

## THE SUNDAY TIMES (SINGAPORE) 11 JANUARY 2004

### Unable To Settle Debts – Negotiate Settlement

#### **BODY:**

Q I have about \$97,000 in debt with various creditors and am unable to settle it in monthly instalments as I earn just over \$2,000 a month.

At this moment, negotiation with creditors is in progress but it is likely to fail.

I have failed to support my wife since 1998. How does my bankruptcy affect her? Are her savings in the bank liable to be seized to pay my creditors?

I plan to work in the United States for a higher income. I will leave Singapore without declaring bankruptcy.

In this case, what are the serious consequences for my wife? Is she responsible for my debt? Will the court order me to come back to Singapore?

Is it possible for me to negotiate with creditors for a debt consolidation plan through a US consultant while I am working in US?

A You should continue with your efforts to negotiate with the creditors to reach a settlement agreement to pay off the debt in monthly instalments.

Even though it may not be much, something is definitely better than nothing and creditors will appreciate the effort. If this fails, any of the creditors who is owed more than \$10,000 can petition to make you a bankrupt.

If your debt was incurred by you solely, then your wife will not be made to settle it, provided she did not sign as a guarantor for your debts or agree to indemnify your debts in any way.

If you have gone overseas, the creditors can apply to make you a bankrupt in your absence.

The court will not order you to come back, but once you are adjudged a bankrupt, you would have to comply with certain requirements even if you are working abroad. Failure to do so will constitute an offence.

Also, do note that you may have some difficulty in securing a job overseas if your prospective employers find out that you are a bankrupt in Singapore.

If you are made a bankrupt while you are living and working overseas, your wife will not be responsible for your debts unless as stated above.

But note that if you live in a private property, the Official Assignee may seek to go after that even if it is jointly owned with your wife.

Finally, you can always negotiate a settlement any time. If you are already a bankrupt, your negotiations would have to be made through the Official Assignee.

Vijai Parwani  
Managing Partner  
Parwani & Company