

# IP Cashier THE INSOLVENCY SERVICE

Newsletter for Cashiers, Administrators and Managers

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## Introduction



It was really good to see so many of you at the recent IP User Group meeting. I wonder if smaller regional meetings would be better for the future, as important issues can be missed in a large forum? I welcome your thoughts on this.

The reorganisation of the Directorate went through smoothly and I want to thank you for your support during this change. The new “front office/back office” structure continues to identify opportunities for improvements in how we operate and we are committed to putting these into practice.

On the IT front, we have completed a project to capture and record our business process as a first step towards replacing our existing “legacy” systems. We continue development of our current systems to accommodate customer-driven ideas to maintain our focus on service improvements.

Finally, I would like to affirm my commitment to providing you with the best service that we can achieve. We continue to build our understanding of your requirements, to maintain and encourage communication and to work together where possible to overcome problems and difficulties.

**Jim Curtois, Director of Estate Accounts**

## Greater interest in the ISA

In October 2006 we announced the fifth successive increase since the new financial regime began on 1 April 2004 in the rate of interest payable (RoIP) on funds held in the Insolvency Services Account (ISA) to 6%. Not surprisingly, many of our customers have asked how we are able to offer such a beneficial rate.

You can see from the chart below that since February 2004 when we were paying 1/2 % below base rate (BR) we have progressed through matching BR in August 2004 to now paying a full 1% above BR on funds invested in the ISA.

Whilst we earn interest on the funds held in the ISA, the bulk of Estate Monies are held in an investment vehicle called the Insolvency Services Investment Account (ISIA) that is managed, in consultation with us, by the Commissioners for the Reduction of the National Debt. This relationship ensures that the solvency of the ISIA is protected whilst maximising our ROIP for the benefit of the creditors of liquidations and bankruptcies.

Our ROIP is dependant on the Bank of England base rate and the level of funds held in the ISIA, both of which are variable and neither of which can be easily predicted, but we shall maintain a beneficial rate as long as it is prudent to do so. We always hope to give at least one week’s notice of any future change in our ROIP, even though the legislation requires just one day’s notice.

We will continue to pay interest half-yearly at 1 April and 1 October on funds arising from liquidations and bankruptcies and this latter point is important. Recently we have seen attempts to lodge funds in the ISA that are outside the insolvency proceedings. Such attempts are detrimental to the operation of the ISA and adversely impact EAD workload as we engage in corrective action.



Comparison of base rate vs. ISA interest rate.

## Team contacts

As you are aware the restructuring of our business has taken place. **Debbie Simpson** is now Senior Manager with responsibility for our Cashiers Team and the Team Leader responsible for day-to-day banking issues is **Sarah Plumb**.

**Su Beach** and **Glynnis Watkins** deal with Chaps payments and foreign transactions on 0121 698 4181/4220 whilst **David Baker** and **Jean Townsend** process your requests to stop/cancel and reissue cheques on 0121 698 4279/4080.

A few points have been raised as regular queries:

### Setting up standing orders

When setting up standing orders to be paid into the ISA quote sort code 101499, account number 12979000.

Standing orders should not be set up quoting the sort code on the bottom of the BGC book.

### Foreign currency cheque receipts

To avoid lost or incorrect conversion of foreign currency cheque receipts, please forward them directly to the Cashiers Team at: Insolvency Service, PO Box 3690, Birmingham B2 4UY without using the BGC slips.

### Office of H M Paymaster General (OPG)

To ensure OPG can identify ISA foreign and sterling credits paid via Chaps please quote Account Number 12979000. When OPG credits such funds to the ISA account, our Receipts Team posts the amount to the estate for which case details have been provided. Case details are not recognised by OPG.

### BGCs

BGCs are for your use only. Please do not allocate them to individuals.

# Survey shows better service but room for improvement

The first issue of this newsletter was well received by you, our customers, with 98% of respondents to our latest survey saying they found it 'very useful'. 92% of you think that we keep you up to date about changes and developments. However, only 63% of people felt they knew enough about how EAD works, and only 84% of you felt our information updates were easy to understand, so we must improve in this area. That is one of the reasons for producing this newsletter.

Only a small number of replies to the survey were received, representing just 2% of our customers, but the findings do indicate what we are doing well and where we need to improve. For example, 73% of you told us that we respond quickly or very quickly to your queries, questions and complaints, answering 88% within 14 days.

We aim to achieve a measured customer satisfaction level of 88% – the standard set by the Insolvency Service overall. While customer satisfaction has improved by nearly 5% since the last survey in December 2005, it is currently just over 80% and we recognise we are still some way off achieving our targets. However, our anecdotal customer feedback continues to suggest a much higher customer satisfaction level than the small data samples available so far.

	Dec-05	Jun-06	Our target
Helpful staff	83.3%	81.8%	88%
Polite staff	83.3%	81.5%	88%
Informative staff	85.0%	78.1%	88%
<b>Overall service</b>	<b>75.9%</b>	<b>80.4%</b>	<b>88%</b>

## A rewarding experience

EAD has recently linked up with The Centre of Business Excellence in Birmingham (cbeb), which is supported by Advantage West Midlands and is a partnership of three local colleges. One of its aims is to provide students from local schools and colleges with the opportunity to spend a week of their vacation experiencing "hands-on" work experience and we are happy to accommodate them in our office, spare desks permitting.

The first students under the new arrangement spent a week with us on 23 October during half-term and we are confident that the arrangement was a very rewarding experience for all concerned.

If you and your company are interested in taking part in this scheme please call Lara Foster at cbeb on 0121 694 5137 or email [lara@cbeb.org](mailto:lara@cbeb.org)

# User Group provides ideal forum to meet and learn from each other

Twice a year EAD opens its doors to hold a User Group meeting with our key-stakeholders, that's you – our customers. This creates an important space for us to meet and learn from each other.

Whilst we work hard at communicating via our website and through emails, letters, telephone etc, the best way to REALLY learn each other's needs is by creating space for dialogue. The User Group meeting, which is held every six months, is just the place to do it, as well as the IP seminar events we also attend.

We provide representatives at the User Group with briefings on our performance and areas of development. We take straw-polls on important issues and invite involvement in current customer service and development issues as we seek to improve our service by improving what you, the customers, want.

At our October meeting, 15 firms from across the IP community, along with the Head of our IP Policy unit, came to our offices in Birmingham to learn from each other and create the opportunity for us to improve our service. However, no regulatory bodies attended.



We are scheduled to meet again in April at our Central London offices. After that we are considering moving the event between offices in the North of England, Midlands and the South to suit our customers.

The minutes of the October User Group and past meetings are available on our website at [www.insolvency.gov.uk/insolvencyprofessionandlegislation/ipb/user\\_group\\_minutes.htm](http://www.insolvency.gov.uk/insolvencyprofessionandlegislation/ipb/user_group_minutes.htm)

## How to deal with final closures

In order to close a Bankruptcy or Compulsory Insolvency Services Account you need to submit the following documents

Final Receipts and Payments  
Form 6.50 (Bankruptcies)  
Form 4.42 (Compulsories)

The final documents should be sent to:  
The Insolvency Service  
Estate Accounts Enquiries  
Ladywood House  
5th Floor, 45-46 Stephenson Street  
Birmingham B2 4UY

DX Address: 713899/713901  
Birmingham 37

The absence of any of these documents will delay the closure of the case.

If the account has a credit balance you wish to be written off either to the Official Receiver or our small credit balances account because it is undistributed, please mention this in your covering letter.

In all cases where account closure is planned close to the quarterly charge date for the banking fees, Insolvency Practitioners should allow five working days for Estate Accounts Enquiries to complete the closure of the account. Where the closure request is received less than five working days' before a quarterly charge date for the banking fee, the fee will be charged to the estate if the closure process has not been completed before the charge date.

# Your questions answered

*Adam Hill of EAD Enquiries answers a range of questions received by the EAD Enquiries team*

## **How long does it take for a BAC's payment to be credited to the ISA?**

BAC's payments take two working days to credit the bank account and take three to four days to be credited to Bancs. The Cashiers Section can check the cash flow to see if the funds have come into the ISA.

## **How can I get the funds on my case removed from Interest Bearing?**

Please send instructions to remove an estate from Interest Bearing by fax or letter to the Business Support Team. The fax numbers to use are: 0121 698 4403/4. If faxed instructions are received before 12 noon the final interest will be credited to the estate by the next working day.

## **Are funds paid into the ISA automatically placed in an Interest Bearing account?**

Since the Enterprise Act 2002 all funds paid into the ISA for a new estate are automatically placed in an Interest Bearing account. The funds continue to earn interest until EAD is instructed to remove the funds from Interest Bearing. Please note that when an estate is re-opened, written instruction is required to transfer the funds to an Interest Bearing account.

## **I want to submit a Requisition form and the estate has joint liquidators. Do both of the joint liquidators need to sign the requisition form?**

No. Only one of the joint liquidators needs to sign the requisition form.

## **I have raised a batch of cheques for a dividend. However, one of the cheques has been returned to me marked gone away. What should I do?**

If the cheque has been drawn from the ISA please return the cheque to the EAD Unclaimed Dividend Section with a covering letter requesting the funds to be credited to the Unclaimed Dividend Account. If the cheque has been raised from a local bank account please complete a form CAU103 form in order for the

funds to be credited to the Unclaimed Dividend Account. Form CAU103 forms can be obtained by telephoning EAD Enquiries on 0121 698 4268.

## **I have duplicated a payment into the ISA in error. As the funds are not showing on the account yet is it possible to place a stop on one of the payments?**

Unfortunately, EAD is unable to stop the funds being credited to the estate. In order to reclaim the funds, please submit a letter signed by the Liquidator requesting the funds. A cheque fee of 80p is made for processing the cheque request.

## **Is a Secretary of State fee applicable on funds paid into the ISA in respect of a VAT refund?**

VAT refunds do have a Secretary of State fee charged.

## **Who do I contact if I have a query regarding a Scottish or Northern Ireland Insolvency case?**

The Law in England and Wales relating to bankruptcy is different to that in Scotland and Northern Ireland.

For queries regarding a Scottish case contact:

The Accountant in Bankruptcy  
1 Pennyburn Road  
Kilwinning  
Ayrshire KA13 65A  
Switchboard: 0845 612 6460  
Helpline: 0845 762 6171

For queries regarding a Northern Ireland case contact:

Northern Ireland Insolvency  
Fermanagh House  
Ormeau Avenue  
Belfast BT2 6NJ  
Tel: 028 902 514 41

## **Enquiry hotline**

For our customers, we now have a new telephone "HOTLINE" extension that feeds through to a dedicated team of experienced staff who will deal your enquiries between 9am and 5pm.

The number is 0121 698 4268.

# Explaining Unclaimed Monies

*The Estate Accounts Directorate (EAD) Unclaimed Monies Team offers a guide to common questions.*

## How do funds reach the Unclaimed Monies Account?

This happens in three ways. The first relates to Bankruptcy, Compulsory and Creditors/Member Voluntary Cases. When an Insolvency Service cheque/payable order raised by EAD expires (six months after issue), the funds automatically credit the relevant Unclaimed Monies Account – they do not re-credit the estate. The second and third ways of funds being credited to the Unclaimed Monies Account relate to Creditors/ Members Voluntary Cases only.

Funds can be paid directly to the Unclaimed Monies Account by answering 'Yes' to the question 'Are these Unclaimed Monies?' on the Voluntary Bank Giro Credit slip. In conjunction with this you must send us a completed CAU103 form, available from EAD. If you bank with the ISA you can request a transfer be made from a Creditors/Members Voluntary estate to the Unclaimed Monies Account by letter including a completed CAU103 form.

## Who are the Tracing Organisations?

On a monthly basis we send the details of funds that have been credited to the Unclaimed Monies Accounts to a number of Tracing Organisations. They in turn attempt to trace the creditors and claim the funds on their behalf for a percentage fee. This is an important aspect of Unclaimed Monies to be aware of.

When cheques raised from an estate are deemed incorrect and require cancellation, they should be cancelled before the cheques expire. It is always advisable to ensure your cancellation request has been actioned and the funds have returned to the estate. If such a request were, for example, lost in the postal system, when the cheques expired they would automatically credit the Unclaimed Monies Account and could be re-issued via a Tracing Organisation.

## FREQUENTLY ASKED QUESTIONS

### What is a CAU103?

A form CAU103 should be completed when you pay funds

into the Unclaimed Monies Account directly by receipt or transfer from an estate. The form should show the breakdown of all the relevant creditor amounts, their names and last known addresses. These two methods of crediting funds only relate to Creditors/Member Voluntary Cases, therefore a CAU103 only relates to these cases.

### **We are about to submit a dividend request to you but we know we can't locate certain creditors, should we make the cheques payable to the Insolvency Service and pay them into Unclaimed?**

No, raise the cheques in the name of the creditor and return them to us 'defaced' with a covering letter stating they are Unclaimed Dividends. On expiry these funds will automatically credit the Unclaimed Monies Account.

### **I have funds that have been held externally with regard to a Bankruptcy/Compulsory case that are now Unclaimed Monies. Can I pay this directly into the Unclaimed Monies Account?**

Unfortunately, Unclaimed Monies with regard to Bankruptcy and Compulsory cases must credit the Unclaimed Monies Account in the form of expired ISA cheques/payable orders. Therefore the funds should be banked into the estate and cheques raised in the name of the creditor, then these cheques should be left to expire. Cheque fees are applicable.

### **Does the Insolvency Service accept Unclaimed Monies in relation to Individual Voluntary Arrangements and Administration cases?**

We currently only deal with Unclaimed Monies that relate to Bankruptcies, Compulsory Liquidations, Creditors' Voluntary Liquidations and Members' Voluntary Liquidations. The only exception to this would be if you had a Court Order directing you to pay the funds into the Insolvency Service Account. If you have any queries that do not relate to the case types of Unclaimed Monies we deal with, we advise you to contact your IP's monitoring body for guidance.

***For advice with regard to Unclaimed Monies issues for Bankruptcy, Compulsory and Creditors/Member Voluntary Liquidation please contact us on 0121 698 4068/4169 or email [EAD.Unclaimed@Insolvency.gsi.gov.uk](mailto:EAD.Unclaimed@Insolvency.gsi.gov.uk)***

# Easy money!

## Q. What is the difference between a CHAPS payment and a TT payment?

CHAPS is an electronic bank-to-bank same day value transfer and can only be used in the UK. A Telegraphic Transfer (TT) is a method of transferring money abroad from one bank to another in any currency.

There is a cost involved in actioning a CHAPS payment, therefore EAD only uses this method when the value is higher than £250,000.00. Anything below this figure is paid using the BACS system. This rule does not apply when transferring money abroad – we are happy to action any request regardless of the value.

EAD receives numerous requests to action electronic bank transfers both to banks in the UK and across the world. The number of requests received has increased dramatically over recent years and in order for us to action the request efficiently please follow the procedure below:

The request should be in the form of a letter and not on the CAU 105 form. We will only accept one request per letter and would be grateful to receive prior notice of large value payments.

The letter should include the following when requesting a CHAPS payment:

Estate name  
Estate ID number  
Payee  
Reference  
Name of bank/building society  
Address of bank/building society  
Account number  
Sort code  
Amount in figures and words  
Trustee signature  
Contact name and number

When requesting a TT payment all of the above should be included as well as:

Swift code /BIC  
IBAN

If any of the above is omitted from the letter the request will be rejected and returned.

If you are still unsure of what is needed or require further information the Receipts and Payments team is happy to help. Contact: 0121 698 4253/4284/4285 or email: ead.ip.r&p@insolvency.gsi.gov.uk

## Enforcement

### BRU for former music man

Investigation by the Official Receiver has discovered that a £500 a month cocaine habit and extensive credit card spending were among the factors that led to former music business director Nathan Ward making a Bankruptcy Restrictions Undertaking (BRU) for six years on 27 July 2006.

In May 2005 the 34-year-old was running a music business but had debts estimated by the Official Receiver (OR) to be around £38,298. He was getting £300 a week from the business, which fell to £200 and then to nothing when the company ceased trading in July 2005. Despite this, he spent at least £14,284 between May and September 2005 when he filed for bankruptcy that he had no reasonable expectation of repaying. By the time he filed for insolvency, Ward's total debts amounted to £52,582, a rise of 37% over just four months. The OR's allegation against Ward argued that this behaviour was to the detriment of his creditors.

### Hard times eased at Christmas

Team Members in EAD are helping a local organisation called "Reachout", part of the Birmingham Medical Mission Charity this Christmas. The idea is to collect hats, scarves, thick socks or deodorant which Reachout will box, wrap and give to homeless people in the streets of Birmingham as practical gifts at Christmas.



Many of these people who live on the edges of our society find themselves existing there due to just one or two bad life-choices and then find themselves trapped, often in a place of increasing desperation, feeling isolated and forgotten. These gifts are a practical encouragement to them and can lead to life changing decisions being made, as Reachout is able to establish trust to work with them in rebuilding their lives.

We take this opportunity to extend our best wishes to you during a season where pressure can seem to intensify. We hope that you have a peaceful and joyful holiday.

IP Cashier Newsletter is published twice a year. For additional copies please ring the publications order line on 0845 015 0010 or request a copy via email to publications@dti.gsi.gov.uk