

Funding partnerships and sole traders – do you need to register your agreement?



Factors and discounters who fund partnerships and sole traders may have to register their agreements at the High Court – failure to do so could mean losing ownership of the book debt ledger.

If an invoice financier's client is a partnership or sole trader, the financier will need to register its finance agreement if that agreement is a "whole turnover" agreement containing a general assignment of all future debts.

Registration is required by law – the Insolvency Act 1986 and the Bills of Sale Act 1878 – and failing to register has serious consequences. Failure to register the agreement will result in the financier losing its ownership of all outstanding debts should the client or one of its partners become bankrupt, depriving the financier of the benefit of the book debt ledger and leaving them merely an unsecured creditor in the client's bankruptcy.

Deadlines for registration are tight: agreements must be filed at the Bills of Sale registry at the High Court in London within seven days of the client having signed it. Financiers should ensure that any take-on checklist for partnerships or sole traders includes notifying the financier's legal advisors in good time and providing them with the original, signed invoice finance agreement (not just an electronic copy).

Registrations also need to be renewed every five years, so the financier's client managers and operations team should put systems in place at or immediately following take-on to ensure that the deadlines are recorded and will be flagged up well in advance.

But what if you haven't registered your agreement or remembered to renew it? All is not lost! PDT Solicitors can help you make an application to the High Court and, if the Judge is satisfied that the omission was accidental



or due to inadvertence, she has the discretion to rectify the problem.

If you have questions about registering your agreement or think you may have forgotten to do so, please get in touch with our [ABL team](#) to find out how we can help.

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