

## Winding Up Petitions Set to Return

The Government has today published a press release confirming that the temporary, Covid-19 suspension of winding up petitions and statutory demands will not be extended beyond its current deadline of 30 September 2021.

That means that, with effect from **1 October 2021**, businesses will, for the first time in 18 months, once again be able to start winding up proceedings against debtors who have failed to pay their debts.

It is not entirely that simple – the Government is proposing a couple of changes to the current rules relating to the presentation of winding up petitions which are as follows:

1. The minimum level of debt on which a petition can be based will temporarily be increased to £10,000 from its current level of £750. The idea is to prevent small businesses being pursued for relatively minor debts at a time when they are trying to re-establish themselves. This does not, of course, help those small businesses that are being hamstrung by numerous small debtors that are not paying them;
2. Petitioning creditors will have to demonstrate that they have sought settlement proposals from the debtor for at least 21 days before a petition can be presented – this will effectively be like making service of a statutory demand a necessary pre-petition step.

The two measures above are stated to be temporary measures that will be in force only until **31 March 2022**.

The Government will shortly be publishing a draft statutory instrument that will give effect to these measures and it will be interesting to see the detail. Will the 21 day period be able to start before 30 September? What will happen to creditors who are owed debts below £10,000? Can debtors protect themselves by paying only the balance above £10,000?

As ever we will need to see the detail of these proposals but at least commercial life looks like it might be beginning to return to normal.



**AMB Law Limited**  
46 New Broad Street  
London  
EC2M 1JH

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

**Matthew Rice**  
*Paralegal*

T : 020 3651 5704  
01473 276181  
[mrice@amblaw.co.uk](mailto:mrice@amblaw.co.uk)

**Stephen Carter**  
*Consultant*

T : 020 7329 4242  
[scarter@amblaw.co.uk](mailto:scarter@amblaw.co.uk)

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