



Australian Government

Insolvency and Trustee Service Australia

Official Receiver's Practice Statement

Six month arrears default termination of a debt agreement

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If you have any comments, suggestions or queries on a matter referred to in this Practice Statement, please contact us at any time by [email](#) or by mail addressed to:

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1. PURPOSE

1.1 To provide guidance on when the Official Receiver is satisfied that a debt agreement is terminated by a six-month arrears default.

2. BACKGROUND

2.1 Six-month arrears default occurs when -

- A debtor does not make any payment for six months after the date a payment is due; or
- The debtor has not completed all payments and obligations within six months after the completion date of the agreement.

2.2. A six-month arrears default terminates a debt agreement and compliance checks are made to ensure that the debt agreement is validly terminated before it is recorded on the National Personal Insolvency Index.

3. PRACTICE

3.1 A debt agreement administrator must notify the Official Receiver on the [approved form](#) within ten working days if there has been a six-month arrears default by the debtor.

3.2. An administrator must provide the completed form to Official Receiver with evidence of the six-month arrears default including –

- Details of amounts and dates due in relation to the payments to be paid by the debtor under the debt agreement;
- A list of payments by the debtor showing especially the amount of arrears and the date of the last payment by the debtor; and
- The date of completion on the original or varied agreement.

3.3. This information is checked to confirm that six-month arrears default has occurred.

3.4. The Official Receiver must be satisfied that a six months arrears default has occurred before recording the termination on the NP11.

3.5. In determining six-months arrears default there is no discretion if evidence of a default proves that a default has occurred; termination occurs and the NP11 must be updated.

3.6. If there is doubt or a dispute about whether default has occurred, a compliance telephone call is made to the debtor and/or administrator to verify it.

3.7. An agreement is terminated when the six month arrears default is entered on the NP11.

3.8. The debtor and creditors are notified of the termination by the Official Receiver with a copy to the administrator.

4. REFERENCES

Bankruptcy Act 1966 s185QA; 185LC(3)