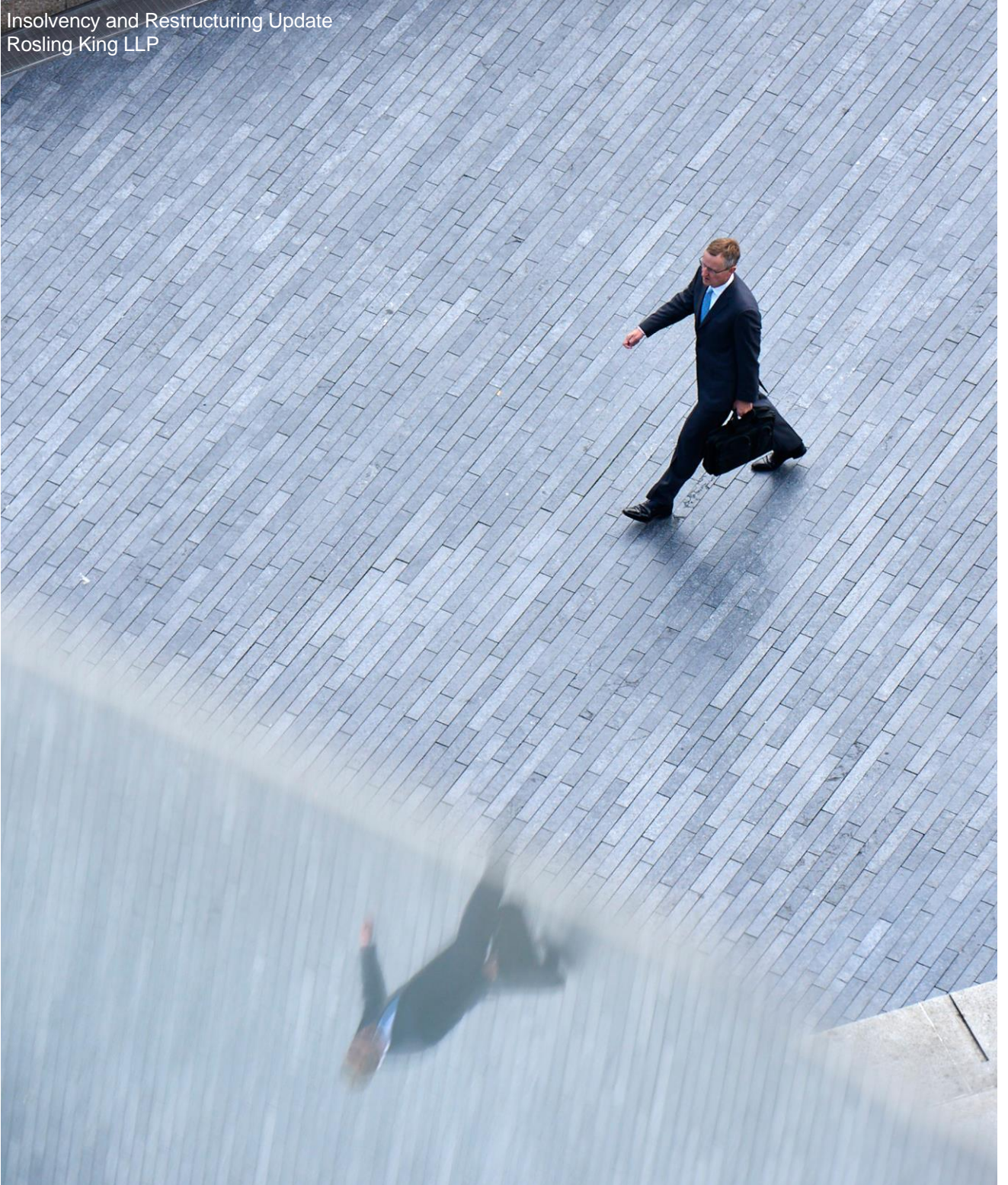


Insolvency and Restructuring Update  
Rosling King LLP



The Government has introduced a new range of measures to safeguard the UK high street against aggressive debt recovery actions during the coronavirus pandemic (“**COVID-19**”).

Alexander Pelopidas, Partner at Rosling King LLP, considers the new measures.

### **Temporary Ban on Debt Recovery measures**

Whilst the majority of landlords and tenants are collaborating to reach agreements on rent payments impacted by COVID-19, the Government is intervening to put an end to landlords who are unfairly choosing to pursue aggressive debt recovery tactics against struggling high street businesses.

The intervention includes the temporary ban of statutory demands issued between 1 March 2020 and 30 June 2020 and winding up petitions presented from 27 April 2020, where the reason for the inability to pay the outstanding debt is COVID-19. This will provide some respite for many business tenants under financial strain.

These measures will be incorporated into the Corporate Insolvency and Governance Bill.

### **Changes to the statutory Commercial Rent Arrears Recovery (“CRAR”) procedure**

The Government will also provide struggling business tenants with greater breathing space to pay rent arrears, by preventing Landlords from using the CRAR procedure unless they are owed 90 days’ unpaid rent.

The Government’s hope is that these steps will safeguard millions of jobs during this unprecedented period and it will certainly give many tenants some breathing room in the run up to the next rent quarter date in June. However, whether these businesses can survive after the temporary measures have been lifted will have to be seen.

Equally, in the Government’s announcements it was acknowledged that landlords are also facing unprecedented pressure and that tenants should seek to pay as much as they can. The Government accordingly repeated its call for companies to take advantage of the Coronavirus Business Interruption Loans Scheme, a key component of the Government’s support package.

### **Conclusion**

These new, temporary measures introduced by the Government will be welcomed by struggling UK high street businesses, as they further compliment the Government’s substantial support package, which includes a moratorium on evictions for commercial tenants for at least a 3-month period.

These new measures will be in force until 30 June, and can therefore be extended in line with the moratorium on commercial lease forfeiture. Indeed, they may need to be extended as many tenants are seriously struggling, particularly in the retail and leisure sectors. At the same time,



the Government has to balance the impact of its measures on landlords, who themselves face pressures from lenders and other creditors. It is likely we will see more assistance for both tenants and landlords in the coming months.

Should you wish to discuss these measures in more detail, please contact Alexander Pelopidas or any other member of the RK team.