

Bankrupt father jailed after transferring inheritance to family and friends to dodge prep school fees debt

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His ex-partner was also sentenced for bankruptcy offences.

- Gareth Sowter transferred more than £100,000 from a £208,000 inheritance to family and friends rather than settling debts owed to a Hertfordshire prep school
- His former partner Kim Sowter received £50,000 of that money after being warned she faced bankruptcy, and used some of it for family holidays
- Both were sentenced following investigations into their conduct by the Insolvency Service

A bankrupt father who illegally transferred tens of thousands of pounds to family and friends to dodge debts has been jailed.

Gareth Sowter, 51, was declared bankrupt in April 2021 after failing to pay more than £100,000 to the prep school attended by his three sons.

Sowter had promised to use a sizeable inheritance to settle the debts - but instead transferred more than £100,000 to his friends and family, breaking insolvency law in the process.

His former partner Kim Sowter, 46, added to the fraud by transferring £50,000 she received from Gareth Sowter while her own bankruptcy proceedings were under way. Some of this money was used for family holidays.

Gareth Sowter, of Lower Road, Great Amwell, Hertfordshire, was jailed for two years and two months when he appeared at the Old Bailey on Thursday 26 March.

Kim Sowter, of Newland Gardens, Hertford, was sentenced to eight months in prison, suspended for 18 months, at the same hearing.

She was also ordered to complete 80 hours of unpaid work and 10 days of rehabilitation.

Chris Wood, Chief Investigator at the Insolvency Service, said:

When someone is declared bankrupt, the law requires any money or assets they have to be used to repay what they owe, not to be given away to family and friends.

What makes this case particularly serious is that Gareth Sowter had promised the school he would use his inheritance to clear the debts and then did the precise opposite. Kim Sowter compounded that dishonesty by moving on the money she received, even using some of it for family holidays.

Bankruptcy laws exist to ensure that creditors are treated fairly. Anyone who abuses those protections by fraudulently transferring assets should expect to face serious consequences.

Gareth and Kim Sowter enrolled their three sons at St Edmund's College and Prep School in Hertfordshire in 2012. According to the school's website, termly fees range from between £2,120 to £16,752.

Gareth Sowter's debt to the school mounted over the following seven years, with repayment negotiations beginning from as early as 2013.

By 2019, he told the school he would inherit money from his father which he would use to settle the debts.

However, when he received his inheritance of £208,166 in December 2020, he did not pay the school the £106,993 it was owed.

Instead, he transferred £21,000 to various friends and associates within days of receiving the inheritance.

He then moved a further £74,000 into an investment account.

In April 2021, he withdrew £99,999 from the account and distributed it all on the same day, including £50,000 to Kim Sowter, and thousands more to others. This was done even as he continued to negotiate repayment with the school.

In total, he fraudulently transferred £109,166.

Kim Sowter received £50,000 after she had already been formally warned that bankruptcy proceedings were being brought against her. She moved £45,000 into a new investment account she had opened just days earlier, and used some of the money to pay for family holidays.

Less than a month after being declared bankrupt, she closed the investment account and transferred £35,000 to a family friend and £3,400 to her son.

Gareth Sowter was declared bankrupt in April 2021. Kim Sowter was declared bankrupt the following month. They had previously been told by the school that it would petition to make them bankrupt if the school fees were not paid.

Both defendants failed to attend interviews with the Insolvency Service before pleading guilty to offences under the Insolvency Act 1986 at the City of London Magistrates' Court in January this year.

Gareth Sowter remains disqualified as a company director until May 2028 following a conviction for VAT fraud in 2021.

Further information

- Gareth Sowter is of Lower Road, Great Amwell, Hertfordshire. His date of birth is 20 August 1974
- Kim Sowter is of Newland Gardens, Hertford. Her date of birth is 24 July 1979
- Directors can find information about their obligations and responsibilities at the Insolvency Service's Director Information Hub
- Further information about the work of the Insolvency Service, and how to complain about financial misconduct

<https://www.gov.uk/government/news/bankrupt-father-jailed-after-transferring-inheritance-to-family-and-friends-to-dodge-prep-school-fees-debt>