Insolvency for creditors

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