



ASIC
Australian Securities &
Investments Commission

Insolvency for creditors

Affected by COVID-19?

Find out what to do if a company that owes you money has been affected by the COVID-19 pandemic.

For more information, [visit ASIC's small business page](#).

Sometimes businesses cease because they have run out of money and can't pay their debts. If you are owed money by a company, you are a creditor.

A creditor might be owed money by a company for:

- supplying goods or services
- loans to the company
- unpaid wages and entitlements (if you are an employee of the company).

A 'contingent creditor' is owed money by the company if a certain event occurs (e.g. if they succeed in a legal claim against the company).

Creditors might be secured or unsecured:

- a **secured creditor** has a 'security interest', such as a mortgage, over some or all of the company's assets (you can [search the PPSR](#) to find out if anyone holds a security interest (other than a mortgage over land) in the company's assets)
- an **unsecured creditor** does not have a security interest over the company's assets.

If you are owed money by a company and suspect it is in financial difficulty, you should first raise your concerns with the company. If this fails, you can review ongoing trading arrangements and/or seek competent advice on your options to recover the debt

Signs a company is in financial trouble include the late payment of invoices, dishonoured payments or overdue taxes and superannuation liabilities.

More information ☐

› [Creditors rights in liquidation](#)

› [Creditors rights in receivership](#)

- › Creditors rights in voluntary administration
- › Independence of external administrators
- › Fees for external administrators
- › Disputes about goods and non-financial services

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