



ASIC

Australian Securities & Investments Commission

INFORMATION SHEET 125

What happens if I get a bankruptcy notice?

For a creditor to apply to the Federal Court for the bankruptcy of a debtor, the creditor must first establish that the debtor has committed an **act of bankruptcy**. The most common act of bankruptcy relied upon is that a debtor has failed to comply with a **bankruptcy notice**.

A bankruptcy notice requires that the creditor's debt be **paid within 21 days**.

If you owe a debt and receive a bankruptcy notice, do not ignore it. Bankruptcy has serious consequences. If you do not pay the amount set out in a bankruptcy notice within 21 days of service (and the notice has not been set aside) the creditor may proceed to **apply to the Federal Court to make you bankrupt**.

If you receive a bankruptcy notice:

- seek assistance from a financial counsellor or community legal centre immediately
- go to the website of the Insolvency and Trustee Service Australia, www.itsa.gov.au. It contains valuable information about your options and the process of bankruptcy.

Where can I get more information?

- Go to www.asic.gov.au/credit for the latest updates about credit.
- Go to www.fido.gov.au/credit for credit information and resources for consumers.
- Contact ASIC's infoline on 1300 300 630 or make an enquiry at www.asic.gov.au/question.

Important notice

Please note that this information sheet is a summary giving you basic information about a particular topic. It does not cover the whole of the relevant law regarding that topic, and it is not a substitute for professional advice.

You should also note that because this information sheet avoids legal language wherever possible, it might include some generalisations about the application of the law. Some provisions of the law referred to have exceptions or important qualifications. In most cases your particular circumstances must be taken into account when determining how the law applies to you.

Information sheets provide concise guidance on a specific process or compliance issue or an overview of detailed guidance.