ChatGPT

Guidance for Londonist DMC Ltd: Responding to Statutory Demands and Winding-Up Petitions

Understanding Statutory Demands (21-Day Deadline)

A **statutory demand** is a formal **written demand for payment** issued by a creditor when a company owes **£750 or more** and has not paid despite reminders [1]. It gives the debtor **21 days** to pay the debt (or reach a settlement) and **requires no court action** to issue. Creditors – including trade suppliers or HMRC – often use statutory demands as a **last resort** to pressure payment, since it signals one of the most serious threats to a business [1]. If the company **ignores or fails to satisfy** the demand within 21 days, the creditor becomes entitled to **petition the court to wind up the company** under the Insolvency Act 1986 [2]. In short, a statutory demand is a **final warning**: pay up (or resolve the dispute) in 21 days or face potential insolvency proceedings.

Key timeline: After **21 days** without payment or agreement, the creditor can escalate to a **winding-up petition** [2]. There is *no flexibility* in this timeframe – it is a strict three-week period (calendar days, not business days) from proper service of the demand [2]. If action is not taken by then, the creditor may petition the High Court to wind up (liquidate) the company on grounds of inability to pay debts. Directors should treat a statutory demand with **urgency** – it is a clear red flag that the creditor is prepared to use legal insolvency remedies if the matter isn't resolved fast.

Understanding Winding-Up Petitions

A **winding-up petition** is a formal legal action by a creditor asking the court to **compulsorily liquidate** your company over an unpaid debt. It usually follows a statutory demand or unsatisfied court judgment. By law, a creditor can petition for winding-up if the company owes **more than £750** and **"cannot pay its debts"**, *typically evidenced by a 21-day statutory demand remaining unpaid* [3]. The petition is filed in court (Companies Court) and seeks a **winding-up order** to shut down the company so its assets can be sold to pay creditors. This is a very serious step – essentially, it's an attempt to force the company out of business.

How the process works: Once a petition is filed and **served on the company's registered office**, it will receive a court hearing date (often about **8–10 weeks** later) [4]. However, the impact begins *immediately*: a petition is **publicly advertised** in the London Gazette usually **7 business days after service** [5]. Advertisement means banks and creditors learn of it – banks will often **freeze the company's accounts** as soon as they see a pending winding-up petition, to prevent any asset transfers [6] [7]. This can **paralyze your operations** (you may be unable to pay staff or suppliers) and inflict serious **reputational damage** once word spreads that your company is facing liquidation [6]. Other creditors might also **piggyback onto the petition**, demanding their own payments or supporting the winding-up, which increases pressure on the company [8]. If the petition is not **successfully dismissed or resolved** before the hearing, the court can issue a **winding-up order** at that hearing, placing the company into **compulsory liquidation** [9]. In a compulsory liquidation, an official receiver or liquidator takes control, the **business ceases trading**, assets are sold off, and the company ultimately **ceases to exist** as a going concern [9]. Directors lose their powers and may face investigation into the company's failure. In summary, a winding-up petition is an existential threat to the company – even the *process* of a

petition (before any court order) can severely disrupt the business, so it must be addressed proactively and swiftly.

Disputing a Statutory Demand (Applying to Set Aside or Injunct)

If Londonist DMC Ltd receives a statutory demand that it **disagrees with**, there are steps to **dispute or "set aside"** that demand. Importantly, **for a company**, you do *not* technically "apply to set aside" a statutory demand in the same manner an individual would. **Companies cannot formally set aside a demand** via a simple application; instead, the remedy is to **apply for an injunction to restrain the creditor from presenting (or advertising) a winding-up petition** based on that demand [10]. In practice, this achieves the same outcome – it prevents the demand from resulting in your company's winding-up. Here's how to proceed:

- **Act immediately.** Do **not ignore** a statutory demand or wait until day 21. Ideally, seek legal advice **right away** (the *same day* you receive it) so you have time to respond within the tight deadlines [11]. You generally have about **18 days from service** of the demand to prepare and file a court application to challenge it [12]. Leaving it until the last minute is risky, as you need time to gather evidence and get a court hearing scheduled.

- **Check the demand's validity.** Carefully review the statutory demand for any **irregularities or errors**. It must be on the correct **Form 4.1** and properly **served on the company's registered address** (by hand, registered post, or an officer signing for it) [13]. Confirm the **debt amount stated** is accurate and not overstated. Any failure by the creditor to follow the required form or service procedures can render the demand **invalid** [14]. Also verify that the debt is truly **due** – if part of the debt is not yet due or is based on an invoice you have already paid or credited, that undermines the demand's validity. Minor mistakes (like a small discrepancy in amount) won't usually nullify the demand [15], but significant errors or non-compliance with the rules can be grounds to have it thrown out.

- **Determine your grounds to dispute.** You will need a **solid reason** to challenge the demand – a mere dislike of paying is not enough. Common **valid grounds to set aside or injunct** a statutory demand include:

- **Genuine dispute over the debt:** The amount claimed is genuinely in dispute (e.g. you disagree with the charges or allege the services were not delivered as promised). Insolvency proceedings are **not meant to collect disputed debts** – if there's a real argument, the creditor should use ordinary court litigation, not a wind-up threat [16].

- **Counterclaim or cross-demand:** You believe *the creditor actually owes your company money* (for damages or service failures) **equal to or exceeding** the amount of their claim [17]. For example, if the PBSA provider breached the contract or caused you loss (through service failures, undercutting your business, or reputational harm), you may have a **counterclaim** that offsets their demand. A **"genuine and serious" cross-claim** is a well-recognized defense – the court will not wind up a company if it appears the creditor might owe the company money instead [17].
- **Partial dispute bringing the debt under £750:** If part of the debt is disputed or already paid such that the *undisputed portion* falls below the **£750 statutory threshold**, the demand is invalid [17]. (Note: £750 is the usual threshold for companies; a temporarily higher limit of £10,000 applied in the past due to COVID-19, but it has since reverted to £750.)

- **Security held by creditor:** If the creditor holds security for the debt (for example, a charge over assets) that equals or exceeds the debt's value, they **should not issue a statutory demand** for the full amount [17].
- **Payment plan in place:** If you have already agreed to a **payment instalment plan** and are up to date on payments, a statutory demand is improper [18].

- **Creditor's procedural failure or error:** Any failure to use the **correct form or method** of service, or if the demand was issued in error (e.g. sent to the wrong company or referencing the wrong debt), can be a ground to set it aside [14].

- **Respond to the creditor (via solicitor).** If you have solid grounds, a solicitor can help you **write to the creditor quickly**, outlining that the debt is **disputed** and detailing your counterarguments [11]. This letter should politely but firmly request the creditor to **confirm in writing that they will not proceed with a winding-up petition** while the dispute is unresolved [19]. The aim here is twofold: (1) it might persuade the creditor to back off (avoiding costly court action for both sides), and (2) it establishes a written record that you disputed the debt promptly, which will **protect you on costs** if the matter goes to court [19]. Make sure to set a short deadline in the letter (reflecting the 21-day window) for the creditor's response. If they refuse or ignore your letter, you must be ready to move to the next step.

- **Apply for a court injunction to prevent a petition.** If the creditor won't withdraw the demand, your company (with legal counsel) should **urgently apply to the court** for an **injunction** (sometimes called a restraining order) under Rule 7.24 of the Insolvency Rules 2016 [20]. This is essentially asking a judge to **block the creditor from filing or advertising a winding-up petition** against you based on the disputed debt. You will need to prepare a **formal application notice and a supporting witness statement** explaining the situation [21] [22]. In that statement, you'll include details of the **demand and debt**, why **the debt is disputed on substantial grounds**, and you should attach ("exhibit") any correspondence or evidence showing the dispute (for example, emails about the service failures, your counterclaim calculations, etc.) [23]. The legal test for the court is whether there is a **"genuine triable issue" or a real argument that the debt is not owed** [16]. This is not a high bar – even if your defense might seem "weak" in a normal lawsuit, the court will generally **give the benefit of the doubt to the debtor** at this stage, since insolvency procedures shouldn't be used to decide disputed claims [24]. As one judge put it, the threshold for a **"disputed on substantial grounds"** argument is low – a petition should be restrained if the dispute is not **plainly frivolous** [25]. In practical terms, your counterarguments (e.g. the PBSA's breaches of contract, or evidence of overcharging) just need to be credible and supported by some evidence.

- **Attend the court hearing:** The court will typically hear your injunction application on an **urgent basis**, given the tight timeline. If the judge is convinced that your dispute is genuine or the statutory demand is defective, they will grant an **injunction/order setting aside the statutory demand** (for individuals it's called "set aside"; for companies it's an order restraining the petition) [26] [27]. A successful result means the statutory demand is essentially **cancelled by the court**, and the creditor **cannot proceed with a winding-up petition** on that debt [28]. Often, the court will order the creditor to pay the company's **legal costs** for having to make the application [28] (since the creditor was wrong to pursue an insolvency route for a disputed debt). If, however, you **lose the application**, the demand will remain in force and you'll be expected to pay the debt (or negotiate) within the original 21-day period – otherwise the creditor can proceed to petition for winding-up [29]. Note that losing an injunction bid may also leave the company liable for the creditor's legal costs, and you'd still face the petition, so it's crucial to assess your case honestly with your lawyers before going to court [30]. That said, given the scenario described (service

failures and counterclaims by Londonist), it sounds like you **do have substantive grounds** to dispute *parts of* the debt – the key is to act swiftly and gather evidence now. The very **existence of a genuine dispute or cross-claim** usually means the company can fend off a statutory demand and *force the creditor to pursue the claim in ordinary court* if they truly believe in it [16].

Responding if a Winding-Up Petition is Filed

If despite your efforts, the PBSA provider **files a winding-up petition** (or if a statutory demand was not served and they proceeded straight to a petition), Londonist must shift to **crisis response mode**. A winding-up petition is public and moves quickly, so the goal is to **avoid the "point of no return"** where your bank accounts are frozen and the petition is advertised. Here are the **key steps and strategies** to consider if a petition is issued:

1. **Act within 7 days to avoid advertisement:** Upon being served with a winding-up petition, you generally have about **7 days before it gets advertised** in the Gazette and your bank accounts are likely frozen [5] [31]. Use this window to take action – **do not wait** hoping it will go away. Engage a solicitor *immediately* (if you haven't already) and inform them of the service date so they can plan to respond before advertisement. Stopping the advertisement is critical to containing the damage; if needed, you can apply to court for an **injunction to prevent the petition's advertisement** (similar to the pre-petition injunction, but now aiming to stop publicity while you resolve the issue). Courts can grant a *temporary restraining order* on advertisement if you show you have a **strong dispute and are pursuing a dismissal of the petition**. This buys time and keeps your bank from finding out. In practice, you might also negotiate with the creditor to hold off advertising for a short period (creditors often agree if negotiations are ongoing or if you've filed an application to dispute the debt).

2. **Consider paying the debt (if feasible and prudent):** If the debt (or the undisputed portion of it) is genuinely owed and you **have access to funds**, the fastest way out is to **pay in full immediately** [32]. By doing so, you remove the grounds for the petition. If you choose this route, ensure you obtain **written confirmation from the creditor that they will withdraw the winding-up petition** once payment is received [32]. You (or your solicitor) should also notify the court that the debt has been paid and the petition will be withdrawn. Keep proof of payment and all correspondence. *Important:* If you only dispute **part** of the debt, you might pay the **undisputed part** to show good faith and reduce the risk (especially if that leaves less than £750 remaining, which would undercut the petition). However, be cautious: paying under pressure might weaken your leverage on the disputed portion, and once the creditor has their money, they might be less motivated to address your counterclaims. So use this option only if you decide the fight isn't worth it or if the petition's impact (losing the company) is a worse outcome than paying. Always get legal advice before paying a petitioning creditor, as there may be strategic alternatives like those below.

3. **Negotiate a settlement or schedule:** Even at this late stage, many creditors are open to a **commercial deal**. The petition is leverage for them to get paid, not necessarily an end in itself. You can attempt to **negotiate a settlement** – for example, agreeing to pay a portion now and the rest in instalments, or a lump-sum compromise that's lower than the full claim. Given the urgency, any deal will likely need to be generous enough for the creditor to feel whole (often including covering their **legal costs for filing the petition** and any court fees) [32]. If you reach an agreement, have it **documented in writing** and ensure it clearly states that the creditor will **support an immediate dismissal** (or not proceed further) with the petition. Your solicitor can then attend the hearing (or file a consent order) to get the petition dismissed by consent.

Negotiating under the shadow of a winding-up petition is tough – the creditor knows you're under extreme pressure – but if they are primarily concerned with getting paid, a reasonable proposal can resolve the matter. This might involve, for instance, an upfront payment now (to show seriousness) and a plan to pay the remainder once cash flow improves or when certain conditions are met. Always keep the court informed if a deal is in progress, and remember to act quickly – you ideally want the deal done **before the advertisement** hits, or as soon thereafter as possible.

4. **Prepare to** defend and oppose the petition **(challenge the debt in court):** If the debt is **strongly disputed or fundamentally incorrect**, you should be ready to **fight the petition** in court. File a **Notice of Opposition** (or similar acknowledgment of service) as required by the court rules, indicating your intention to **oppose the winding-up**. Then you will need to prepare a **witness statement (affidavit)** outlining your defense: explain why the debt is not owed or is subject to a counterclaim, provide your evidence of the disputes, and assert that the creditor's claim is not a clear, undisputed debt [33]. Common defenses include pointing out substantial **breaches of contract by the creditor, poor service, overcharging, or any contra-account** showing they owe you money. Essentially, you are showing the court that this is a **highly contested business dispute**, not a straightforward unpaid bill. If you have **already initiated any legal action** against the creditor (for example, suing them for damages or formally disputing the invoices), mention that as well. The court can dismiss a winding-up petition if it finds the debt is genuinely disputed on substantial grounds or that you have a serious cross-claim exceeding the debt [33]. At the hearing, your counsel will argue that the petition is an abuse of process (since insolvency petitions shouldn't be used to resolve ordinary contract disputes). If the judge agrees, the petition will be **dismissed**. Keep in mind, however, that letting it reach the hearing means the petition will likely have been advertised and your company's reputation and operations may have already suffered. So, defending in court is crucial, but it should go hand-in-hand with efforts to restrain publicity (as noted in step 1) and perhaps last-minute settlement talks. In your case, given the *real disputes* you have (counterclaims for service failure and undercutting), you stand a good chance of convincing a court the debt isn't clear-cut – but you must present a **convincing, evidence-backed case**.

5. **Seek an adjournment or moratorium if more time is needed:** If you believe the company can survive given a bit more time – for instance, you are close to securing new financing, or you want to propose a formal **Company Voluntary Arrangement (CVA)** to all creditors – you can ask the court to **adjourn (delay) the winding-up hearing** [34]. Courts may grant a short adjournment if you show a concrete plan that is likely to resolve the debt (e.g. a refinancing term sheet, or an upcoming asset sale, or active CVA discussions) [34]. The court will require **credible evidence** that extra time will likely lead to payment or a rescue; an adjournment isn't granted just for hope or informal talks. Another route – if the situation is dire but the underlying business is viable – is to initiate an **administration** (or interim moratorium). If you appoint administrators (or file a notice of intention to do so) *before* the winding-up order is made, it creates a **legal moratorium** that stops most legal actions, including winding-up petitions [35]. Administration is essentially putting the company in the hands of an insolvency practitioner to restructure or sell the business – it's drastic but it can prevent immediate liquidation and preserve value (often used when a company needs to be rescued or sold as a going concern). Similarly, proposing a **CVA** (a structured payment plan binding on all creditors if approved) can sometimes persuade the court or creditors to halt the petition process while that proposal is voted on [36]. These insolvency rescue tools require professional help and have their own complexities, but they are worth mentioning as *options* if the alternative is losing the company. Even the threat of considering a CVA/administration can sometimes bring a creditor to the negotiating table, since a winding-up might yield them very little whereas a CVA could give them a better return.

Bottom line: If a winding-up petition arrives, **do not panic, but do not delay**. There are several defensive moves available – paying or compromising if appropriate, **legal challenges if the debt is disputable, and procedural tactics to buy time or protect the business** [37] [38]. The worst thing to do is nothing: ignoring a petition guarantees that it will proceed and likely end in the company's liquidation [39]. By taking prompt action (ideally with expert legal guidance), you have a good chance to either **defuse the threat** or at least **channel the dispute back to ordinary resolution mechanisms** rather than a destructive liquidation.

Securing Urgent Legal and Insolvency Advice

Handling statutory demands and winding-up petitions is a specialized area – given that Londonist currently has **no solicitor or insolvency advisor**, securing professional help **as early as possible** is critical. The timelines are short and the procedures can be complex, so having an expert guide you will greatly improve your position [40]. Here's how and why to get the right help:

- **Instruct an insolvency solicitor promptly.** As soon as a statutory demand or threat of a petition surfaces, contact a **solicitor experienced in insolvency and commercial disputes**. Many firms (including insolvency practitioners' firms) offer an initial consultation quickly. A solicitor will **assess the case** – for example, they can evaluate the strength of your defenses or any counterclaims you have, ensuring your dispute is articulated clearly [41]. They will also know the exact **court forms and evidence** needed to apply for an injunction or to file a response to a petition, and can make sure all filings are done correctly and on time. This is invaluable because *even a strong case can fail on a technicality* if procedures are not followed.

- **Leverage professional negotiation and representation.** Solicitors can **engage with the creditor on your behalf** in a firm but constructive manner. Often, when a creditor sees that a company has reputable legal representation and a credible dispute, they may think twice about aggressive action. Your solicitor can write the crucial letter to the PBSA provider (as noted above) outlining the dispute and requesting the petition not be filed [11]. If the matter progresses, your solicitor will handle **court appearances** or instruct a barrister to advocate for you at hearings [42]. Having seasoned professionals present your case can make a major difference – they know how to persuade a judge that a dispute is genuine or how to spot defects in the petition to get it dismissed.

- **Benefit from strategic advice to protect the company (and yourself).** Experienced insolvency advisors (solicitors or licensed insolvency practitioners) will not just react – they will help you plan a strategy. For example, they can advise if it's wiser to settle quickly or fight, based on likely outcomes and costs. They can also counsel you on managing your **director duties during financial distress**. In the UK, once a company is insolvent or nearing insolvency, directors have a duty to act in the best interests of creditors and avoid worsening the creditors' position. A good advisor will remind you to avoid **wrongful trading** (incurring new liabilities you can't fulfill) and to keep clear records of your efforts to mitigate losses [43]. This not only protects the company but also shields you as a director from personal liability. Additionally, professionals can explore **rescue or restructuring options** with you – for instance, whether proposing a CVA or even an administration is viable in your case [44]. These are complex processes that require an insolvency practitioner to implement, but early advice can set the groundwork if needed.

- **Find the right expertise.** For Londonist, a mid-sized company in a commercial dispute, you have a couple of avenues: you might engage an **insolvency law firm** (solicitors) or a firm of **licensed insolvency practitioners (IPs)**. Sometimes they work in tandem. An **insolvency solicitor** will

focus on the legal challenge (injunction, court hearings, negotiations), whereas an **IP** can advise on broader insolvency solutions (CVA, administration, or voluntary liquidation if it came to that). Since you anticipate a dispute-based defense (not an inability to pay everything, as I understand), a solicitor might be your first port of call. If cash flow is also a concern, involving an IP early is wise as well – they can help with contingency planning. The key is to ensure whichever advisor you choose has **UK insolvency experience** and is available to act swiftly. Given the tight timeframes (21 days on a demand, 7 days before petition advertisement), let them know the urgency. Don't hesitate to reach out to well-known insolvency advisory firms; many offer **same-day consultations** for urgent situations [45]. The cost of advice is an investment – it could save the company from destruction, and in some cases, the creditor who loses an injunction may be ordered to pay your costs anyway [28].

- **Plan for legal costs and logistics.** Engaging lawyers and possibly court proceedings will involve costs, so prepare for that. However, not engaging help could cost far more (losing your business). Many advisors will outline fee arrangements and some may offer initial advice free. Also, be aware of the **court jurisdiction** – winding-up petitions are usually dealt with in the High Court (Companies Court) in London or a District Registry; your solicitors will know where to file any application. You, as a director, will need to provide them with all relevant documentation: the statutory demand or petition itself, the contract with the creditor, correspondence about the disputes, financial info, etc. to equip them to fight for you.

In summary, **professional guidance is critical** in an insolvency threat. It brings not only peace of mind but a significantly better chance of **preserving the company** [46]. Trying to navigate this alone, especially under tight deadlines, can lead to mistakes or missed opportunities [47]. With expert help, you can respond in the best possible way, whether that's through a robust legal defense, a smart settlement, or a measured insolvency procedure to rescue the business.

Proactive Measures to Protect the Company

Finally, beyond responding to immediate threats, Londonist DMC Ltd's leadership can take **proactive steps** to strengthen its position and reduce the risk of a worst-case outcome. These measures, implemented early, will put the company in a better stance if a statutory demand or petition does arise – and may even help avoid one altogether.

- **Document and substantiate all disputes:** Start building a **paper trail** now regarding the PBSA provider's performance issues. Itemize each instance of service failure, undercutting, or any breach of contract, and gather evidence (emails, reports, client complaints, financial records showing losses, etc.). This will support your argument that the debt is **not straightforward and is subject to valid counterclaims** [17]. Having a well-documented chronology of issues and your communications protesting them will demonstrate to any third party (e.g. a judge or another advisor) that your dispute is **genuine, not a spurious tactic**. It also helps your solicitors quickly understand the case. Good documentation can make the difference in proving a "genuine dispute on substantial grounds." Additionally, maintain clear internal records – board minutes, decisions about withholding payments due to disputes, and your financial accounts – to show you've acted responsibly. (Note: Keeping **clear records** is not just good practice, it's also part of a director's duty when insolvency is looming [43].)

- **Maintain a cash flow forecast and plan:** Given the financial uncertainty, it's crucial to have a **realistic cash flow forecast** for the next 3-6 months. This lets you map out how you will meet obligations and identify any **funding gaps** ahead. If you are seeking debt relief from the PBSA

provider, plan for scenarios: What if you must pay a portion of that debt? Will you have the cash? A forecast can inform whether you need to, for example, **conserve cash**, delay non-essential spending, or speed up collection of receivables. It can also highlight if you'll need external financing to weather this storm. Presenting a clear picture of your cash flow can help in negotiations – you might share a *snapshot* with the creditor to justify a request for more time or a payment plan, showing when you expect to be liquid enough to pay them. Moreover, if things deteriorate, a cash flow analysis is the first thing an insolvency practitioner will ask for to advise you. By preparing it now, you're ahead of the curve. If the forecast shows insolvency risk (i.e., the company may run out of cash and be unable to pay debts as they fall due), then treat that as a call to action to seek professional help or implement restructuring steps before a crisis hits [48].

- **Explore consensual solutions and communication:** While protecting your legal position, also keep lines of communication open with the creditor if possible. You mentioned you requested **debt relief** – consider following up on that in a structured way. Perhaps propose a **without prejudice** meeting or mediation with the PBSA provider to discuss a compromise. Often, early commercial negotiation can resolve disputes without the nuclear option of a winding-up petition. If the relationship with the provider is important for future business, emphasize that a negotiated solution would preserve the partnership, whereas insolvency proceedings will sever it. You might seek to **renegotiate the contract terms** or find a middle ground (e.g., extended payment terms, partial forgiveness of debt in exchange for a longer-term agreement, etc.). Make sure to *document any settlement offers or discussions*, and mark them "without prejudice" (meaning they can't be used as admissions in court) to allow frank dialogue. Even if negotiations don't immediately succeed, showing the court that you attempted to resolve matters reasonably can cast you in a favorable light.

- **Consider a Company Voluntary Arrangement (CVA) or other restructuring options:** A **CVA** is a formal insolvency procedure in the UK where a company proposes a repayment plan to its creditors, usually allowing a portion of debts to be paid over time while the company continues trading. It requires the approval of 75% (by debt value) of voting creditors to become binding. If Londonist's debt issues extend beyond just this one creditor, or if the sum owed to the PBSA provider is too large to pay off imminently but the business is viable long-term, a CVA might be a lifesaver. It could **stop further legal actions** once in place and provide breathing space. Notably, if a winding-up petition is threatened or pending, a CVA proposal (with the help of an insolvency practitioner) can sometimes be used to **adjourn or fend off the petition**, as creditors might get a better return via CVA than an immediate liquidation [36] [49]. An alternative is to pursue an **administration** (as mentioned earlier) – entering administration places a moratorium on creditor actions and allows a possible business turnaround or sale. Administration is drastic and usually means ceding control to an administrator, but it can prevent a chaotic breakup via liquidation. There's also a newer short-term option called a **Moratorium (under CIGA 2020)**, which is essentially a 20-business-day protective moratorium that directors can initiate to buy breathing space; however, it has eligibility criteria and requires an insolvency practitioner's involvement. The suitability of any of these tools (CVA, administration, moratorium) depends on the specifics of your company's financial state. It's worth discussing these with an insolvency advisor *before* a petition hits – if the writing is on the wall, taking initiative with a CVA or administration **could pre-empt a hostile winding-up** and allow a more orderly resolution. The key is that these are **formal processes** – they require engaging a licensed insolvency practitioner and preparing proposals, so they aren't done overnight. Starting the conversation now, if things look like they may worsen, is prudent [49].

- **Shield the company's operations where possible:** In anticipation of potential trouble, you might take some practical precautions. For instance, if you suspect a winding-up petition may be

filed soon, be mindful of your bank arrangements. Sometimes companies open a **new bank account** at a different bank prior to a petition being advertised, to have an account that won't be frozen (since the main account likely will be if a petition is public). However, any movement of funds once a petition is presented can be risky (and might later be reversed by a liquidator without court approval, called a void disposition [50]), so **take professional advice before moving money around** after a petition. Another example: ensure that any essential suppliers or stakeholders are kept informed (in general terms) that you're addressing a dispute, so if rumors arise (like seeing something in the Gazette), they are hearing your side too. Protecting your company's reputation is also a proactive task – a winding-up petition can scare off clients and partners. If you have a PR plan or at least an internal communication plan (for staff) ready in case of a public petition, you can mitigate panic. Lastly, continue to **service your other debts responsibly** – don't let this one creditor issue spiral into others. If other creditors are unpaid, they could file their own petitions. So, prioritize critical payments to avoid a domino effect of creditors losing confidence.

- **Get a second opinion (legal/financial) now:** Even before any formal demand arrives, consider having a **brief consultation with an insolvency expert** about your company's overall health. This could be as simple as a one-hour meeting to review your situation. They might point out preventive measures you hadn't considered, or reassure you that your plan to dispute is sound. For example, an expert might help you quantify your counterclaims against the PBSA provider (e.g., calculating the monetary impact of their service failures), which strengthens your negotiating hand. Early advice can also ensure you're *mentally and logistically prepared* for each scenario – whether it's arranging funds in case you decide to settle, or ensuring quick access to legal counsel if a process server appears at your door. Think of it as a fire drill for your business: hope for the best, but prepare for the worst.

In conclusion, while the risk of a statutory demand or winding-up petition from your PBSA provider is **real**, Londonist is not powerless. By understanding the processes and timelines, taking prompt action to dispute unjust demands, leveraging the court's protections for genuine disputes, and engaging the right professionals, you can **significantly mitigate the threat**. The tone of your response should be confident and factual – show the creditor you know your rights and remedies. At the same time, stay **commercially pragmatic**: if there's a workable deal that preserves the business, it's worth considering alongside the hard-line legal defense. Above all, keep calm and proactive. Many companies weather such storms successfully by being **informed, prepared, and responsive** rather than reactive. This guide has outlined the roadmap – from the first 21-day demand through to potential court battles – with the aim of equipping you, as a founder/director, to navigate the challenge with clarity. With the right approach, you can protect your company and emerge with minimal damage, ensuring that an aggressive debt-collection tactic doesn't turn into an existential crisis for Londonist DMC Ltd. Good luck, and don't hesitate to lean on professional support at each step of the journey.

Sources:

- Begbies Traynor Group – *What is a Statutory Demand and how could it affect your company?* [1] [51] [12] [45]
- Whiterose Blackmans Solicitors – *Injunction to Restrain a Winding Up Petition – Statutory Demand* [2] [6] [10] [52] [16] [25]
- Sprintlaw UK – *Winding-Up Petitions: Timeline, Consequences & Defence* [7] [5] [8] [4] [31] [32] [33] [34] [43] [40] [41] [44]
- Begbies Traynor Group – *Statutory Demand Guide* (valid grounds to challenge demand) [53] [28]
- GOV.UK – *Challenge a statutory demand* (UK Government guidance) [27] [29]

- Real Business Rescue – *Company Cash Flow Problems: Options* (advice on insolvency and seeking help) [48] [49]

---

[1] [12] [13] [14] [15] [17] [18] [28] [45] [51] [53] What is a Statutory Demand and how could it affect your company? - Begbies Traynor Group
https://www.begbies-traynorgroup.com/compulsory-liquidation/what-is-a-statutory-demand

[2] [6] [10] [11] [16] [19] [20] [24] [25] [52] Injunction To Restrain The Presentation Of A Winding Up Petition
https://whiteroseblackmans.co.uk/application-for-an-injunction-to-restrain-the-presentation-of-a-winding-up-petition-statutory-demand/

[3] [4] [5] [7] [8] [9] [31] [32] [33] [34] [35] [36] [37] [38] [39] [40] [41] [43] [44] [46] [47] [50] Winding-Up Petitions: Timeline, Consequences & Defence | Sprintlaw UK
https://sprintlaw.co.uk/articles/windingup-petitions-timeline-consequences-defence/

[21] [22] [23] [30] [42] Statutory Demand Guide - Francis Wilks & Jones
https://www.franciswilksandjones.co.uk/statutory-demand-guide/

[26] [27] [29] Make and serve a statutory demand, or challenge one : Challenge a statutory demand - GOV.UK
https://www.gov.uk/statutory-demands/challenge-a-statutory-demand

[48] [49] Company Cash Flow Problems: What Are Your Options? - Real Business Rescue
https://www.realbusinessrescue.co.uk/advice-hub/cash-flow-problems