CVL Guide: Closing an Insolvent Company the Right Way

A Creditors' Voluntary Liquidation (CVL) is the most common way to close an insolvent company in the UK. It's a formal process that allows directors to take control of the situation, bring closure, and meet their legal duties — all while giving creditors a better outcome than simply walking away.

This free guide explains:

What Is a CVL?

- A process initiated by the directors and shareholders to close a company that can no longer pay its debts.
- Appoints a licensed insolvency practitioner (IP) to handle the winding up.
- Directors retain some control in choosing the IP and starting the process early, rather than waiting for a creditor to take action.

Why Choose a CVL?

- **Protect yourself** from wrongful trading or personal liability.
- **Take decisive action** before creditors force matters.
- **Ensure fair treatment** for creditors.
- **Bring closure** and move forward, either in business or personally.

The CVL Process Explained

1. **Initial Consultation**: Free and confidential — we review your options.
2. **Board Meeting**: Directors resolve to begin liquidation.
3. **Shareholder Meeting**: >75% of shareholders agree.
4. **Creditor Notification**: Creditors are informed and vote on the IP appointment.
5. **Liquidator Appointed**: Realisation of assets and distribution (if any).
6. **Closure**: The company is dissolved once the process is complete.

Your Responsibilities as Director

- Act in the best interest of creditors.
- Cease trading to avoid increasing liabilities.
- Preserve company records and assets.
- Cooperate with the liquidator.

Common Questions

Q: Can I be a director again? Yes - unless you're disqualified for misconduct, you're free to start another business.

Q: What if I have a Bounce Back Loan? These are treated like any other unsecured debt, but there are implications on the director personally if misconduct is found.

Q: Will my staff get paid? Eligible employees can claim redundancy and other entitlements from the Redundancy Payments Service.

Why Speak to Midlands Business Recovery?

- 40 years' experience guiding directors through liquidation.
- Practical, ethical, and approachable.
- Tools, insights and support other firms don't offer.
- Our Insolvency Copilot, VAi, helps you understand your options 24/7.

Call us today

Speak to us today to take the first step toward clarity and closure.

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