

What happens to my debts?

What you need to know

Once a No Asset Procedure (NAP) is entered, creditors cannot begin or continue any steps to recover or enforce a debt included in the NAP.

Certain debts are excluded by law. You must continue to pay any:

- Maintenance Orders under the Family Proceedings Act 1980
- Child support under the Child Support Act 1991
- Student loans
- Court fines and reparation.

Creditors may file 'provable debt' claims in an NAP. Provable debts are debts or liabilities owed at the date of entry which the creditor can prove through invoices and/or agreements. Legally excluded debts are not provable debts.

On discharge, you are released from your provable debts and you are not liable to repay any part of them, including any penalties and interest that may have accrued. You receive a fresh start on the date of discharge.

What about debt I owe to Work and Income?

The position concerning debt owed to Work and Income and their ability to pursue debts owed by debtors that have entered or been discharged from bankruptcy and NAP is currently under review.

Presently Work and Income pursue debtors who have entered bankruptcy for any outstanding Work and Income debt if they are receiving a Work and Income benefit. Work and Income do not pursue debtors who have entered NAP or who have entered bankruptcy and are not on a Work and Income benefit. Should you have any questions about a debt that you may owe Work and Income, please contact their General Inquiries Line on 0800 559 009.

If Work and Income consider that your debt was obtained by fraudulent means, they may continue to pursue you during the period of your bankruptcy or NAP. Debts that are obtained by means of fraud are not extinguished upon discharge from bankruptcy.

If the Official Assignee receives advice from a creditor that you may have obtained a debt fraudulently after you have entered a no asset procedure, then it is possible that the Official Assignee will terminate your NAP.

Overseas debt

If you owe money to a creditor that is based overseas, you can include them in your list of creditors when completing your Statement of Affairs. Although the creditor is based overseas, they can still be included in your New Zealand-based NAP. The creditor cannot pursue you for payment in New Zealand. However, be aware that if you return to the country where the overseas creditor is based, the fact that you were admitted to a NAP in New Zealand does not prevent that creditor from pursuing you for payment. Your NAP only applies in New Zealand and does not extend to overseas countries.