as by telephone, and ask six things:

1. Exactly what has been restricted, and since when.
2. What triggered it: the Gazette, an agency flag, or a letter from the petitioner.
3. Which payments, if any, it will release, and against what: nearly all banks say a court order.
4. Where incoming receipts are being credited, and whether the company can see the balance.
5. Whether any facility is being withdrawn or called in, and when.
6. Who the company's contact is now, with a direct telephone number and email address.

Do not spend the private window arguing with the branch: it will process payments covered by a validation order and little else, and the sooner the company accepts that, the sooner the application can be made.

What Usually Happens on Which Day

Day	Event
Day 0	Petition served at the registered office
Day 7 (business days)	Earliest advertisement; the private window closes
Day 8 to 12	The bank sees the notice or the agency flag and freezes the account
Same week	Card settlements held; invoice finance advances stop; direct debits begin to fail
Days 10 to 20	A validation order application can be issued and heard, with evidence, within this period if the work starts on the day of the freeze
The hearing	If the petition is dismissed, the sealed order lifts the freeze

The days are typical, not fixed. The one certainty is that the freeze comes sooner than directors expect and lifts later than they hope.

What You Can Do

1. **Act before advertisement.** Once the notice appears, a freeze usually follows within days. A payment, a settlement or an application made in the private window avoids the freeze altogether.
2. **Talk to the bank,** as above, and get its position in writing.
3. **Apply for a validation order.** The court can authorise specific payments, or continued ordinary trading, where that benefits the creditors as a whole (Chapter 6). Wages, insurance, the HP on essential vehicles and the key suppliers are the usual candidates.

4. **Use money that is not the company's.** A director's or a third party's own funds can pay what the company cannot, because section 127 bites on the company's property. Reimbursing that person from the company's account later is a disposition in its own right, so the arrangement needs to be documented and advised on (Chapter 11).
5. **Deal with the petition itself.** If the debt is disputed, or can be paid or settled properly, ending the petition ends the bank's concern.

After the Petition Is Dismissed

Banks lift the freeze when they see the sealed order dismissing the petition, not when they are told about it. Send the sealed order to the bank's recoveries team the same day and ask for written confirmation that the restriction is lifted and the facilities restored. The credit reference agencies lag behind the court: ask them to record the dismissal, or the flag will go on affecting the company's credit terms for months.

What Not to Do, and Why It Fails

Do not open a new account to move money around the freeze, ask customers to pay into a personal or another company's account, or pay creditors in cash from takings.

Opening another account is not itself unlawful, but it solves nothing. Payments out of a new account are just as void as payments out of the old one, because section 127 attaches to the company's property wherever it is held; the new bank runs the same checks and freezes it within days; and a liquidator reads a new account opened after a petition as evasion, which colours everything that follows.

Diverting company receipts to a personal or another company's account is worse: a void disposition, a breach of the directors' duties and a misfeasance claim against the directors personally (Chapter 11).

Account frozen or about to be? Free initial consultation: call 07361 999123 or text DIRAID to 82228.

CHAPTER 6

Validation Orders

What a Validation Order Is

A validation order is an order of the court under section 127 permitting a company that faces a winding-up petition to make particular payments, or to continue trading, despite the petition. Payments covered by the order are not void if a winding-up order follows, so banks will process them.

When You Need One

- The bank has frozen the account.
- Staff, rent or key suppliers must be paid for the business to survive.
- The company wants to sell an asset or complete a contract.
- The company is opposing the petition and must trade until the hearing.

Types of Order

- **For a specific transaction:** one payment, or one sale.
- **For continued trading:** ordinary trading through the account for a set period, often until the hearing.
- **Retrospective:** the court can validate payments already made, but it is noticeably harder to obtain and should not be relied on.

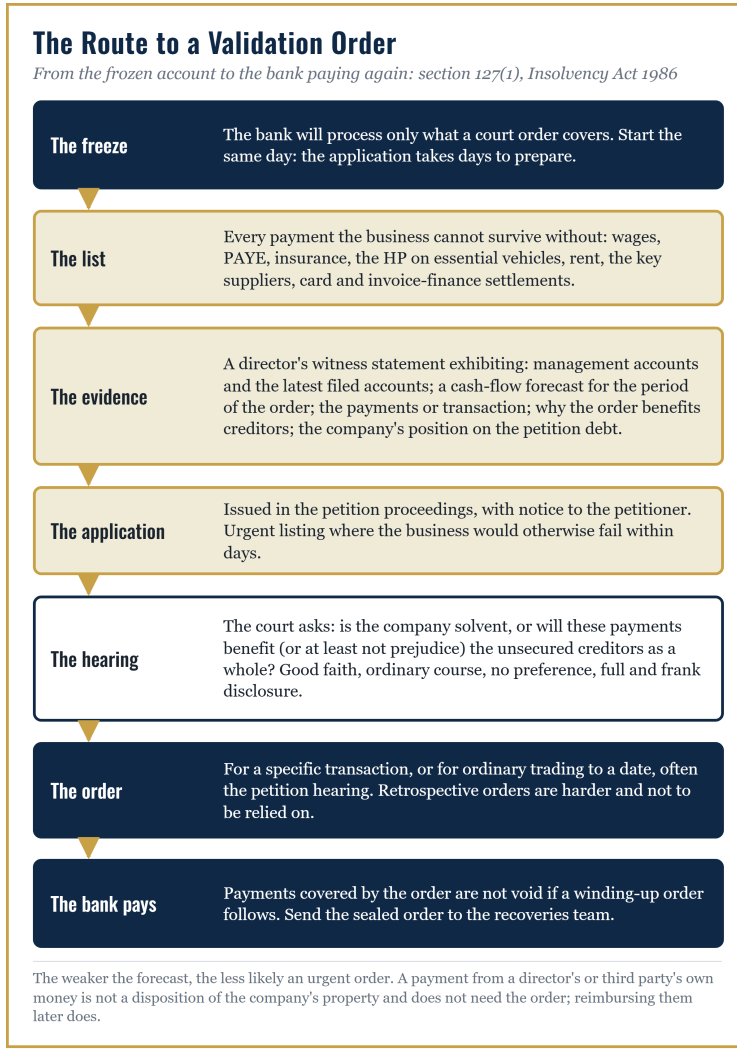
What the Court Looks For

The central question is whether the proposed payments benefit the general body of unsecured creditors, or at least do not prejudice them. The court will want to be satisfied that:

- the company is solvent and able to pay its debts as they fall due, or that the particular payments will benefit, or at least not prejudice, the unsecured creditors as a whole;
- the payments are made in good faith in the ordinary course of business;
- no creditor is being preferred over the others; and
- the directors have given full and frank disclosure of the company's position.

The Evidence

The court's Insolvency Practice Direction sets out what is expected. Typically the application is supported by a witness statement from a director exhibiting:



The route to a validation order

1. up-to-date management accounts and the latest filed accounts;
2. a cash-flow forecast covering the period of the proposed order;
3. details of the payments or the transaction to be validated;
4. an explanation of why the order benefits creditors; and
5. the company's position on the petition debt.

The petitioner should be notified of the application.

How Fast

Applications can be heard urgently where the business would otherwise fail within days. The weaker the evidence, the less likely an urgent order is: a judge asked to act within hours needs a forecast that holds together.

A Common Question

Can a director pay the petition debt personally? A payment from the director's own funds is not a disposition of the company's property, so section 127 does not catch it in the same way. The documentation matters, and the company must not reimburse the director while the petition is pending. See Chapter 8.

CHAPTER 7

Disputed Debts

The Principle

A winding-up petition is not a debt-collection tool for a disputed debt. Where the debt is genuinely disputed on substantial grounds, the court will not allow the petition to proceed, and the petitioner can be ordered to pay the company's costs. The company's remedy is to apply to the court for an injunction restraining advertisement and for the petition to be dismissed.

What Counts as a Genuine Dispute

- The goods or services were defective, late or never supplied.
- The amount claimed is wrong, or was never agreed.
- The invoice relates to a contract the company says it never made or has lawfully terminated.
- The debt has already been paid, in full or in part.
- The company has a genuine cross-claim against the creditor worth at least as much as the debt.

The dispute must be real, raised in good faith and supported by evidence. A dispute raised for the first time after the petition, with no paper trail, is much weaker than one raised promptly when the invoice arrived.

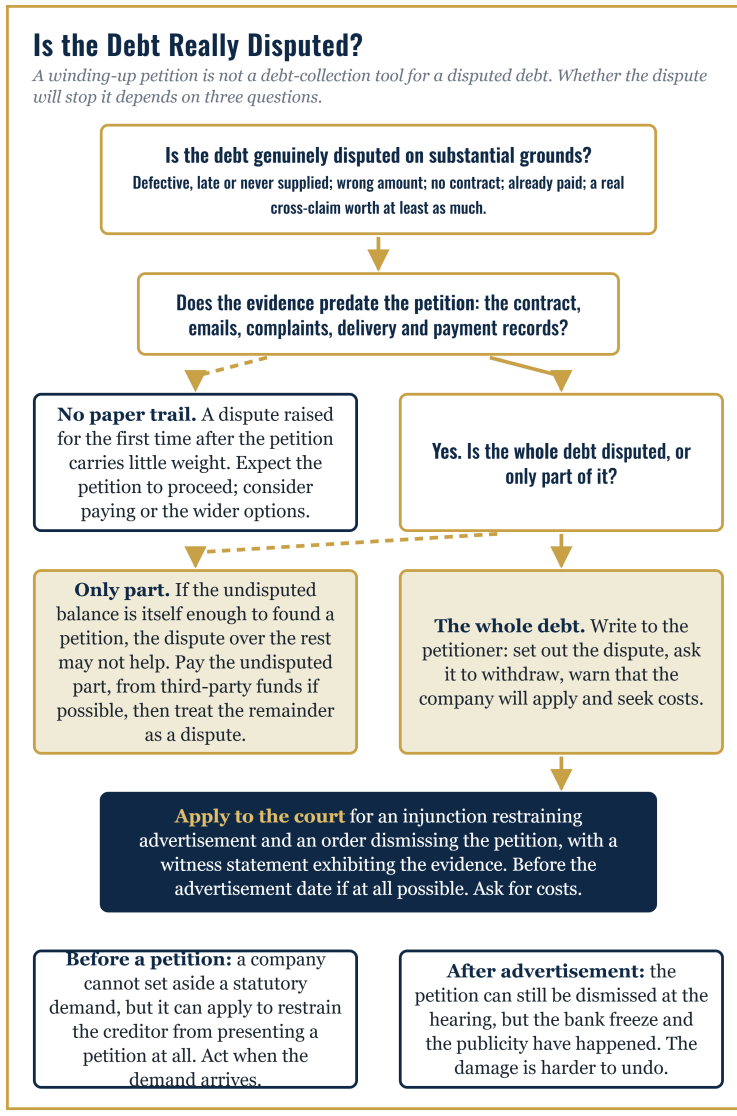
Watch the Undisputed Balance

If part of the debt is not disputed and that part is itself enough to found a petition, the dispute over the remainder may not help. Before relying on a dispute, work out exactly how much of the claim is truly contested.

How to Challenge the Petition

1. **Gather the evidence:** the contract, emails, complaints, delivery records, payment records and anything else showing that the dispute existed before the petition.
2. **Write to the petitioner:** set out the dispute, ask it to withdraw, and warn that the company will apply to the court and seek its costs if it does not.
3. **Apply to the court:** for an injunction restraining advertisement and an order dismissing the petition, supported by a witness statement exhibiting the evidence.
4. **Seek costs:** where the dispute was clear, the petitioner is often ordered to pay the company's costs.

Act before advertisement if you can: an application made then prevents the bank freeze and the publicity that follows, and afterwards the damage is harder to undo.



Is the debt really disputed?

Before a Petition: The Statutory Demand

A company cannot apply to set aside a statutory demand in the way an individual can. But if the demand relates to a disputed debt, the company can apply for an injunction restraining the creditor from

presenting a petition at all. Once a petition has been presented the application is to restrain advertisement and dismiss it. Either way, act when the demand arrives, not when the petition does.

> **Think the debt isn't owed?** Free initial consultation: call 07361 999123 or text DIRAID to 82228.

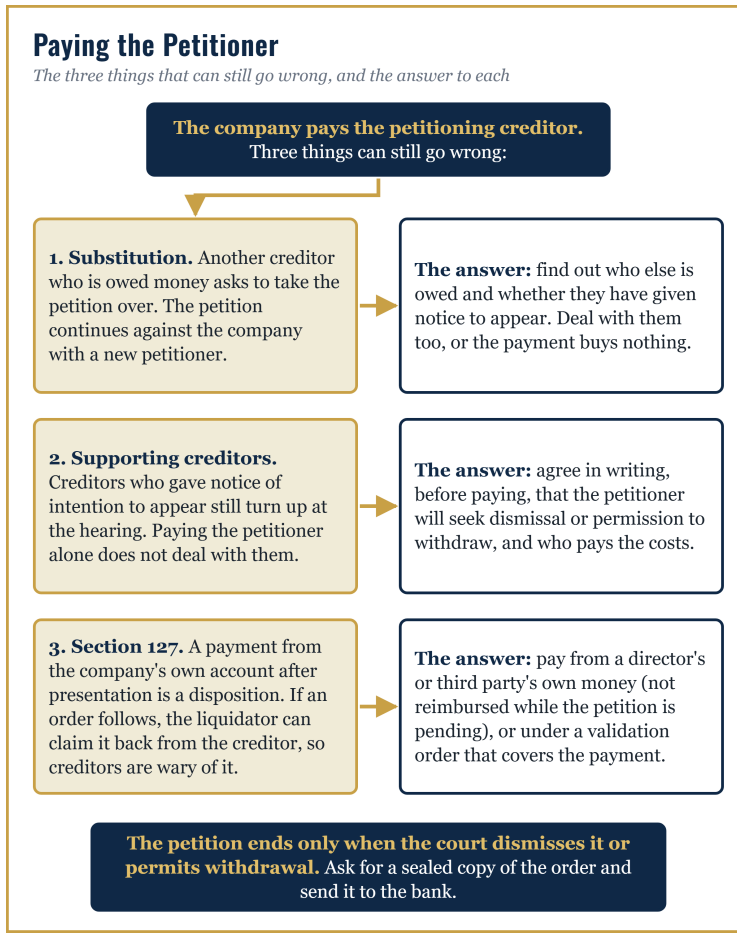
CHAPTER 8

Paying the Debt

Does Paying End the Petition?

Often, but not automatically. Paying the petitioning creditor, with its costs, usually leads to the petition being dismissed or withdrawn with the court's permission. But three things can go wrong.

- **Substitution.** If the petitioner is paid, any other creditor who is owed money can ask the court to be substituted as petitioner, and the petition continues against the company.
- **Supporting creditors.** Other creditors can give notice that they support the petition. Paying the petitioner alone does not deal with them.
- **Section 127.** A payment from the company's own account after presentation is a disposition of company property. If a winding-up order is later made, the liquidator can seek to recover it from the creditor. Creditors who know this can be cautious about accepting it.



Paying the petitioner: the three things that can still go wrong

Before Presentation

Paying in full before the petition is presented is the cleanest outcome. If the company receives a statutory demand, or a letter threatening a petition, that is the time to act.

Paying Safely After Presentation

1. **Check who else is owed.** If other creditors are likely to appear, paying the petitioner may not end the petition.

2. **Consider third-party funds.** A payment made by a director or a third party from their own money is not a disposition of the company's property, provided the company does not reimburse them while the petition is pending; reimbursement would itself be a disposition.
3. **Agree terms in writing**, including costs, and including that the petitioner will ask the court to dismiss the petition or will apply for permission to withdraw it.
4. **Get the order.** The petition is not over until the court dismisses it or permits withdrawal. Ask for a sealed copy of the order.

Instalments

Instalments are possible only if the petitioner agrees and the court is willing to adjourn the petition. Adjournments for payment are usually short and rarely repeated, so a plan running over many months is unlikely to be accepted.

HMRC Petitions

HMRC will usually require the petition debt and its costs to be paid in full, will ask about other unpaid liabilities and outstanding returns, and rarely agrees to instalments once a petition has been presented. A Time to Pay arrangement is far easier to obtain before HMRC has gone to court.

Costs

Expect to pay the petitioner's costs of the petition as well as the debt. The amounts are set by the court's scale and by the petitioner's solicitors' reasonable costs. Paying does not remove the Gazette notice: it stays on the record, but the dismissal is recorded as well.

CHAPTER 9

The Hearing

What It Is Like

The hearing is usually short, often a few minutes, and the petition is listed alongside many others. The judge checks that the petition has been served and advertised properly, hears from the petitioner, the company and any other creditors who have given notice, and then dismisses the petition, adjourns it, substitutes another creditor or makes a winding-up order.

Before the Hearing

- The petitioner files a certificate of compliance with the rules on service and advertisement at least five business days before the hearing.
- Any creditor who wants to support or oppose must deliver notice of intention to appear to the petitioner by 4pm on the business day before the hearing.
- A company opposing the petition must file and serve its evidence at least five business days before the hearing.

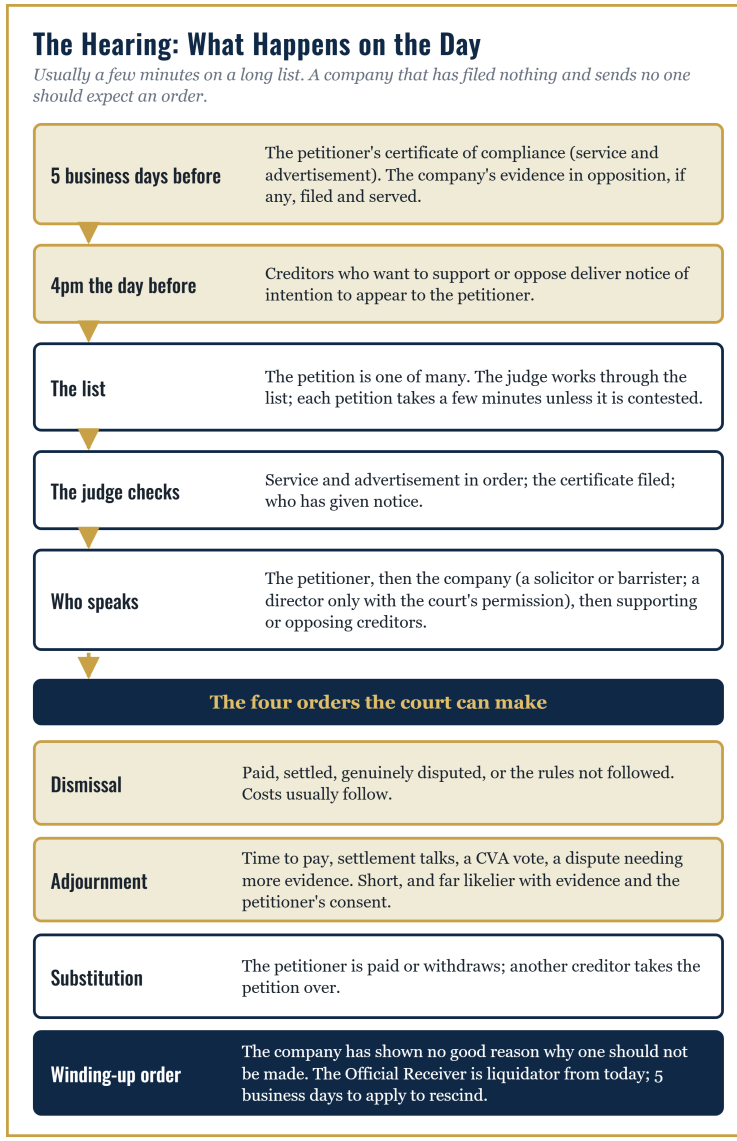
A company that has filed nothing, and sends no one, should expect an order.

Who Can Appear for the Company

Normally a solicitor or barrister. A company may be represented by a director or an employee only with the court's permission, which is not always given, and a director appearing alone on a busy winding-up list is at a real disadvantage.

The Orders the Court Can Make

Outcome	When it usually happens
Dismissal	The debt is paid, settled or genuinely disputed, or the rules were not followed
Adjournment	Time to pay, settlement talks, or a dispute needing further evidence
Substitution	Another creditor takes over the petition
Winding-up order	The company cannot show a good reason why one should not be made



The hearing: what happens on the day

Asking for More Time

The court can adjourn on the day, but it is far more likely to do so if the request is supported by evidence and the petitioner consents. Adjournments for payment are short.

> **Hearing coming up?** Free initial consultation: call 07361 999123 or text DIRAID to 82228.

CHAPTER 10

If a Winding-Up Order Is Made

What Happens Immediately

- The Official Receiver becomes liquidator when the order is made. An insolvency practitioner may later be appointed in their place.
- The directors' powers end. The company's assets come under the liquidator's control.
- The order is advertised and registered at Companies House.
- Employees are usually dismissed and the business stops trading.
- Directors must provide a statement of affairs if the Official Receiver requires one, must attend interviews and must co-operate with the Official Receiver.
- The directors' conduct is investigated and reported on to the Insolvency Service.

Rescission

An application to rescind a winding-up order must be made within five business days of the order. The court can extend the time but rarely does. The application needs evidence the court did not have at the hearing, usually that the company can in fact pay its debts, or that the creditors, including the petitioner, now support rescission. Paying the petitioner alone is not enough. An appeal is a separate route with its own time limit and its own test.

Are You Personally at Risk?

A company's debts are generally its own, not its directors'. But a winding-up order starts an investigation of the directors' conduct, and there are several ways in which a director can become personally

liable or be disqualified. Chapter 11 deals with them in full. Most of those risks are reduced by exactly the conduct this Handbook recommends: stop non-essential payments, do not prefer one creditor, do not move assets, keep records and take advice early.



What happens after a winding-up order

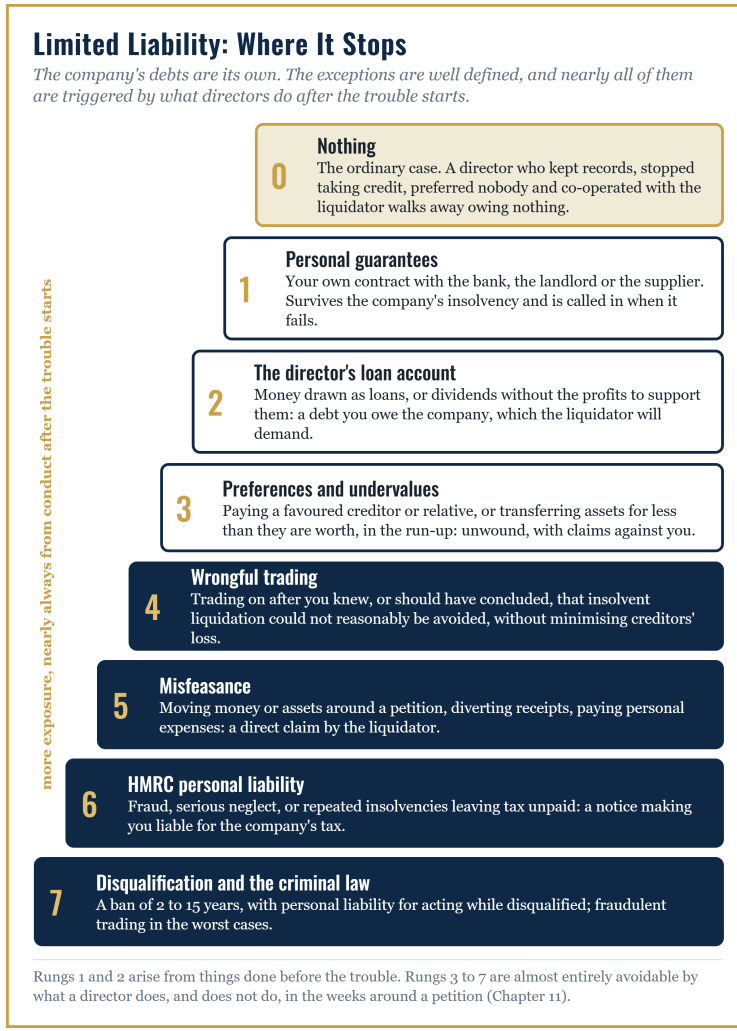
CHAPTER 11

The Director's Personal Position

Directors of companies facing a petition worry about the company first and about themselves second, but by the end of the first conversation they almost always ask the same question: *what does this mean for me?* This chapter answers it. The short version is that limited liability holds in most cases, that the exceptions are well known, and that nearly all of them are triggered by what directors do *after* the trouble starts rather than by the trouble itself.

The Starting Point

Many directors believe that "limited" means they are completely protected. It does not. A company is a separate legal person, and its debts are its own; a creditor of the company has no claim against the director personally unless the law or a contract gives it one. But the law gives one in a number of well-defined situations, and so do the guarantees most directors have signed, and the belief that the company's shield is total is precisely what leads directors to do the things that remove it: paying themselves, moving assets, preferring a friendly creditor, trading on. A winding-up order does not change that. What it does change is that the directors' conduct is now examined by a liquidator whose job is to recover money for creditors, and by the Insolvency Service, whose job is to decide whether the directors should be allowed to run companies in future.



Limited liability: where it stops

Personal Guarantees

The most common route to personal liability has nothing to do with insolvency law. Banks, asset finance companies, landlords and large suppliers routinely take a personal guarantee from a director when

they open an account or grant a lease. If the company does not pay, the guarantor must. A winding-up order does not release the guarantee; it is often the event that causes the creditor to call it in.

Before the petition goes any further, list every guarantee you have given (Working Pages, at the back). Some guarantees are capped; some are joint with other directors; some were given years ago for facilities that have since changed. The guarantee's terms decide what can be claimed, and a creditor who has been paid by a guarantor must give credit for it in the liquidation. A director who is personally liable for a particular debt may have a legitimate reason to see that debt dealt with, but paying it from the company's money ahead of other creditors is exactly the kind of preference described below.

The Director's Loan Account

If the director owes the company money, because drawings were taken as loans rather than salary or dividends, or because dividends were declared when there were no distributable profits to support them, that money is an asset of the company. A liquidator will ask for it back, with interest, and can sue for it. Unlawful dividends can be reclaimed from a director who knew or ought to have known the facts that made them unlawful. Overdrawn loan accounts are among the first things a liquidator looks at, because the company's own accounts record them.

Wrongful Trading

A director can be ordered to contribute to the company's assets where, at some point before the liquidation, they knew or ought to have concluded that there was no reasonable prospect of the company avoiding insolvent liquidation or administration, and they did not then take every step a reasonably diligent person would have taken to minimise the potential loss to creditors. The test is partly objective: a

director is judged by the knowledge, skill and experience that may reasonably be expected of someone in that role, as well as by what they actually knew.

The protection is to act, and to record that you acted. Once a petition has been served, the directors should be considering at every board meeting whether the company can realistically continue, taking advice, and minuting what they decided and why. Continuing to take credit from suppliers who will not be paid, or deposits from customers whose orders cannot be fulfilled, is the pattern that leads to claims.

Preferences and Transactions at an Undervalue

A liquidator can apply to unwind two kinds of transaction entered into before the liquidation began:

- **A preference**: the company put a particular creditor in a better position than it would otherwise have been in, at a time when the company could not pay its debts, and the directors were influenced by a desire to do so. The look-back period is six months before the start of the winding-up, or two years where the creditor is connected with the company (a director, a relative, an associated company), and in that case the desire to prefer is presumed. Paying off a bank loan you have guaranteed, repaying a loan from a family member, or settling the one supplier you want to keep on side are the typical examples.
- **A transaction at an undervalue**: the company gave something away, or sold it for significantly less than it was worth, within two years before the winding-up began, at a time when it was insolvent (which is presumed where the other party is connected). Transferring a vehicle or equipment to a director or a new company for a nominal sum is the classic case.

For a company wound up by the court, the winding-up is treated as starting on the day the petition was presented, so these periods are counted back from the petition, not from the order.

Misfeasance and Moving Money Around a Petition

Directors owe the company a set of statutory duties, including a duty, once the company is insolvent or close to it, to have regard to the interests of its creditors rather than its shareholders. A liquidator can bring a summary claim against a director who has misapplied company money or breached those duties. Diverting receipts to another account, paying personal expenses, selling stock for cash that never reaches the company, or carrying on trading through a new company using the old company's assets and customers all end up here. Chapter 5 explains why none of these escapes section 127; this chapter explains why they also create personal liability.

Disqualification

When a company goes into insolvent liquidation, the Official Receiver or liquidator reports to the Insolvency Service on the conduct of everyone who was a director in the three years before. If the Insolvency Service concludes that a director's conduct makes them unfit to be concerned in the management of a company, it can seek a disqualification order from the court, or accept a disqualification undertaking, for between two and fifteen years. Proceedings must be started within three years of the insolvency. The court can also make a compensation order requiring a disqualified director to pay for loss their conduct caused to creditors.

The matters that lead to disqualification are familiar: trading on while insolvent at the expense of creditors; failing to pay HMRC while paying everyone else; failing to keep or deliver up accounting records; preferences; and failing to co-operate with the Official Receiver. A

disqualified person who acts as a director, or takes part in the management of a company, commits a criminal offence and becomes personally liable for the company's debts incurred while they did so.

Re-Using the Company's Name

Where a company goes into insolvent liquidation, anyone who was a director (or shadow director) in the twelve months before is prohibited, for five years, from being a director of, or involved in the management or promotion of, any company or business with the same name or a name so similar as to suggest an association with the old company. The prohibition is criminal, and a person who breaks it is personally liable for the relevant debts of the new company. There are three exceptions, each with conditions: the court's permission (an application made promptly after the liquidation gives a short grace period while it is decided); a formal notice to creditors where the new company acquires the business from the liquidator; and a successor company that has already been known by the name for the preceding twelve months and has not been dormant. Directors who want to carry on a business under a familiar name must take advice on this before the liquidation, not after.

Tax

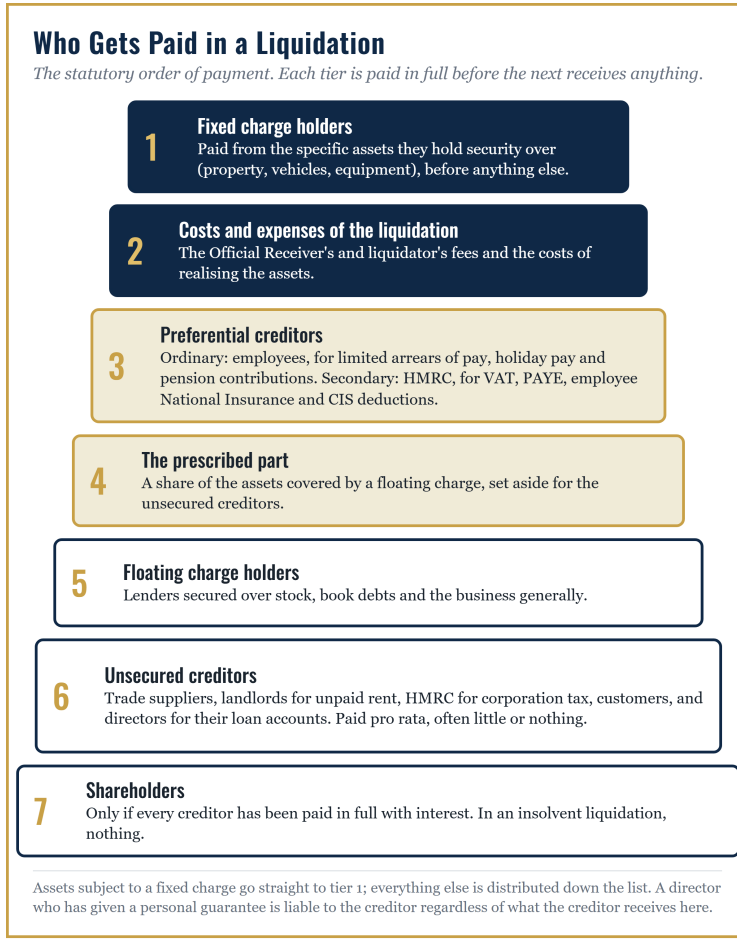
In a small number of situations HMRC can look to a director personally for the company's tax. National Insurance contributions that went unpaid because of a director's fraud or serious neglect can be the subject of a personal liability notice. Where a company's tax debts arise from avoidance or evasion, or where a director has been involved in repeated insolvencies with tax left unpaid (the pattern HMRC calls phoenixism), HMRC can issue a joint and several liability notice making the director liable for the company's tax. These are exceptional, but a director with a history of previous insolvent companies should expect HMRC to look.

Your Own Claims as an Employee

A director who is also a genuine employee of the company, with a contract of employment and a salary through PAYE, can claim statutory redundancy pay, arrears of wages, holiday pay and notice pay from the National Insurance Fund if the company is wound up, in the same way as any other employee and subject to the same caps. The Redundancy Payments Service examines whether a director was really an employee, so the paperwork matters.

Who Gets Paid in a Liquidation

Directors often ask why unsecured creditors, including themselves, receive so little. The order of payment is fixed by statute and the diagram shows it. Assets subject to a fixed charge go to that lender first. From everything else the liquidator's costs come next, then the preferential creditors (employees for limited arrears of pay and holiday pay, then HMRC for VAT, PAYE and employee National Insurance deducted but not paid over), then a prescribed part set aside for unsecured creditors from assets covered by a floating charge, then the floating charge holder, and only then the ordinary unsecured creditors. Shareholders come last, and in an insolvent liquidation receive nothing.



The order of payment in a liquidation

If the Creditor Comes to You Personally

A creditor holding your guarantee can serve a statutory demand on you personally for an unsecured debt of £5,000 or more and, if it is not paid within three weeks, present a bankruptcy petition against you. Unlike the company, you can apply to set the demand aside, but the application must be made within eighteen days of service, on grounds such as a genuine dispute about the guarantee or the sum, a

set-off or counterclaim, or security the creditor holds. If a petition follows, notice of opposition must be filed at least five business days before the hearing.

A bankruptcy order matters to a director for one reason above all: an undischarged bankrupt cannot act as a director of any company, or take part in its management, without the court's permission. It can end your involvement in the company's rescue. Most guarantee debts are settled or arranged rather than paid in full. The options, in order, are to check what is actually owed (the creditor must give credit for what it recovers from the company and its security); a lump-sum settlement in full and final satisfaction, released in writing; an individual voluntary arrangement across all your creditors, which needs the approval of 75% by value of those who vote, leaves you free to remain a director, and can be protected by an interim order that stays a bankruptcy petition; a debt relief order for small debts and few assets; or bankruptcy, which is sometimes the honest answer and brings discharge after twelve months in the usual case. Never pay the guaranteed creditor from the company's money to protect yourself: that is a preference, and a standard ground of disqualification. Director Aid deals with the company's position; for your own arrangement we introduce you to an insolvency practitioner we trust, without referral fees.

Six Rules for Protecting Yourself

1. **Stop and think the day the petition arrives.** Minute a board meeting. Record what the company owes, what it is owed, and whether it can realistically continue.
2. **DO NOT prefer anyone**, least of all a creditor you have guaranteed or a relative who lent money.
3. **DO NOT move money or assets** out of the company, into a new company, or into a personal account.

4. **DO NOT take new credit or deposits** that the company may not be able to honour.
5. **Keep every record**: bank statements, management accounts, board minutes, correspondence with creditors. A director who can show what they knew, and when, and what they did about it, is in a far stronger position than one who cannot.
6. **Take advice early and follow it.** Acting on professional advice is itself evidence of proper conduct.

Worried about your own position? The free initial consultation covers it. Text DIRAID to 82228 or call 07361 999123.

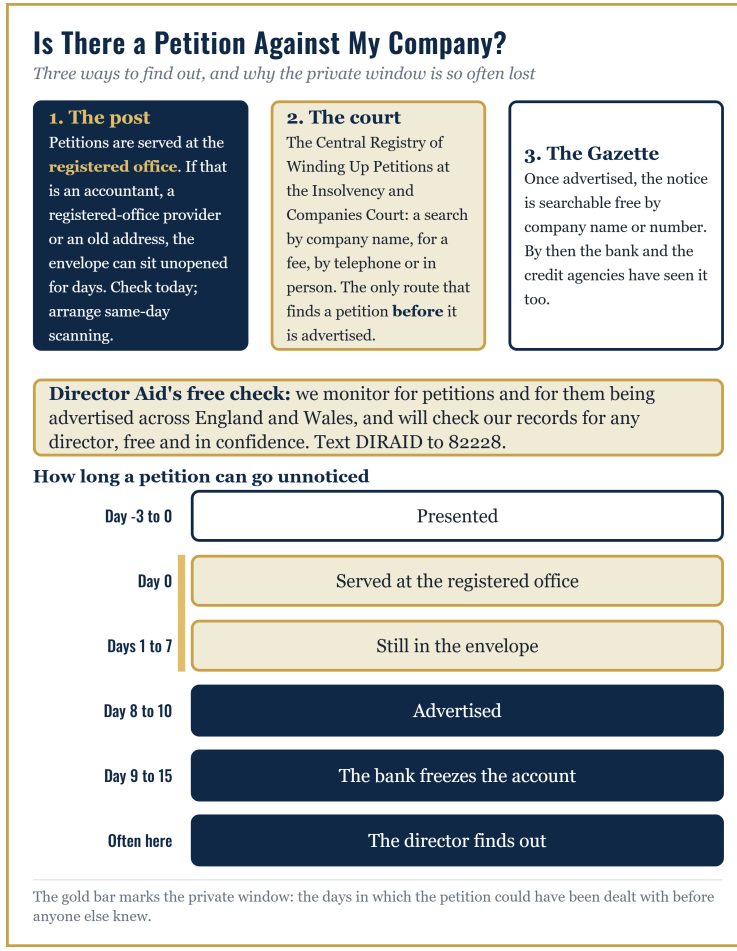
CHAPTER 12

Is There a Petition Against My Company?

Petitions are served at the registered office. If that is an accountant's office, a registered-office provider or an old address, the papers can sit unopened for days. Among the companies that face petitions, a large share use a registered-office provider rather than their own premises. A creditor's threat to "wind the company up" may already have been acted on.

The Three Ways to Find Out

1. **The Central Registry of Winding Up Petitions.** The Insolvency and Companies Court keeps a central register of petitions presented in England and Wales. Anyone can ask for a search against a company's name, by telephone or in person at the Rolls Building, for a fee. Search agents offer the same search online for a higher fee. It is the only official way to find a petition that has been presented but not yet advertised, which is why conveyancers and banks use it.
2. **The Gazette.** Once advertised, the notice appears in The Gazette's insolvency section and can be searched free by company name or number.
3. **The court's lists.** The courts publish daily hearing lists that show petitions by case number and company name once they are listed, but they are not designed for a worried director.



Is there a petition? Three ways to find out, and the silent weeks

Director Aid's Free Check

Director Aid will check its records for any director free of charge and in confidence. Nothing is published. Ask at directoraid.co.uk, by text (DIRAID to 82228) or by phone.

CHAPTER 13

The Wider Options: Liquidation, Administration, CVA and Moratorium

A petition is not the only road into insolvency, and it is often not the best one. This chapter sets out briefly the procedures a company facing a petition may need to consider, and how a pending petition affects each. Director Aid deals with all of them.

Creditors' Voluntary Liquidation (CVL)

The company's shareholders resolve to wind the company up and the creditors appoint a licensed insolvency practitioner as liquidator. It is quicker and more orderly than a compulsory liquidation, the directors choose the liquidator, and it is usually the right course for a company that cannot be saved. A pending petition does not prevent a CVL, but it does not end the petition either: the petitioner can continue and the court can still make a winding-up order, in which case the Official Receiver takes over. Where a petition is pending, the timing and the petitioner's position need careful handling.

Administration

An administrator, a licensed insolvency practitioner, takes control of the company with the aim of rescuing it, achieving a better result for creditors than a liquidation, or realising property for secured or preferential creditors. Administration brings a moratorium on creditor action. Ordinarily a company or its directors can appoint an administrator out of court by filing notice. **Once a winding-up petition has been presented, that route is closed:** the company and its directors must apply to the court for an administration order (a lender holding a qualifying floating charge can still appoint out of

court). If an administration order is made, the petition is dismissed. A pre-packaged sale of the business through administration can be arranged in parallel.

Company Voluntary Arrangement (CVA)

A binding arrangement with creditors to pay some or all of the debts over time, proposed by the directors and supervised by an insolvency practitioner. It needs the support of 75% by value of the creditors who vote. A CVA can be proposed while a petition is pending, but the petition will need to be adjourned to allow the creditors to vote, and the petitioner's attitude matters.

The Standalone Moratorium

The Corporate Insolvency and Governance Act 2020 created a moratorium, overseen by a monitor, during which creditors cannot take action while the directors seek a rescue. Where no petition is pending, the directors can obtain it by filing papers at court. **Once a petition is pending, a moratorium can only be obtained by applying to the court.** The proposed monitor must still confirm that the moratorium is likely to result in the rescue of the company as a going concern, and the court must also be satisfied that a moratorium would achieve a better result for the creditors as a whole than a winding-up without one.

The Routes Side by Side

Route	Who starts it	What it does to a pending petition	Who is in charge	When it is used
Compulsory liquidation (the petition itself)	A creditor, by petition	It is the petition	The Official Receiver, then possibly an insolvency practitioner	The company cannot pay and nobody acts
Creditors' voluntary liquidation	The shareholders, with the creditors choosing the liquidator	Does not end the petition; the petitioner can continue	A liquidator chosen by the creditors	The business cannot be saved and the directors want an orderly close
Administration	The company or directors (by court order once a petition is pending); a qualifying floating charge holder (out of court)	An administration order dismisses the petition; an appointment by a floating charge holder suspends it	An administrator	The business, or part of it, can be rescued or sold as a going concern
Company voluntary arrangement	The directors, with an insolvency practitioner as nominee	Does not end the petition; the petition must be adjourned for creditors to vote	The directors, supervised by an insolvency practitioner	The business is viable if the debts can be rescheduled or reduced

Route	Who starts it	What it does to a pending petition	Who is in charge	When it is used
Moratorium	The directors (by court order once a petition is pending)	Creditors, including the petitioner, cannot take action during it	The directors, overseen by a monitor	Breathing space to arrange a rescue

Whatever the right route is, the first conversation is free. Text DIRAID to 82228, call 07361 999123 or book at .

Choosing

The right route depends on whether the business is viable, who the creditors are, what the directors have guaranteed and what time is left. The one thing every route has in common is that it is easier, cheaper and more likely to succeed before the petition is advertised.

The Wider Options Compared

Liquidation, administration, a CVA and the moratorium, against the questions directors actually ask

	Stops the petition?	Directors stay in control?	Court needed once a petition is pending?	Typical use
Oppose or pay the petition	If it succeeds	Yes	The petition hearing	Disputed debt; debt can be paid
Creditors' voluntary liquidation	No: the petitioner can continue	No: a liquidator the creditors choose	No, but the petition continues	Business cannot be saved; orderly closure
Administration	An administration order dismisses it; a floating-charge appointment suspends it	No: an administrator	Yes, by application	Rescue or a better result than liquidation; sale of the business
Company voluntary arrangement	No: the petition must be adjourned for the vote	Yes, supervised	An adjournment of the petition	Viable business paying some or all debts over time; 75% by value
Moratorium	Creditors, including the petitioner, cannot act during it	Yes, overseen by a monitor	Yes, by application	Breathing space to arrange a rescue

Every route is easier, cheaper and more likely to succeed before the petition is advertised. The first conversation about any of them is free.

The wider options compared

CHAPTER 14

Three Worked Examples

The three companies in this chapter are invented, as are their directors, creditors and figures. Any resemblance to a real company is coincidental. The sequences of events, however, are the ones that happen every week, and the chronologies show how the deadlines in Chapter 3 play out in practice. In each example "Day 1" is the day the petition was served, and business days are counted as the rules require: weekends and bank holidays are left out.

Example 1: An HMRC Petition That Is Paid

Ashbury Joinery Limited makes fitted furniture. It has eleven staff and a sole director, Mrs Ashbury. During a slow year it fell behind with VAT and PAYE, agreed a Time to Pay arrangement with HMRC, missed two instalments, and heard nothing for several weeks. HMRC presented a petition for £47,800. The company's registered office is its accountant's address.

Day	What happened	Why it mattered
Day 1 (Tuesday)	A process server leaves the petition at the accountant's office.	Service at the registered office is good service, whether or not anyone there opens it. The clock starts.
Day 4 (Friday)	The accountant's post is opened; the petition is scanned to Mrs Ashbury that afternoon.	Three business days have gone.
Day 5 (Monday)	Mrs Ashbury takes advice. The dates are worked out: earliest advertisement Day 10 (Thursday of the following week); hearing listed eight weeks ahead; evidence due five business days before it. She stops all payments except wages.	The window before advertisement is now four business days.
Day 5	Her adviser speaks to HMRC's solicitors. HMRC will seek dismissal only if the petition debt and its costs are paid in full and the company's outstanding VAT return is filed. Instalments are refused.	HMRC's position after presentation is nearly always this.
Day 6	The VAT return is filed. Mrs Ashbury has £21,000 of her own savings. Her brother agrees to lend her £30,000 personally.	Money from the director or a relative, paid by them and not by the company, is not a disposition of the company's property.
Day 7	Terms are agreed in writing: payment of £47,800 plus HMRC's costs, direct from Mrs Ashbury's personal account to HMRC's solicitors; HMRC to apply for permission to withdraw the petition; no advertisement in the meantime.	Everything is in writing before any money moves.
Day 8	Payment is made and receipted.	Two business days before the earliest advertisement date.

Day	What happened	Why it mattered
Day 9	HMRC's solicitors apply for permission to withdraw. The petition has not been advertised and no other creditor has given notice, so the application can be dealt with without a hearing.	Withdrawal before advertisement leaves no public record of the petition.
Day 15	The order permitting withdrawal is sealed. The company's bank never learns of the petition.	The company's credit standing is untouched.

Afterwards. The company owes Mrs Ashbury £51,000 or so. It can repay her, but if it does so while it still cannot pay its other debts, and then fails within two years, the repayment can be challenged as a preference to a connected person. Her adviser documents the loan and the company repays it only when its accounts show it can. Mrs Ashbury also applies, before the next VAT quarter, for a fresh Time to Pay arrangement that the company can keep to.

The lessons. Four days were lost because the registered office was not where the director worked. The petition was dealt with before advertisement because the director acted the day she knew, used money that was not the company's, and had everything agreed in writing before paying.

Example 2: A Disputed Trade Debt

Marlow & Pike Events Limited organises corporate events. A marquee supplier claims £31,400 for two jobs. The larger, £27,400, was a summer event at which the marquee arrived six hours late and the client refused to pay the company; Marlow & Pike's director, Mr Pike, emailed a detailed complaint the next morning and again a week later, and the supplier never replied to either. The smaller, £4,000, is for an earlier job with no complaint. The supplier serves a petition for the full £31,400.

Day	What happened	Why it mattered
Day 1 (Monday)	The petition is served at the company's own office. Mr Pike reads it the same morning.	No time lost.
Day 1	He takes advice. The dates: earliest advertisement Day 10 (Wednesday of the following week); hearing in seven weeks. He gathers the contract, the delivery note showing the arrival time, the client's refusal to pay, and his two unanswered emails.	The dispute is documented and predates the petition.
Day 2	A letter goes to the supplier's solicitors setting out the dispute and the company's cross-claim for the lost client fee, enclosing the evidence, requiring an undertaking not to advertise, and warning that the company will apply for an injunction and ask for its costs.	The petitioner is given the chance to withdraw.
Day 2	Mr Pike pays the undisputed £4,000 from his own account, with a covering letter making clear it is paid under protest as to the balance.	An undisputed balance of £4,000 could itself have founded a petition. Removing it leaves a petition founded wholly on a disputed debt.
Day 4	The supplier's solicitors reply that the complaint is "an afterthought" and refuse to withdraw.	Time to apply.
Day 6	An application is issued for an injunction restraining advertisement and for the petition to be dismissed, with a witness statement from Mr Pike exhibiting the documents. The court lists it for Day 12. The supplier's solicitors undertake not to advertise before then.	The undertaking removes the risk of advertisement on Day 10.

Day	What happened	Why it mattered
Day 12	At the hearing the judge finds that the debt is disputed on substantial grounds and that the supplier knew of the dispute before presenting. The petition is dismissed. The supplier is ordered to pay the company's costs.	A petition is not a tool for collecting a disputed debt.

Afterwards. The supplier's claim for £27,400 has not gone away; it has simply been sent to the right place, which is an ordinary claim in the County Court where the company's cross-claim will be heard with it. The company's bank never saw a Gazette notice.

The lessons. The two emails sent at the time were worth more than any argument made later. Paying the undisputed part took the easy point away from the petitioner. The application was issued before advertisement, and the petitioner's undertaking was obtained in the meantime.

Example 3: A Company That Must Keep Trading

Kestrel Haulage Limited runs twenty-six lorries and employs thirty-eight people. A fuel supplier is owed £62,000, which is not disputed. The company is profitable on paper but has been starved of cash by a large customer paying ninety days late. Its registered office is a formation agent's address in another city, and the agent forwards post weekly.

Day	What happened	Why it mattered
Day 1 (Monday)	The petition is served at the formation agent's address.	The company does not know.
Day 10	The petitioner advertises, on the earliest day the rules allow.	The petition is now public.
Day 11	The formation agent's weekly post arrives. The director, Mr Kestrel, opens the petition and, the same afternoon, a letter from the bank: the account is frozen. The Gazette notice has already been picked up by the credit reference agencies.	Advertisement and the freeze arrive before the director has heard of the petition.
Day 11	He takes advice. Wages of £54,000 are due on Day 15. Fuel, insurance and vehicle finance are due the following week. The hearing is in five weeks.	Without a validation order the business stops within days.
Day 12–13	A validation order application is prepared: management accounts, a thirteen-week cash-flow forecast, a schedule of the payments to be validated (wages, fuel, insurance, finance, HMRC), a list of creditors, and a witness statement explaining that the company is balance-sheet solvent, that the payments are ordinary trading payments, and that stopping would destroy the value of the business for all creditors. The petitioner is notified.	The court will not act on assertion. The forecast must hold together.
Day 14	The application is heard urgently. The court makes a validation order permitting the scheduled payments and ordinary-course trading through the account until the petition hearing, on condition that the company files updated accounts before then. The bank releases the wages the same afternoon.	Orders for continued trading are made where the evidence shows creditors are better off with the company trading than stopped.
Day 16	A tyre supplier owed £9,200 gives notice that it supports the petition and will seek to be substituted if the fuel supplier is paid.	Paying the petitioner alone would not end the petition.

Day	What happened	Why it mattered
Day 17–24	The company agrees to sell a surplus trailer unit for £85,000. It applies for a further validation order covering the sale and the payment, from the proceeds, of the fuel supplier's debt and costs and the tyre supplier's debt. Both creditors consent.	Payment of the petition debt from company money is itself a disposition; the order makes it safe.
Day 28	The order is made; the sale completes; both creditors are paid.	Both the petitioner and the supporting creditor are now out.
Day 36 (hearing)	The petitioner tells the court it has been paid and asks for dismissal. The tyre supplier does not seek substitution. No other creditor appears. The petition is dismissed. The bank lifts the remaining restrictions within the week.	The petition ends only when the court says so.

Afterwards. The company moves its registered office to its own premises, and Mr Kestrel changes the late-paying customer's terms. The Gazette notice remains on the record, but so does the dismissal.

The lessons. The registered office cost the company the whole of its pre-advertisement window. The validation order was obtained in three days because the accounts and the forecast were ready and honest. The supporting creditor would have taken the petition over if it had been ignored.

CHAPTER 15

The Documents You May See

A petition generates a stream of paper. This chapter lists the documents a director is likely to see, in roughly the order they arrive, with what each one means and what to do about it. Not every case produces all of them.

Before the Petition

Document	Who sends it	What it means	What to do
Letter before action, final demand or HMRC warning letter	The creditor or its solicitors; HMRC's enforcement office	The creditor is preparing to take formal steps. HMRC's letters usually say that a petition will follow if payment is not made by a date.	Pay, agree terms, or dispute in writing now. This is the cheapest moment to act.
Statutory demand	The creditor	A formal demand for £750 or more. If it is not paid, secured or compounded for within three weeks of service, the creditor can treat the company as unable to pay its debts and petition.	If the debt is owed, pay or agree terms within the three weeks. If it is disputed, say so in writing immediately and take advice about an injunction to restrain a petition.

The Petition

Document	Who sends it	What it means	What to do
The winding-up petition	The petitioner's solicitors, by a process server at the registered office	The court application itself. It carries the court's seal and case number, the hearing date and time, the ground relied on, and a statement of truth.	Record every date. Keep the envelope. Start Chapter 2.
Certificate of service	Filed at court by the petitioner	Confirms how and when the petition was served.	If service was defective (wrong address, not the registered office), take advice: it may be a ground for dismissal or for the hearing to be put back.
Notice in The Gazette	Placed by the petitioner	The public advertisement described in Chapter 4.	If you see it, assume the bank has too.
Notice of intention to appear	Other creditors, delivered to the petitioner	A creditor intends to support (or, rarely, oppose) the petition at the hearing. The petitioner must list them for the court.	Each supporting creditor is a potential substitute petitioner. Deal with them as well as the petitioner.
Certificate of compliance	Filed by the petitioner at least five business days before the hearing	Confirms that the rules on service and advertisement were followed. Without it the court will not normally make an order.	Check it against the facts.

Document	Who sends it	What it means	What to do
Witness statement in opposition	Filed and served by the company at least five business days before the hearing	The company's evidence: why no order should be made.	Prepare it with advice; late evidence may not be read.
Application notice and witness statement	The company (for a validation order, an injunction restraining advertisement, or an adjournment)	The company's own application to the court, with its evidence.	Chapters 6 and 7 explain what the evidence must contain.
Validation order	The court	Permits the payments or trading described in it. The bank will act on a sealed copy.	Keep to its terms exactly. Payments outside it are not protected.
Order dismissing the petition, or permitting withdrawal	The court	The petition is over.	Obtain a sealed copy and send it to the bank and the credit reference agencies.

If an Order Is Made

Document	Who sends it	What it means	What to do
Winding-up order	The court; notified by the Official Receiver	The company is in compulsory liquidation from the date of the order, and the winding-up is treated as having begun when the petition was presented.	Consider rescission within five business days. Do nothing with company money or assets.
Letter and questionnaire from the Official Receiver	The Official Receiver	Requests information about the company, its assets, its records and its directors, and may require a statement of affairs within twenty-one days.	Co-operate fully and promptly. Failure to do so is itself a ground for disqualification.
Notice of appointment of liquidator	The Official Receiver or the liquidator	An insolvency practitioner has replaced the Official Receiver as liquidator.	The liquidator now controls the company; direct all enquiries to them.
Report to creditors	The liquidator	Sets out the assets, the liabilities and the likely outcome.	Read it; it will show what claims the liquidator is considering.
Letter from a creditor calling in a personal guarantee	The lender, landlord or supplier	The creditor is looking to the director personally.	Check the guarantee's terms and take advice before responding.

Document	Who sends it	What it means	What to do
Letter from the Insolvency Service about disqualification	The Insolvency Service	Written notice that proceedings for disqualification are being considered or will be issued, inviting representations and often offering an undertaking.	Take advice before replying; the length of any undertaking is negotiable and the representations matter.

CHAPTER 16

Questions Directors Ask

These are the questions that come up most often in the free consultations. The answers are general; the right answer for a particular company depends on its facts.

About the Petition

How long do I have? From service, at least seven business days until the petition can be advertised, and usually several weeks, often around two months, until the hearing. The advertisement date is the one to plan around.

How did they get a petition without a court case? A petition is itself a court application. A creditor does not need a judgment first; it needs evidence that the company cannot pay its debts, and an unpaid undisputed invoice or an unpaid statutory demand is enough.

Is there a minimum amount? The statutory demand route requires a debt of £750 or more. A petition founded on other evidence has no separate statutory minimum, but petitions for very small sums are rare and the court will look closely at them.

What does it cost the creditor? A court fee and a deposit towards the Official Receiver's costs, together approaching £3,000 at the time of writing, plus its solicitors' costs. The creditor will expect to recover all of this from the company.

Can the petitioner withdraw? Only with the court's permission. Before advertisement, and where no other creditor has given notice, the petitioner can apply for permission without a hearing, provided the application is made at least five business days before the hearing date. After that the petition is dealt with at the hearing.

Does the petition appear at Companies House? No. The petition is not filed at Companies House. A winding-up order is, as are an administration and a CVA.

I was never served. Does that matter? Yes. The court will not normally make an order unless the petition has been served in accordance with the rules. But check first: service at the registered office is good service even if nobody there opened the post.

Can the petitioner take control of the company before the hearing? In limited cases. Where there is a real risk that assets will be dissipated before the hearing, the court can appoint a provisional liquidator on the petitioner's application. It is unusual, and it is one more reason not to move assets.

Money and the Bank

Can I still pay the staff? Legally the company can, but a payment after presentation is a disposition that is void if an order follows, and once the account is frozen the bank will not process it. The answer is a validation order (Chapter 6), which courts grant for wages where the evidence supports it.

Can I take my own salary? The same answer. Salary is an ordinary-course payment and is usually included in a validation order, but drawing money outside an order while the petition is pending is a risk to you as well as to the company.

Will the bank definitely freeze the account? Almost always, once it learns of the petition, which is usually from The Gazette. Some banks learn earlier through credit reference agencies or their own searches. A few release limited payments on request; most require a court order.

The bank has frozen the account and I only found out today. What do I do first? Ring the bank's recoveries team and get in writing what has been restricted and what it will release. List the

payments that cannot wait: wages, insurance, the HP on essential vehicles, the key suppliers. Then take advice the same day about a validation order, because the application takes days to prepare and the court will want evidence for each payment (Chapters 5 and 6).

Can I open an account at another bank? You can, but it does not help. Payments out of a new account are void in the same way if an order follows, the new bank will freeze it once it runs the same checks, and a liquidator reads the new account as an attempt to evade the petition. Use a validation order or money that is not the company's instead.

Will my card machine and invoice finance stop too? Usually. Card acquirers hold settlements and invoice financiers stop advances once they learn of the petition, often in the same week as the bank freeze. Both can be covered by the evidence for a validation order, and both should be on the list you bring to the first conversation with an adviser.

The petition has been dismissed. Why is the account still frozen? Because the bank acts on the sealed court order, not on being told. Send the order to the recoveries team the same day and ask for written confirmation that the restriction is lifted. Then ask the credit reference agencies to record the dismissal.

Money is still coming in from customers. Is that a problem? Receipts into an account in credit are not generally dispositions of the company's property, and a frozen account can still receive them, although you may not be able to use them. Receipts into an overdrawn account reduce the overdraft and are more complicated, because they benefit the bank. Take advice before changing where customers pay.

Can I open an account at another bank? You can, but it achieves nothing lawful. Payments out of the new account are dispositions just as much as payments out of the old one, and moving

the money is exactly what liquidators and the Insolvency Service look for (Chapter 5).

Can I pay HMRC or another important creditor now, to keep them quiet? Paying one creditor ahead of the rest while the company cannot pay all of them is a preference if the company is later wound up, and it is a disposition that may be void. If the payment is genuinely necessary to keep trading, include it in the validation order application.

Can I pay the petition debt from the company's account? You can, but the payment is a disposition and the petitioner may be wary of it. Chapter 8 explains why third-party funds, or a validation order covering the payment, are safer.

Can I lend the company money to pay? Yes, and a payment made by you from your own money is not a disposition of the company's property. The company must not reimburse you while the petition is pending, and repaying you afterwards while the company remains unable to pay its other debts can be challenged as a preference (Chapter 11).

Dealing With the Petitioner

HMRC is the petitioner. Will they do a deal? Rarely once the petition has been presented. HMRC usually requires the petition debt and costs in full, all returns filed, and confirmation about other liabilities. A Time to Pay arrangement is realistic before a petition, not after.

The debt is wrong. What now? If the whole debt is genuinely disputed on substantial grounds, apply to restrain advertisement and dismiss the petition, and do it before the advertisement date (Chapter 7). If only part is disputed, deal with the undisputed part first.

They owe us money too. Does that count? A genuine cross-claim that equals or exceeds the petition debt is treated like a dispute, provided it is real and supported by evidence. A cross-claim invented after the petition arrives is not.

What if I pay and another creditor takes over the petition? That is substitution (Chapter 8). Before paying the petitioner, find out whether any other creditor has given notice to appear, and deal with them as well.

Can we agree instalments? Only if the petitioner agrees and the court is willing to adjourn. Adjournments for payment are short, and the court is reluctant to grant more than one.

The petitioner's solicitors will not speak to me. Why? They act for the creditor and are not obliged to negotiate. They will usually deal with a solicitor acting for the company, which is one practical reason to instruct one.

The Hearing

Do I have to go? There is no legal obligation, but a company that files no evidence and sends no one should expect a winding-up order. If the petition is being paid or is agreed to be dismissed, the petitioner's solicitor can tell the court, but confirm the arrangement in writing beforehand.

Can I represent the company myself? Only with the court's permission, which is not always given. A company is a separate person and is normally represented by a solicitor or barrister.

Is the hearing public? Yes. Winding-up petitions are heard in open court, usually in a list with many others, and the outcome is public.

What if I need more time? Ask for an adjournment, with evidence of why and what will happen in the meantime, and with the petitioner's consent if you can get it. The court can adjourn without

consent but is more likely to do so once than twice.

What are the possible outcomes? Dismissal, adjournment, substitution of another creditor as petitioner, or a winding-up order (Chapter 9).

Can I appeal a winding-up order? Yes, but an appeal must usually be brought within twenty-one days, needs permission, and is decided on whether the judge went wrong, not on new facts. Rescission (Chapter 10), within five business days, is the route for new facts, usually that the company can pay.

After an Order

What happens to the staff? The winding-up order brings their employment to an end. They can claim statutory redundancy pay, up to eight weeks' unpaid wages, up to six weeks' holiday pay and statutory notice pay from the National Insurance Fund, each subject to a weekly cap, through the Redundancy Payments Service.

What happens to contracts with suppliers and customers? Once a formal insolvency procedure begins, suppliers are generally prevented from terminating contracts for essential supplies simply because of the insolvency. A petition on its own does not trigger that protection, so during the petition suppliers can act on their ordinary contractual rights.

Can the company still go into a CVL or administration after an order? No. Once a winding-up order is made the company is in compulsory liquidation and those routes are closed. They must be used, if at all, before the hearing (Chapter 13).

Can I buy the business back from the liquidator? Sometimes. A liquidator's duty is to get the best price for the assets, and a director is entitled to make an offer. Any such sale must be at a proper value, and the restrictions on re-using the company's name still apply (Chapter 11).

Will I be investigated? Every director of a company that goes into insolvent liquidation has their conduct reported on. Most reports lead to no action. The ones that do involve the conduct described in Chapter 11.

Your Own Position

I have a limited company. Doesn't that mean I'm protected? Only up to a point. The company's debts are its own, and in most liquidations the directors owe nothing. But personal guarantees, an overdrawn loan account, wrongful trading, preferences, moving assets, and in some cases the company's tax can all reach a director personally, and disqualification is a risk in any insolvent liquidation. Chapter 11 sets out each of them. The protection is real but conditional, and the conditions are about how you behave once the company is in difficulty.

Can I just resign? You can resign as a director at any time, but it does not remove liability for anything done while you were a director, and it does not end your duty to co-operate with the Official Receiver. Resigning in the middle of a petition can look worse than staying and dealing with it.

Can I strike the company off instead? No. A company cannot apply to be struck off the register while a winding-up petition is pending, and the petitioner would in any event object.

Can I start a new company? Unless you are disqualified, yes. But a new company with the same or a similar name is prohibited for five years without one of the exceptions (Chapter 11), and taking the old company's assets, customers or stock into a new company without paying a proper price for them is the start of a claim against you.

Will this affect my personal credit record? Not directly. The petition is against the company. Your record will show, at Companies House, that you were a director of a company that went into

liquidation, and a personal guarantee that is called in and unpaid can lead to a judgment or a bankruptcy petition against you.

Do my co-directors share the risk equally? Each director's conduct is judged individually, but every director, including one who took no active part, has the same duties. "I left it to the others" is not a defence.

Is there legal aid? Not for a company facing a petition. The free initial consultation is where to start.

Practical

My registered office is my accountant's address. Should I change it? If post is not reaching you within a day, yes, or arrange for anything from a court or a process server to be scanned to you on the day it arrives. Three of the lessons in Chapter 14 come from the registered office.

Should I tell my staff, customers and suppliers? Once the petition is advertised, assume they will find out. A short, honest statement that the company is dealing with it is usually better than silence. Before advertisement, take advice: in some cases telling a key customer or supplier is necessary; in others it precipitates the very problem you are trying to avoid.

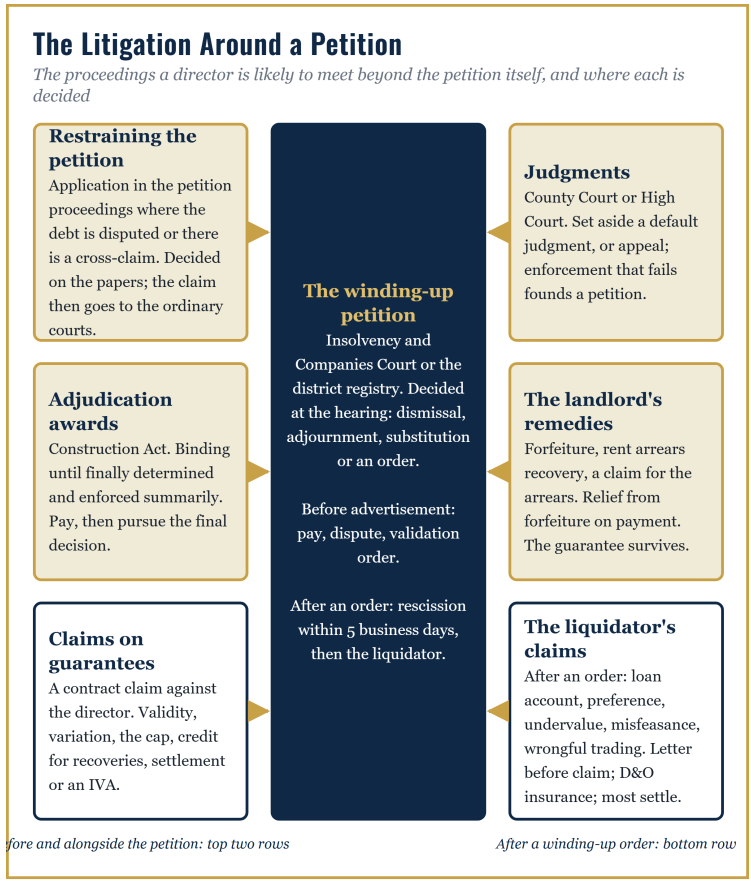
What should I bring to the first conversation? The petition, the latest accounts and bank statements, a list of what the company owes and is owed, details of any personal guarantees, and the dates from the worksheet in Chapter 3.

> **Your question not here?** Ask it. Text DIRAID to 82228, call 07361 999123 or email help@directoraid.co.uk.

CHAPTER 17

The Litigation Around a Petition

A petition rarely arrives alone. Behind it there is usually a claim, a judgment, an award or a lease, and after it there may be claims against the directors personally. This chapter sets out the proceedings a director is likely to meet beyond the petition itself, where each is decided, and how each bears on the petition. The diagram shows them together.



The litigation around a petition

Restraining the Petition

Where the debt is genuinely disputed on substantial grounds, or the company has a real cross-claim of at least the same amount, the company applies to the court for an order restraining advertisement and dismissing the petition; before a petition exists, the application is for an injunction restraining the creditor from presenting one. The application is supported by a director's witness statement with the contemporaneous documents, and the petitioner is asked for an undertaking not to advertise before it is heard. The court does not decide the dispute; it decides whether winding-up proceedings are the wrong place for it. If they are, the petition is dismissed, usually with costs against the petitioner, and the creditor is left to an ordinary claim in the County Court or the High Court, where the company's defence and cross-claim are decided properly. Where part of the debt is undisputed and would itself found a petition, that part must be paid first.

Judgments

A judgment is the strongest footing for a petition, because the dispute has already been decided. A judgment entered in default, without the company's involvement, can be set aside if the application is made promptly and the company has a real prospect of defending; a judgment after a hearing can only be appealed, with permission and within the time limit. A credible set-aside application or appeal is a ground for adjourning a petition, but the court will usually want to know that the company can pay if it fails. A judgment creditor also has enforcement: taking goods, charging orders, third-party debt orders. An enforcement returned unsatisfied is itself a ground for a petition.

Adjudication Awards

In construction, an adjudicator's decision is binding until the dispute is finally decided, and the courts enforce it summarily. A petition founded on an unpaid award is very hard to resist on the ground that the award is wrong: the only grounds are that the adjudicator lacked jurisdiction or acted unfairly, that the award has been paid or set off against a later decision, or a genuine cross-claim that could not have been raised in the adjudication. A contractor that disputes an award should pay it and pursue the final determination. The chain is not a defence: non-payment by the employer upstream is a claim against the employer, not against the petitioning supplier.

The Landlord's Remedies

A landlord with unpaid rent can forfeit the lease by re-entry or proceedings, take goods under commercial rent arrears recovery, sue for the arrears, and petition, and may use more than one. A petition does not prevent forfeiture; forfeiture does not end the debt; and exercising rent arrears recovery affirms the lease so that the landlord cannot then forfeit for the same arrears. A tenant can apply for relief from forfeiture, usually granted on payment of the arrears and costs, if it acts promptly. A director who guaranteed the lease remains liable throughout, and the guarantee shapes whether the premises are worth fighting for.

Claims on Guarantees

A guarantee is a contract and is defended on its terms: whether it was validly signed; whether the facility was varied without the guarantor's consent in a way the guarantee does not permit; whether the claim exceeds a cap; whether it was procured by a misrepresentation; whether the creditor has given credit for what it recovered from the company and its security; set-off; and limitation. Most guarantee

claims are settled, because a creditor pursuing a guarantor to bankruptcy recovers little, and a lump-sum settlement with a written release is commonly accepted. Chapter 11 deals with the director's wider options.

The Liquidator's Claims

After a winding-up order the director may face claims by the liquidator: for an overdrawn loan account, for a preference or a transaction at an undervalue, for misfeasance, or for wrongful trading. Each has its own elements and defences; all turn on documents and dates. The first step is usually a letter before claim, which should be answered through advice, with the documents, within the time given. The company may have had directors' and officers' insurance that covers defence costs; notify the insurer at once. Most claims settle once each side has seen the other's evidence. A settlement does not of itself prevent disqualification proceedings on the same facts, but engagement and compensation of the estate count in the director's favour.

The Common Thread

Every one of these proceedings is decided on the documents and the dates, and in every one the director who kept records, acted promptly and took advice is in a far stronger position than the one who did not. The petition is the centre of the picture, and dealing with it in the days before advertisement usually settles much of what surrounds it.

> **Facing a claim as well as the petition?** The free initial consultation covers both. Call 07361 999123 or text DIRAID to 82228.

CHAPTER 18

What the Figures Say

Director Aid publishes the Director Aid Petition Figures: monthly counts of winding-up petitions, winding-up orders, liquidations and administrations in England and Wales, compiled from public insolvency records and Director Aid's own monitoring. The figures below cover the three years from October 2023 to October 2026, about 17,000 petitions. The live figures, updated every month, are at directoraid.co.uk/winding-up-figures.html and will differ from these.

- **Six in ten petitions end in a winding-up order.** Of the petitions old enough to have reached a hearing, 61% were followed by a winding-up order within a year, and 4% by a dismissal notice in the public record. The rest were withdrawn, paid, settled or adjourned. The companies that avoid an order are overwhelmingly those that dealt with the petition before the hearing.
- **The time is short.** The typical petition reaches its first hearing about two weeks after it is advertised, and the typical winding-up order is made about three weeks after the advertisement. A director who waits for the advertisement before acting has very little time left.
- **Petitions are presented well before anyone sees them.** The typical petition is advertised about five weeks after it was presented to the court. For that period it can only be found by searching the court's records, which is why so many directors first learn of it when the bank freezes the account.
- **HMRC presents most petitions.** HMRC presented 57% of all petitions. Trade creditors presented about a quarter, lenders and finance companies about one in twenty, and local authorities and landlords a small share each.

- **The companies are established businesses, not start-ups.** The typical petitioned company had traded for about eight years. Only about one in five was under five years old; nearly four in ten had traded for ten years or more.
- **Construction is the sector hardest hit.** Where the company's trade is known, construction accounts for about a fifth of petitions, followed by retail, wholesale and the motor trade, business support services, professional services and hospitality.
- **Petitions fall in December and surge in January.** In each of the last three winters, the number of petitions advertised fell sharply in December and then more than doubled in January, as creditors and HMRC returned after the holiday. A quiet December is not a reprieve.

The figures by region, sector, court and petitioner, the method and the open data are at directoraid.co.uk/winding-up-figures.html.

The Director's Checklist

On the Day the Petition Arrives

- [ ] Record the date of service, the court, the case number, the hearing date, the petitioner and the amount.
- [ ] Calculate the earliest advertisement date and the evidence deadline (Chapter 3).
- [ ] Stop all non-essential payments out of the company's account.
- [ ] Tell the other directors.
- [ ] Take advice.

Within 48 Hours

- [ ] Gather the contract, invoices, correspondence and payment records for the petition debt.
- [ ] Decide whether the debt is owed, disputed in whole, or disputed in part.
- [ ] Establish the bank position and whether a validation order will be needed.
- [ ] Identify every other creditor who might support or take over the petition.
- [ ] Decide on the route: pay, dispute, negotiate an adjournment, or another procedure.

Before the Advertisement Date

- [ ] If disputed: application to restrain advertisement and dismiss.
- [ ] If to be paid: agree terms, costs and the mechanism for dismissal or withdrawal in writing; use third-party funds if available.
- [ ] If trading must continue: validation order application prepared with management accounts and a cash-flow forecast.

Before the Hearing

- [ ] Evidence in opposition filed and served at least 5 business days before.
- [ ] Representation arranged.
- [ ] Any adjournment agreed with the petitioner in writing.

If an Order Is Made

- [ ] Rescission considered within 5 business days.
- [ ] Co-operate with the Official Receiver; statement of affairs if required.
- [ ] Take advice on personal exposure and the re-use of the company name.

Your Working Pages

These pages are for you to fill in. Together with the dates worksheet in Chapter 3 and the checklist, they contain most of what an adviser will ask for in the first conversation, and most of what a validation order application needs.

Your Creditors

List everyone the company owes, starting with the petitioner. The last two columns are the ones that decide what happens to the petition.

Creditor	Amount	Due date	Disputed?	Secured or guaranteed by you?	Likely to support the petition?

Creditor	Amount	Due date	Disputed?	Secured or guaranteed by you?	Likely to support the petition?

Your Personal Guarantees

Creditor	Facility or lease	Amount or cap	Joint with	Date given

Key Contacts

	Name	Telephone	Email	Reference
Petitioner				
Petitioner's solicitors				
The court				Case number:
Your solicitor				
Your accountant				
Your bank (relationship manager)				
Insolvency practitioner (if any)				
Director Aid		07361 999123	help@directoraid.co.uk	

Cash Position for a Validation Order

A validation order application needs a forecast. Start it here, week by week from today.

Week	Receipts expected	Essential payments (wages, rent, fuel, insurance, HMRC)	Other payments	Closing balance
1				
2				
3				
4				
5				
6				
7				
8				

Board Minute

Record the directors' decision on the day the petition arrives. A one-page minute is enough: the date, who was present, what the company owes and is owed, whether the directors consider the company can continue to trade and why, what advice has been sought, and what was decided.

Date and time of meeting	
Directors present	
Petition received on	
Company's position (owed / owing)	
Can the company continue to trade? Why?	
Advice sought from	
Decisions	
Next review	

Notes

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Glossary

Adjournment. The postponement of the hearing to a later date, usually with directions about what must happen in the meantime.

Administration. A procedure in which an insolvency practitioner takes control of a company to rescue it or achieve a better result for creditors than liquidation. Needs a court order once a petition is pending.

Advertisement. Publication of the petition in The Gazette, at least 7 business days after service and 7 business days before the hearing.

Appeal. A challenge to an order on the ground that the judge went wrong, brought within a fixed time and usually with permission; distinct from rescission.

Business day. Any day other than a Saturday, Sunday, Christmas Day, Good Friday or a bank holiday in England and Wales.

Bankruptcy petition. A creditor's application to make an individual bankrupt, available for an unsecured debt of £5,000 or more after an unpaid statutory demand or a failed enforcement. An undischarged bankrupt cannot act as a director without the court's permission.

Business and Property Courts. The specialist courts of the High Court, in London and the main regional centres, in which most petitions are heard.

Certificate of compliance. The petitioner's confirmation, filed at least 5 business days before the hearing, that the petition has been served and advertised in accordance with the rules.

Central Registry of Winding Up Petitions. The court's register of petitions presented in England and Wales, searchable for a fee.

Commercial rent arrears recovery (CRAR). A landlord's statutory right to take goods from commercial premises for unpaid rent after seven clear days' notice; exercising it affirms the lease.

Compensation order. An order requiring a disqualified director to compensate creditors for loss caused by the conduct that led to disqualification.

Compulsory liquidation. Liquidation by order of the court, which is what a successful petition produces.

CVA (company voluntary arrangement). A binding arrangement with creditors supervised by an insolvency practitioner.

CVL (creditors' voluntary liquidation). Liquidation begun by the shareholders, with a liquidator chosen by the creditors.

Cross-claim. A claim the company has against the petitioner which, if genuine and large enough, is treated like a dispute of the petition debt.

Director's loan account. The running account between a director and the company. If overdrawn, the director owes the company the balance.

Disqualification. A court order or undertaking preventing a person from acting as a director or being concerned in the management of a company for between two and fifteen years.

Disposition. Any transfer of a company's property, including a payment from its bank account.

Dismissal. The court's order ending the petition.

Forfeiture. A landlord's ending of a lease for breach, including non-payment of rent, by peaceable re-entry or court proceedings; the tenant can apply for relief.

Fixed charge. Security over a specific asset, such as a property or a vehicle. The lender is paid from that asset before anyone else.

Floating charge. Security over a changing class of assets, such as stock and book debts. The lender is paid after the liquidator's costs, the preferential creditors and the prescribed part.

Fraudulent trading. Carrying on the company's business with intent to defraud creditors. A civil claim by the liquidator and a criminal offence.

The Gazette. The official public record in which petitions, orders and other insolvency notices are published.

Individual voluntary arrangement (IVA). A binding arrangement between an individual and their creditors, proposed through an insolvency practitioner and approved by 75% by value of the creditors who vote. An IVA does not bar the individual from acting as a director.

Interim order. A court order protecting an individual from a bankruptcy petition and other enforcement while an individual voluntary arrangement is proposed.

Injunction. A court order requiring a person to do or not do something; here, usually an order restraining a creditor from advertising, or from presenting, a petition.

Insolvency Service. The government agency that includes the Official Receivers and decides whether to seek the disqualification of directors.

Injunction to restrain a petition. A court order preventing a creditor from presenting or advertising a winding-up petition where the debt is genuinely disputed or there is a real cross-claim.

Insolvency practitioner. A licensed professional who can act as liquidator, administrator or supervisor of a CVA.

Liquidator. The person who collects in and sells the company's assets and distributes the proceeds to creditors.

List of appearances. The petitioner's list, handed to the court, of the creditors who have given notice of intention to appear.

Misfeasance. A breach of duty by a director for which the liquidator can claim compensation from the director personally.

Moratorium. A period during which creditors cannot take action against the company.

Notice of intention to appear. A creditor's notice to the petitioner, by 4pm on the business day before the hearing, that it will attend to support or oppose the petition.

Official Receiver. An officer of the court and of the Insolvency Service who becomes liquidator when a winding-up order is made.

Personal guarantee. A director's contractual promise to pay a company debt if the company does not.

Petitioner. The creditor (or other person) who presents the petition.

Pre-pack. A sale of the business arranged before an administrator is appointed and completed immediately afterwards.

Preference. A payment or other step that puts one creditor in a better position than the others, which a liquidator can unwind if made within six months (two years for a connected person) before the winding-up began while the company could not pay its debts.

Preferential creditors. Creditors paid before the floating charge holder and the unsecured creditors: employees for limited arrears of pay and holiday pay, and HMRC for VAT, PAYE and employee National Insurance.

Prescribed part. A share of the assets subject to a floating charge that must be set aside for unsecured creditors.

Presentation. The filing of the petition at court. Fixes the commencement of the winding-up for section 127.

Prohibited name. The name, or a similar name, of a company that has gone into insolvent liquidation, which its former directors may not use for five years without an exception applying.

Provisional liquidator. A liquidator appointed by the court after presentation but before the hearing, to protect the company's assets.

Qualifying floating charge. A floating charge over the whole or substantially the whole of a company's property, whose holder can appoint an administrator out of court even when a petition is pending.

Registered office. The company's official address at Companies House, at which a petition is served.

Relief from forfeiture. A court order restoring a forfeited lease, usually on payment of the arrears and the landlord's costs.

Rescission. The setting aside of a winding-up order by the court that made it, on application within 5 business days.

Section 127. The provision that makes dispositions of the company's property after presentation void if an order is made, unless the court validates them.

Secured creditor. A creditor holding a fixed or floating charge.

Service. Delivery of the petition to the company, usually at its registered office.

Shadow director. A person in accordance with whose instructions the directors are accustomed to act, who is treated as a director for many purposes.

Statement of affairs. A sworn statement of the company's assets and liabilities, which the Official Receiver can require from the directors within twenty-one days.

Statement of truth. The formal confirmation, signed on a petition or a witness statement, that its contents are true.

Statutory demand. A formal written demand for a debt of £750 or more; unpaid for 3 weeks, it is evidence that the company cannot pay its debts.

Substitution. The court's replacement of the original petitioner with another creditor.

Supporting creditor. A creditor who gives notice that it supports the petition, and who may seek substitution if the petitioner is paid.

Time to Pay. HMRC's arrangement for paying tax arrears by instalments, usually available only before HMRC takes enforcement action.

Transaction at an undervalue. A gift, or a sale for significantly less than value, which a liquidator can unwind if made within two years before the winding-up began while the company was insolvent.

Unsecured creditor. A creditor with no security, paid after the secured and preferential creditors.

Validation order. A court order under section 127 allowing specified payments or continued trading despite the petition.

Witness statement. The written evidence, with a statement of truth, on which the court decides applications and opposed petitions.

Winding-up order. The court's order that the company be wound up.

Wrongful trading. Continuing to trade after the directors knew or ought to have concluded that insolvent liquidation or administration could not reasonably be avoided, without taking every step to minimise loss to creditors; the directors can be ordered to contribute personally.

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About Director Aid

Director Aid helps directors of companies in England and Wales facing winding-up petitions and the full range of corporate insolvency problems: statutory demands, HMRC enforcement, creditors' voluntary liquidation, administration, company voluntary arrangements, director disqualification and personal guarantee claims.

Every director gets a free initial consultation, without obligation. The call is with Alastair Redfern LL.B., Solicitor, not a call handler. Have the petition to hand if you can.

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This Handbook describes the law of England and Wales as at October 2026. It does not cover Scotland or Northern Ireland, and it does not deal with personal insolvency. It is general information, not advice on your circumstances.

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