

Creditor's Statutory Demand - When to stick your head in the sand (and when not to)



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If you have a company, chances are that sometime throughout the life of your business, you will receive (or issue) a creditor's statutory demand.

It may be enticing to ignore any demand received, especially if it seems without any basis, but you should not ignore a creditor's statutory demand: there are very strict deadlines (in general, 21 days from the date you received it) and your company could be placed in liquidation if appropriate steps are not taken within that time.

Similarly, if you issue a creditors statutory demand on a company – and then ignore any submissions made in response to that demand, you may find yourself on the other end of a court hearing and be ordered to pay costs on the indemnity basis. An example involving Robbins Watson is *Corio Homes Pty Ltd and Sailor Venus Pty Ltd* where a costs order on the indemnity basis was made in our client's favour.

If you are not sure whether a demand can be ignored, or whether you can use a creditor's statutory demand, contact us for an initial consultation.

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