



## What impact will liquidation have on my credit rating?

### *Personal credit rating*

We are often asked this question and the answer used to be that being a director of a limited company had no impact on a personal credit rating and if you 'google' the subject, you will find articles saying just that.

However, it is not quite that simple and there are events that can result in a negative credit rating impact. These are:

- Default on personal guarantees for company debt
- Liquidator pursues a claim (eg a director's loan account) and has to obtain judgment

We have also heard that some insurance companies and banks have flagged a company insolvency when applying for personal finance. We're sorry we could not be clearer, but it appears there are different policies between credit agencies and providers.

### *Applying for business credit*

The position with applying for business credit having suffered an insolvency seems more clear cut, as the risk profile understandably increases for lenders and an insolvency will almost certainly be raised when applying for finance, credit, a bank account and/or insurance for a new business.

Lenders have a different attitude to risk and few suppliers will decline business completely, which means you should be able to obtain credit, goods or finance, but for a period you might find:

- Rates are higher
- Terms are stricter and some suppliers might insist on pro-forma purchases
- You might not end up with a high street banker/lender