

This guide provides an overview of limitation periods when pursuing insolvency claims. It covers the calculation of limitation periods and options for an insolvency practitioner (IP) when approaching the expiry of limitation, and flags some areas for consideration.

Overview of Key Limitation Considerations

A limitation period is the time within which a claim must be commenced. If an insolvency claim is not issued before the end of a limitation period, this could result in the loss of otherwise valuable recoveries for the insolvent estate. It is therefore critical that potential claims are identified at an early stage, so that the relevant limitation period can be diarised and actively monitored.

Limitation periods vary depending on the nature of the claim, and in some cases no statutory limitation period applies at all. The principal statutory framework governing limitation is the Limitation Act 1980 (LA 1980).

This guide explains the limitation periods applicable to insolvency claims and highlights key considerations that insolvency practitioners should bear in mind when investigating and pursuing potential recoveries.



Limitation Periods – Different Types of Claims

Claims may be based on a cause of action that the company had before it went into an insolvency process, or office-holder claims, which can be brought only by the IP of the insolvent company under the Insolvency Act 1986 (IA 1986).

Listed below are the typical limitation periods for office-holder claims.

Claim Type	Typical Limitation Period
Fraudulent Trading (IA 1986, S.213)	Six years.
Wrongful Trading (IA 1986, S.214)	Six years.
Transactions at an Undervalue (IA 1986, S.238/S.339)	<i>Zedra</i> ¹ suggests no limitation period applies (see below). Previously 12 years (for non-monetary remedies) but six years if remedy is monetary.
Preferences (IA 1986, s.239 / s.340)	<i>Zedra</i> suggests no limitation period applies (see below).
Transactions Defrauding Creditors (IA 1986, S.423)	<i>Zedra</i> suggests no limitation period applies (see below), plus the start date might be postponed (see Postponement below). Previously 12 years (for non-monetary remedies) but six years if remedy is monetary.
Misfeasance (IA 1986, S.212)	Six years from the date the breach occurred/cause of action accrued.
Claims involving trust property or fraud (IA 1986 LA 1980, S.21)	No limitation period.
Claims postponed for fraud/ concealment/mistake (LA 1980, S.32)	Runs from the date that the claim is discovered.

1 THG Plc v. Zedra Trust Company (Jersey) Ltd [2026] UKSC 6

Developments Affecting Limitation Periods

Following the Supreme Court decision in *Zedra*, it is likely that no statutory limitation periods apply to officeholder claims for transactions at an undervalue, preferences, or transactions defrauding creditors.

Before this decision, these claims were generally characterised as either “an action upon a specialty” within the meaning of section 8 of the LA 1980, such that a 12-year limitation period applied or, where the claim sought a purely monetary remedy, such claims were generally treated as falling within section 9 LA 1980, with the result of a reduced limitation period of six years.

Whilst the Supreme Court addressed the limitation periods applicable to unfair prejudice claims under section 994 of the Companies Act 2006, the findings are likely to apply more widely to limitation periods for insolvency claims, although the position is yet to be tested.

Although it appears there may be no time bar under the LA 1980 for insolvency claims, the court will still assess fairness and any delay in bringing a claim, when deciding whether a claim can be pursued. Relevant factors that the court will consider include the length of the delay; conduct of the parties; the nature and extent of any prejudice and the degree to which the officeholder caused that prejudice. The court is unlikely to grant relief where delay has caused substantial prejudice or detriment to the respondent or where it would otherwise be inequitable to do so.



When Does Limitation Start?

Generally, time starts to run from the date the cause of action accrues; for example, the date of the transaction or breach, except where it involves fraud or concealment, in which case time starts to run when the fraud or concealment was or could reasonably have been discovered.

There are insolvency-specific nuances that an IP should be aware of:

Claims Based on the Company’s Cause of Action

If a cause of action, such as damages for breach of contract, had already arisen prior to their appointment, the limitation period for the claim will be unaffected by the company becoming insolvent. This includes where a company enters administration and is placed into a statutory moratorium period.

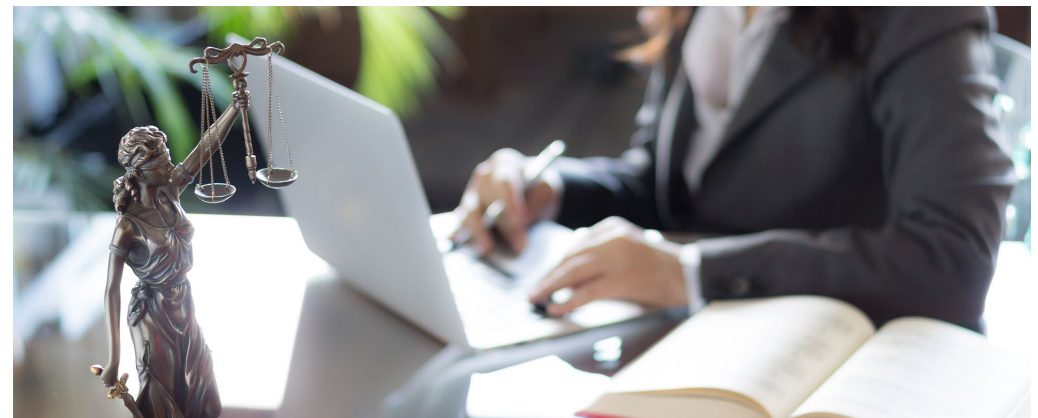
An officeholder will therefore need to consider promptly, on appointment, whether such claims exist, because the limitation period may well be reaching expiry.

Officeholder Claims

As officeholder claims can only be brought by an officeholder after a company has entered insolvency, the limitation period starts to run when the company enters administration or liquidation.

Look-back Periods for Insolvency Claims

The IA 1986 prescribes look-back periods during which a transaction is susceptible to challenge. These statutory periods, which are set out in our [Overview of Insolvency Claims](#) are not the same as limitation periods within which a claim must be brought, but are clearly relevant to determining whether a claim exists in the first instance.



Options/Considerations if Limitation Is About To Expire

When a claim is approaching the expiry of the relevant limitation period, an IP should consider taking steps to preserve the claim. The appropriate step will depend on the nature of the claim, the factual circumstances and the relationship between the parties. Possible options include:

- Agreeing a standstill agreement
- Issuing protective proceedings
- An acknowledgment or part payment of a debt
- Postponement of start date

Agreeing a Standstill Agreement

Entering a standstill agreement suspends limitation by agreement between the parties. The exact effect will depend on the wording of the agreement. However, this can be a good option where investigations are ongoing, and the parties are cooperative, as it allows negotiations to continue without the cost or time pressure of issuing proceedings.

Issuing Protective Proceedings

Issuing a claim before the limitation period expires kickstarts the commencement of the claim and preserves the claim. An IP might wish to do this if the limitation period is about to expire, but they have not fully investigated the claim because it has only just come to their attention or negotiations are ongoing but not yet concluded. Where possible, an IP should issue proceedings well in advance of the end of a limitation period, but in appropriate circumstances; this is an option.

Where an IP has not had time to comply with any applicable preaction protocols, after issuing the claim, the IP should seek a stay of proceedings to complete these retrospectively.

An Acknowledgement or Part Payment of a Debt

If the claim is for payment of a debt, it is helpful to note that if the debt has been acknowledged in writing by the creditor or there has been part payment of debt, this restarts the limitation period.

Postponement of Start Date

Where the action involves fraud, deliberate concealment or mistake, the limitation period does not start running until this is discovered or the point at which it could have reasonably been discovered. An IP should consider whether this applies and therefore whether the start of the limitation period was postponed to a later date.

Practical Tips for IPs

To avoid the risk of claims being time barred, it is advisable for IPs to:

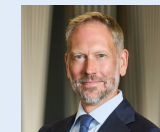
- Diarise limitation dates early and actively monitor progression of investigations
- Assume the shortest possible limitation period where uncertain
- Gather evidence promptly as delay can prejudice recovery even if limitation does not strictly apply
- Consider litigation funding or insurance for cost risk

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