STATUTORY RULES OF NORTHERN IRELAND

2025 No. 113

INSOLVENCY

The Compensation Orders (Disqualified Directors) Proceedings Rules (Northern Ireland) 2025

Made - - - - 19th June 2025

Coming into operation - 11th July 2025

The Department of Justice, with the concurrence of the Department for the Economy(**a**) and in relation to those Rules which affect court procedure, with the concurrence of the Lady Chief Justice, makes the following Rules in exercise of the power conferred by Article 359 of the Insolvency (Northern Ireland) Order 1989(**b**) read in conjunction with Article 24(1) of the Company Directors Disqualification (Northern Ireland) Order 2002(**c**).

In accordance with Article 359 of the Insolvency (Northern Ireland) Order 1989, the Department of Justice has consulted the Committee appointed under Article 360 of that Order.

Citation, commencement and interpretation

1.—(1) These Rules may be cited as the Compensation Orders (Disqualified Directors) Proceedings Rules (Northern Ireland) 2025 and come into operation on 11th July 2025.

(2) In these Rules–

"the court" means the High Court of Justice in Northern Ireland (Chancery Division);

"the Department" means the Department for the Economy;

"file in court" means deliver to the Bankruptcy and Companies Office for filing;

"the Judge" means the Chancery Judge or any Judge of the High Court or of the Court of Appeal for the time being acting as Chancery Judge;

"the Master" means the Master (Bankruptcy);

"the Order" means the Company Directors Disqualification (Northern Ireland) Order 2002 and a reference to a numbered Article is to that Article of that Order;

"relevant party" means-

(a) the respondent (in the case of an application under Article 19A(1)(**d**)), or

(**a**) Formerly the Department of Enterprise, Trade and Investment, see the Departments Act (Northern Ireland) 2016 (2016 c. 5, section 1(3) and Schedule 1).

(**b**) S.I. 1989/2405 (N.I. 19). Article 359 was amended by the Insolvency (Northern Ireland) Order 1989 (Amendment) Regulations (Northern Ireland) 2002 (S.R. 2002 No. 223), section 15 of and paragraph 81 of Schedule 5 to the Constitutional Reform Act 2005 (c.4), and by Article 15(5) of and paragraph 142 of Schedule 18, to the Northern Ireland Act 1998 (Devolution of Policing and Justice Functions) Order 2010 (S. I. 2010/976).

(**c**) S.I. 2002/3150 (N.I. 4)

(**d**) Article 19A was inserted by section 112 of and paragraph 8, of Schedule 8 to the Small Business, Enterprise and Employment Act 2015 (c. 26) and was amended by section 3(7) of the Rating (Coronavirus) and Directors Disqualification (Dissolved Companies) Act 2021 (c.34)

(b) the Department (in the case of an application under Article 19C(1)(**a**));

"Rules of the Court of Judicature" means the Rules of the Court of Judicature (Northern Ireland) 1980(**b**).

Application

2. These Rules apply to an application under the Order made on or after 00 [month] 2025–

(a) by the Department for a compensation order against a person under Article 19A(1), and

(b) by a person who is subject to a compensation undertaking under Article 19A(2) for variation or revocation of that undertaking under Article 19C(1).

Form and conduct of applications

3.—(1) An application must be made by originating summons (Form 7 in Appendix A to the Rules of the Court of Judicature, with such adaptation as may be appropriate), and the Rules of the Court of Judicature apply accordingly, except where these Rules make different provision.

(2) The summons must be issued out of the Bankruptcy and Companies Office.

(3) In the case of an application under Article 19C(1), the Department is the respondent for the purposes of the Rules of the Court of Judicature.

The applicant's case

4.—(1) The applicant must, at the time when the summons is issued, file in court evidence in support of the application.

(2) The applicant must serve on the relevant party with the summons copies of the evidence under paragraph (1).

(3) The evidence must be by one or more affidavits, which must include–

(a) in the case of an application under Article 19A(1), a statement–

(i) of the disqualification order or undertaking in respect of which the application is being brought, or of the proceedings for a disqualification order either commenced or being commenced alongside the application;

(ii) of the loss it is alleged has been caused by the conduct in respect of which–

(aa) the respondent is subject to the disqualification order or undertaking, or

(bb) proceedings for a disqualification order have been or are being commenced;

(iii) identifying the creditor or creditors to whom it is alleged loss has been caused;

(iv) identifying particulars of the order the applicant is seeking under Article 19B(1)(**c**);

(v) of any other matters considered to be of relevance to the application; and

(b) in the case of an application under Article 19C(1), the compensation undertaking (or a copy).

(4) In the case of an application under Article 19A(1), where the insolvent company as referred to in Article 19A(3)(b) is in administration or liquidation, or there is an administrative receiver of that company, the applicant must also give notice of the application to the administrator, liquidator or administrative receiver within 14 days of the summons being issued.

(5) The notice under paragraph (4) must identify particulars of the order the applicant is seeking under Article 19B(1).

(**a**) Article 19C was inserted by section 112 of, and paragraph 8, of Schedule 8 to the Small Business, Enterprise and Employment Act 2015 (c. 26).

(**b**) S.R. 1980 No.346.

(**c**) Article 19B was inserted by section 112 of, and paragraph 8, of Schedule 8 to the Small Business, Enterprise and Employment Act 2015 (c. 26).

Endorsements etc. on summons

5.—(1) The following information must be endorsed on the summons—

(a) that the application is made in accordance with these Rules;

(b) in the case of an application under Article 19A(1), that the court has the power to make such an order in respect of loss it is alleged has been caused by the respondent's conduct;

(c) in the case of an application under Article 19C(1), that the court has the power to reduce the amount of a compensation undertaking offered and accepted under Article 19A(2) or to provide that such an undertaking is not to have effect;

(d) that the respondent, or as the case may be, the Department, must file in court the statement required by rule 7 within the time limit imposed under that rule;

(e) that any evidence which the relevant party wishes the court to take into consideration must be filed in court in accordance with the time limit under rule 8(1).

(2) The time limits referred to in sub-paragraphs (d) and (e) of paragraph (1) must be set out in the summons.

Service

6.—(1) After the summons is issued, it must be served on the relevant party without delay by sending it by first class post to the relevant party's last known address, and the date of service is, unless the contrary is shown, deemed to be the seventh day after the date on which the summons was posted.

(2) Where any process or order of the court or other document is required under proceedings subject to these Rules to be served on any person who is not in Northern Ireland, the court may order service on the person of that process or order or other document to be effected within such time and in such manner as it thinks fit, and may also require such proof of service as it thinks fit.

Statement by relevant party

7.—(1) In the case of an application under Article 19A(1), the respondent must, within 14 days from the date of service of the summons, file in court a statement indicating–

(a) whether the respondent is contesting the disqualification on which the application is based by–

(i) contesting the making of a disqualification order (either before it has been made or by way of an appeal), or

(ii) applying for a disqualification undertaking to cease to be in force;

(b) whether the respondent disputes that the conduct on which the application is based caused the loss alleged in the application;

(c) whether the respondent, while not resisting the application, intends to adduce mitigating factors with a view to justifying a reduced level of compensation.

(2) In the case of an application under Article 19C(1), the Department must, within 14 days from the date of service of the summons, file in court a statement indicating whether or not it intends to file any evidence relating to the application.

(3) The respondent or the Department as the case may be, must after filing such statement serve a copy upon the applicant without delay.

Evidence

8.—(1) The relevant party must, within 28 days from the date of service of the summons, file in court any evidence relating to the application which the relevant party wishes the court to take into consideration.

(2) The relevant party must, at the same time, serve on the applicant a copy of any such evidence.

(3) The applicant must, within 14 days of receiving the copy of the relevant party's evidence, file in court any further evidence in reply which the applicant wishes the court to take into consideration.

(4) The applicant must at the same time, serve a copy of any such further evidence on the relevant party.

(5) Any evidence filed and served under this rule must be by affidavit.

The hearing of the application

9.—(1) When the summons is issued, the court must fix a date for the first hearing of the application for a date not less than 8 weeks from the date of issue of the summons.

(2) The hearing must in the first instance be before the Master in open court.

(3) Without prejudice to the Department's rights and obligations under Articles 19C(2) and 20(3) on the hearing of an application, subject to the direction of the court, any of the parties may give evidence, call and cross-examine witnesses at the hearing.

(4) The Master must either determine the case on the date fixed or adjourn it.

(5) If the Master adjourns the case for further consideration, the Master must–

(a) direct either that they will hear the case or, if the Master considers it appropriate, that it is to be determined by the Judge,

(b) state the reasons for the adjournment, and

(c) give directions as to the following matters–

(i) the manner in which and the time within which notice of the adjournment and the reasons for it are to be given to the relevant party,

(ii) any order for the provision of further information or for disclosure by the parties,

(iii) the filing in court and the service of further evidence (if any) by the parties,

(iv) such other matters as the Master thinks necessary or expedient with a view to an expeditious disposal of the application, and

(v) the time and place of the adjourned hearing.

Compensation orders: making and setting aside of an order

10.—(1) The court may make a compensation order under Article 19A(1) against the respondent whether or not the respondent-

(a) appears,

(b) has filed the statement required by rule 7(1), or

(c) has filed evidence in accordance with rule 8.

(2) Any compensation order made in the absence of the respondent may be set aside or varied by the court on such terms as it thinks just.

Appeal from order or decision of Master

11. -(1) Order 58, rule 1(2) to (4) of the Rules of the Court of Judicature applies, subject to the substitutions made by paragraph (2), to an appeal from an order or decision of the Master on an application to which these Rules apply.

(1) In paragraph (3)-

(a) for "5 days" substitute "28 days", and

(b) for "2 clear days" substitute "7 days".

Sealed with the Official Seal of the Department of Justice on 19th June 2025



Naomi Long
Minister of Justice

I concur

Siobhan Keegan
The Lady Chief Justice of Northern Ireland

The Department for the Economy concurs with the foregoing Rules

Sealed with the Official Seal of the Department for the Economy on 19th June 2025



Caoimhe Archibald
Minister for the Economy

EXPLANATORY NOTE

(This note is not part of the Order)

These Rules make provision for the procedure for bringing applications for compensation orders and applications for the variation and revocation of compensation undertakings. The ability for the Department for the Economy to apply for compensation orders to be made against, and to accept compensation undertakings from, disqualified directors under Article 19A of the Company Directors Disqualification (Northern Ireland) Order 2002 (S.I. 2002 No. 3150 (N.I. 4)) was introduced by section 112 of, and paragraph 8 of Schedule 8 to, the Small Business, Enterprise and Employment Act 2015 (c.26) as from 1 October 2015.

Rule 3 provides that applications for compensation orders and for variations and revocations of compensation undertakings are to be by way of originating summons with any appropriate adaptation and that the Rules of the Court of Judicature (Northern Ireland) 1980 are to apply to such applications except where these Rules otherwise provide.

Rules 4 makes provision about supporting evidence and Rule 5 sets out information to be endorsed on the summons.

Rule 6 makes provision about service of the summons and establishes a procedure for use where processes, court orders or other documents need to be served on someone outside Northern Ireland.

Rule 7 makes provision about statements in reply to summonses.

Rule 8 provides a tailored regime for the filing and service of evidence in these proceedings and Rule 9 for the hearing of applications. In the first instance, these applications must be heard by the Master and may be adjourned, including an order that they be determined by a Judge.

Rule 10 states that a compensation order may be made against a respondent who has not taken part in the proceedings, but also gives the court discretion to vary or set aside an order made in the absence of the respondent.

Rule 11 applies provisions in the Rules of the Court of Judicature (Northern Ireland) 1980 to appeals made against orders or decisions of the Master.

A regulatory impact assessment has not been produced for these Rules as no impact on business, charities, social enterprise or voluntary bodies is foreseen. An explanatory memorandum is published alongside these Rules at www.legislation.gov.uk.

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