

Tips & questions to ask when choosing an advisor:

- Bear in mind the duty of the liquidator is to look after the interest of the creditors and the company over the director.
- You should expect to be treated with respect.
- Do you provide one or more free initial consultations? From your initial one or two free consultations, did you feel they were trustworthy, were you treated with respect, were they reliable?
- How experienced is the liquidator with small business liquidations? Does their experience correlate with your small business?
- Ensure the advice you are receiving is trustworthy. Look for reputable reviews and consider the reputation of the liquidator.
- Are you registered with ASIC as a registered liquidator? [Check ASIC list – click here](#) or visit <https://asic.gov.au/regulatory-resources/find-a-document/statistics/insolvency-statistics/insolvency-statistics-series-4a-registered-liquidator-lists/>
- What are your costs? Will the cost be based on your billable hours, or do you charge a flat fee? If it is a flat fee, be sure to understand what services are covered and if there may be other costs. Some liquidators may complete tasks in less hours than others.
- If the director wants to save their company and remain in control, ask, “Is my business suitable for a small business debt restructure?”
- This could be a more commercially viable option for the client who hopes to continue trading.
- Do you specialise in a specific area of insolvency? E.g., voluntary administration. Depending about the client they may want an advisor most experienced in the procedure that will best suit their needs.E.g., voluntary administration, simplified liquidation,
- How many companies have you assisted with the simplified liquidation process? Or a small business debt restructure?
- What are your qualifications? Will you be handling this file? (Or will it be handled by a less qualified employee?)
- If you are concerned about privacy, you could ask how they store your personal information and if they share information with external organisations.
- Can you describe a timeline of events? How long should this process take?
- Is there a conflict of interest? Any personal bias?

There can be serious consequences of accepting the wrong advice, including criminal charges. If a proposed solution to debt problems seems too good to be true, it probably is.

Things to be wary of:

Tell-tale signs that an insolvency advisor shouldn't be trusted include:

- promising a payment to get you out of bankruptcy within a few months
- recommending you include false, exaggerated, or fake debts in a bankruptcy application
- offering to organise your affairs so your property will be protected if you go bankrupt
- advising that bankruptcy or a debt agreement will not affect your credit rating.
- an advisor who persuades someone to hide or dispose of their assets before they enter into a debt agreement (AFSA, 2018) – to read [more click here](#) or visit <https://www.afsa.gov.au/about-us/newsroom/getting-tough-untrustworthy-advisors>

Is the recommended action lawful? For example, if the answer to this question makes you feel uncomfortable, e.g. “I haven't been caught before, don't worry”. Seek advice from another advisor.

Watch out for advisors who are trying to cut everyone else, including you, out of the equation. You might notice:

- An advisor giving a trustee their own contact address as the contact address for the bankrupt and creditors
- An advisor insisting all enquiries by AFSA or Trustees' staff be done through them instead of the bankrupt or creditors
- Mortgages being taken out on property just prior to a person becoming bankrupt
- False companies being used to claim manufactured debts
- A high number of 'friendly' creditors recorded as unsecured debts
- A lack of supporting documents of debts owed
- Late inclusion/submission of proofs of debt in compositions or personal insolvency arrangements
- Potential misuse of the Personal Property Securities Register (PPSR). (AFSA, 2020)[link here](#)

AFSA acts against these advisors to protect the industry and those experiencing financial trouble.

<https://www.afsa.gov.au/about-us/newsroom/getting-tough-untrustworthy-advisors>
<https://www.afsa.gov.au/about-us/newsroom/afsa-warns-people-steer-clear-dodgy-insolvency-advisors>

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