

Ban on Winding Up Petitions Extended

<https://www.gov.uk/government/news/government-extends-business-support-measures>

The Government is set to introduce measures further to extend the current prohibition on statutory demands and winding petitions until **30 September 2021**.

The Minister for Corporate Responsibility, Lord Callanan, has been quoted as wishing to give businesses an extra 'breathing space' as the Government looks to re-open the economy. The trouble is that these measure are not re-opening the economy but having precisely the opposite effect.

In our view this has all gone too far already. The Government's initial response to the economic effects of the pandemic was amazing and the speed within which bailout measures were introduced was astonishing. That, however, was 15 months ago and things have moved on – apart from anything else, we are *still* in the throes of a global catastrophe and it is clear that the effects of Covid will be felt for some considerable time to come.

Everyone would agree that temporary measures cannot be kept in place *ad infinitum* – so, the question is as to *when* we should start to ease off. It is inevitable that many businesses will fail as a result of Covid (and many more business failures will be attributed to Covid) and that is distressing for those involved. However, there comes a point when one must accept the inevitable reality and let go. It cannot be right to hold the entire business community to ransom in the name of assisting a few.

We would question the extent to which a blanket ban on petitions and a blanket ban on commercial property repossessions is actually now helping. There is also no doubt that a very substantial proportion of Government bail out finance and furloughing has been fraudulently claimed and that only a tiny proportion of it will ever be recouped by the Treasury (although it may be bolstering the Buy-to-Let and luxury car markets).

At some point the current moratoria will have to come to an end and the transition back to 'real life' will be extremely disruptive. To take one small aspect, how will the court system and the Insolvency Service even begin to cope with the backlog of winding up petitions – which run at approximately 8-10,000 per annum? The longer this prohibition against petitions and landlord's rights continues, the worse will be the transition period.

In our view, the Government's assistance packages are now doing more long-term harm than short-term good. Many landlords may be in serious economic difficulty not having been able to take any measures to collect rents for over a year. Perhaps now is the time to introduce a far more focussed approach to the issue of continued assistance concentrating on specific sectors such as travel and leisure rather the current blunt approach.



AMB Law Limited
46 New Broad Street
London
EC2M 1JH

T: +44 (0)20 3651 5646
office@amblaw.co.uk

AMB Law Limited
Epsilon House
West Road
Ipswich
IP3 9FJ

T: +44 (0)1473 276103

Alistair Bacon
Principal

T : 020 3651 5647
M: 07881 554062
abacon@amblaw.co.uk

Matthew Rice
Paralegal

T : 020 3651 5704
01473 276181
mrice@amblaw.co.uk

Stephen Carter
Consultant

T : 020 7329 4242
scarter@amblaw.co.uk

The contents of this *Bulletin* are believed to be correct as at the date of publication. This information is provided for information only and is not intended to constitute legal advice. No liability can be accepted by AMB Law for any errors contained herein