



KUMARI HART
S O L I C I T O R S

Guide to Statutory Demands

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WHAT IS A STATUTORY DEMAND?

A Statutory Demand is a formal written request for payment of a debt within 21 days. If you or your business is owed money and the debt is not paid within 21 days, you can apply for a bankruptcy order (against an individual) or a winding up order (against a business) unless the individual has the Statutory Demand set aside or the business successfully applies to restrain you from presenting a winding up petition.

The fact that a debtor has not paid the debt within 21 days can be used as evidence that they do not have the funds to do so when presenting a petition.

For a business debtor, once the court issues a winding up petition, it is then advertised in the London Gazette. This is a public forum, checked by banks who may freeze business accounts. Other creditors may also get wind of what is happening and start their own proceedings. Seven days after the appearance in the London Gazette, the court can issue a winding up order.



We can help you recover a debt

WHEN CAN A STATUTORY DEMAND BE USED?

This process can be used if the amount claimed exceeds £750 for company debts or equals or exceeds £5,000 for individual debts.

When the debt is unsecured, this is often used as a last resort, but it is a very powerful way of enforcement against an individual or business. As against an individual it will affect their credit file and against a business, it can be wound up, with proceeds from the sale being used to pay the debt.

For that reason, it is essential that if you are on the receiving end of a Statutory Demand, you take immediate action by speaking to a specialist solicitor who can help resolve matters as you will only have 18 days to set it aside.

Kumari Hart Solicitors are a virtual law firm who can act for any business or individual throughout the country.



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WHAT IF PART OF THE DEBT IS REPAID?

The creditor is not entitled to rely on a Statutory Demand as the basis for the presentation of a bankruptcy or winding-up petition if either the debt is paid in full, or it is partially paid such that the amount remaining is reduced to below £750 for companies or £5,000 for individuals.

WHAT ARE THE ADVANTAGES OF USING A STATUTORY DEMAND?

- This process requires no court involvement.
- It is quick and inexpensive
- It can result in prompt payment of the debt
- It can highlight details of any dispute or cross-claims

To find out more on how we can help you recover a debt, please contact us now on 02477 981 545 or email at enquiries@kumarihart.co.uk.

We are open from 8am – 8pm and at weekends from 9am -midday.

Tel: 02477 981545
enquiries@kumarihart.co.uk

CAN A STATUTORY DEMAND BE SET ASIDE?

- The debt is genuinely disputed.
- The debtor has a counterclaim.
- The demand was not issued in the correct manner.
- You are paying by instalments and have kept to the payment schedule.
- The demand was not served properly.
- There is any dispute on the debt before the demand was issued.
- The court is satisfied, on other grounds, that the demand should be set aside

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