



## What to do when a company goes out of business

The announcement that a company is going into administration can leave many of their customers wondering if their contracts or orders will be fulfilled and what their rights are.

### Q. What should I do if a company goes into administration?

**Step 1 – Keep your paperwork in order:** Consumers should gather together any paperwork they have, such as order confirmations, contracts, receipts, credit or Visa card receipts/ statements and insurance policies. Keep these in a safe place and if you need to send paperwork to make a claim, always keep the originals and send a copy.

**Step 2 - How to make a claim:** Anyone waiting for the delivery of goods they've paid for must contact the administrators if they have been appointed (or the customer service department if the administrators haven't been appointed yet).

**Step 3 – Know your rights:** Your rights will differ depending on how you have paid for the goods eg credit card, debit card, cheque or cash.

- **Credit card** - you have added protection from your credit card provider if your purchase was for a single item costing £100 up to £30,000. The law says that the credit card provider is jointly liable and must help you get your money back.
- **Debit Card** - Visa debit cards and credit cards offer a 'Chargeback' facility which enables your bank to claim money back for you in cases where goods fail to arrive, the company goes bust, or the goods are faulty or misdescribed.
- **Non-Visa debit cards/cash/cheque** - you need to write to the administrator and send them photocopies of all receipts. Unfortunately, there is a chance you may not get your money back.





- **Paid by credit agreement** - If the shop arranged the credit agreement for goods costing between £100 to £30,000 and it goes bust before you take delivery, you may have rights against the finance company. Remember, if you have received your goods you must still pay the finance company the full amount under the terms of your credit agreement.

**Q. What if I have a gift card or voucher for the company going into administration?**

If you have a gift card/voucher for a business which has gone into administration, it may not be honoured. If an administrator is appointed you must register your claim with them. Sometimes the business is bought over by another company who may decide to honour the gift card or voucher (at the new company's discretion). You might also like to check with the person who gave you the gift card or voucher to see if it was purchased using a credit or Visa card.

**Q. What if the goods that I have ordered or received from a company in administration are faulty, don't match the description or have failed to arrive?**

- Check if you can return unwanted or faulty goods to the company;
- If the goods cost £100 or over for a single item and you bought using your credit card, you can claim under Section 75 of the Consumer Credit Act;
- If the goods cost under £100 and were paid for on a credit card or debit card, you may be able to claim under chargeback;
- If you bought an item with a warranty, you should be able to claim a refund or repair from the manufacturer under the terms of the warranty; and





The Consumer Council

You may be able to make a claim on an extended warranty, if cover was provided by a warranty company independent of the trader.



## Useful contacts and information

For template letters that will help you to contact the administrators to claim for goods not received or to claim refunds on your credit card visit:

<http://www.consumercouncil.org.uk/complaints/help-and-information/>

For more information and advice regarding goods and services contact **Consumerline** on **0300 123 6262** or visit [www.nidirect.gov.uk/consumerline](http://www.nidirect.gov.uk/consumerline)

For more detailed information on the next steps to take download a free copy of the Consumer Council's **Safer Ways to Pay** leaflet

<http://www.consumercouncil.org.uk/publications/safer-ways-to-pay/> or call us on **0800 121 6022**.

