RISK PROTECTOR

Your First Line of Defence Against Director Liability, ATO Enforcement and Asset Exposure

BUSINESS & DIRECTOR RISK IDENTIFIER TOOL — NO. 16

Frozen Bank Account
First Response Plan

Emergency response steps when your business account has been frozen or garnished

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BEFORE YOU BEGIN — READ THIS FIRST

A frozen or garnished business bank account means enforcement has already begun. It does not mean enforcement is approaching. The entity that froze your account — the ATO, a court-appointed creditor, a bank exercising its rights or a sheriff acting on a judgment — has already taken formal legal action. By the time you discover you cannot access your funds, the legal machinery has been running for some time.

The two most common causes are an ATO Garnishee Notice — where the ATO directs your bank to redirect funds — and a court-issued freezing order obtained by a judgment creditor. Each requires a different response but both require the same immediate first steps.

Your first hours determine whether you can continue to operate, meet payroll, pay critical suppliers and protect your personal position while the underlying matter is resolved. Speed and correct sequencing are everything.

HOW TO USE THIS PLAN

Work through every step in order. Tick each one when complete and record the date and time. Do not skip steps. The sequence is designed to stabilise the immediate crisis first, then understand what caused it, then protect your personal position. Reversing this order makes things worse.

PHASE 1 — Stabilise — Stop the Bleeding Before Anything Else

Hours 0 to 4 — Immediate triage to protect operational continuity

STEP	Action Required	Done	Completed
1 CRITICAL	**Confirm the account is frozen — check all accounts and all banks** Log in to every business account at every bank. Is the freeze limited to one account or all accounts? Are personal accounts affected? Is this a full freeze or a partial hold? Knowing the scope of the freeze tells you how much operational capacity you still have.	☐ DONE	Date / Time
2 CRITICAL	**Contact your bank immediately — ask specifically what type of action has been taken** Call the bank's business banking line. Do not use the general customer service number. Ask: What type of hold has been placed? By whom? When was it applied? Is there a document or reference number? What is needed to release it? Write down every detail including the name of the person you spoke with and the time of the call.	☐ DONE	Date / Time
3 CRITICAL	**Identify whether this is an ATO Garnishee Notice or a court-ordered freezing order** These are two different types of enforcement requiring two different responses. An ATO Garnishee Notice is issued by the ATO directly to your bank under Section 260-5 of the Tax Administration Act. A court freezing order is obtained by a judgment creditor through the	☐ DONE	Date / Time

	courts and served on your bank. The bank can tell you which one applies.		
4 CRITICAL	**Assess what payments are due in the next 48 hours that cannot be missed** What payroll obligations fall due in the next 48 hours? What critical supplier payments are due? What lease or hire purchase payments are scheduled? What direct debits will fail? Make a list immediately. Missed payroll creates separate legal exposure. Missed ATO direct debits can accelerate enforcement.	☐ DONE	Date / Time
5 IMPORTANT	**Identify any alternative accounts or facilities that can cover critical payments temporarily** Is there a second business account at a different bank that is not frozen? Is there a business credit card or line of credit that is unaffected? Is there a personal account that could temporarily cover payroll? This is emergency triage only — do not commingle funds permanently — but you need to know what you have available right now.	☐ DONE	Date / Time

Account(s) frozen: ____________ | Freeze type: ATO GARNISHEE / COURT ORDER / OTHER | Bank contact name: ____________ | Payments due 48hrs: $____________ | Alternative funds available: YES / NO

PHASE 2 — Understand the Cause — Know What Triggered the Freeze

Hours 4 to 24 — Gather information before instructing anyone to act

STEP	Action Required	Done	Completed
6 CRITICAL	**If ATO Garnishee — contact your accountant for lodgement and payment status only** Ask your accountant these specific questions: What ATO debt is outstanding and for which periods? Are there any unpaid BAS, PAYG or income tax amounts? Has the ATO sent prior correspondence that you were not made aware of? Get facts only. Do NOT ask them to call the ATO or negotiate on your behalf at this stage. Contact Risk Protector first.	☐ DONE	Date / Time
7 CRITICAL	**If court freezing order — obtain a copy of the order immediately** Ask your bank to provide a copy of the freezing order or the reference details so your solicitor can obtain it. A court freezing order will specify what assets are frozen, any exceptions that apply — such as ordinary business expenses — and what the creditor claims. You must read this document before any response.	☐ DONE	Date / Time
8 CRITICAL	**Contact Risk Protector before instructing your accountant or solicitor to respond** Before anyone contacts the ATO, writes to the court or responds to the creditor, contact Risk Protector for a free A13 Structural Exposure Assessment. A frozen account is a symptom of structural vulnerability. Understanding your full director exposure — DPN liability, personal guarantee exposure, asset protection gaps — ensures that any response addresses the real problem, not just the immediate symptom.	☐ DONE	Date / Time
9 CRITICAL	**Engage a solicitor immediately if the freeze is court-ordered** A court freezing order requires an urgent legal response. Your solicitor needs to review the order, assess whether it can be challenged or varied, and advise you on what payments are	☐ DONE	Date / Time

	permitted under any carve-outs in the order. Do not wait. Court orders can escalate to asset seizure quickly if not contested.		
10 IMPORTANT	**Notify your key employees of a temporary payment processing issue — without disclosing the cause** If payroll is at risk, your payroll manager or HR contact needs to know immediately so they can communicate appropriately with staff. Do not describe it as a freeze or enforcement action. Describe it as a temporary banking processing issue being resolved. This protects business morale and reduces the risk of key staff departing during the crisis.	☐ DONE	Date / Time

ATO debt identified: $______________ | Periods outstanding: ______________ | Court order obtained: YES / NO | Solicitor engaged: YES / NO | A13 requested: YES / NO

PHASE 3 — Protect Your Personal Position — Separate Your Exposure from the Company's

Hours 24 to 48 — Your personal liability does not freeze with the account

STEP	Action Required	Done	Completed
11 CRITICAL	**Assess whether an ATO Garnishee will lead to a Director Penalty Notice** An ATO Garnishee Notice means the ATO has active enforcement against the company. If PAYG withholding or superannuation guarantee obligations are among the debts the ATO is pursuing, a Director Penalty Notice making you personally liable may already be in preparation. Identify this risk immediately. See Tool No. 11.	☐ DONE	Date / Time
12 CRITICAL	**Review whether your personal assets are protected from this enforcement action** Is your family home in your name or in a protected structure? Are your personal savings accounts at the same bank as the frozen business account? Could the ATO or the judgment creditor reach your personal assets directly? If you are unsure, that uncertainty must be resolved before the enforcement action intensifies.	☐ DONE	Date / Time
13 CRITICAL	**Do not move funds from the frozen account or attempt to circumvent the freeze** Attempting to transfer funds out of a frozen account, drawing cheques against frozen funds, or redirecting customer payments away from the frozen account to avoid the garnishee can constitute contempt of court or obstruction of ATO enforcement. The consequences — criminal penalties, personal liability and accelerated enforcement — are far worse than the freeze itself.	☐ DONE	Date / Time
14 CRITICAL	**Assess the viability of the business continuing to operate during resolution** Can the business meet its obligations — payroll, critical suppliers, statutory payments — while the freeze is being resolved? If the answer is no, you need insolvency advice immediately. Operating an insolvent business exposes you to insolvent trading liability. Do not delay this assessment to avoid a difficult answer.	☐ DONE	Date / Time
15 IMPORTANT	**Document every step taken, every conversation had and every decision made** Keep a written record with date, time and detail from the moment you discovered the freeze. This record demonstrates good faith conduct in a crisis and is critical evidence in any subsequent	☐ DONE	Date / Time

	director duty examination, ASIC inquiry or creditor action. Your personal conduct during this period will be scrutinised.		

DPN risk identified: YES / NO | Personal assets exposed: YES / NO / UNCERTAIN | Business viable during resolution: YES / NO | Insolvency advice needed: YES / NO

WHAT NOT TO DO — ACTIONS THAT WILL MAKE YOUR SITUATION WORSE

✕ Do NOT attempt to move funds out of the frozen account. Attempting to circumvent a garnishee or court freezing order by transferring funds, redirecting payments or drawing against frozen balances can constitute contempt of court or obstruction of ATO enforcement. The penalties are severe and personal.

✕ Do NOT ignore the freeze hoping the bank will reverse it automatically. A frozen account does not unfreeze itself. The underlying enforcement action must be resolved. Ignoring it accelerates the enforcement process and removes options that are only available if you act quickly.

✕ Do NOT tell customers to pay into a different account without legal advice. Redirecting customer payments away from a garnished account may constitute interference with an ATO notice or breach of a court order depending on how the freeze was structured. Get legal advice before changing payment instructions to customers.

✕ Do NOT pay related parties, directors or associates out of available funds during the crisis. Paying yourself, a related company, a family member or a director associate while the company is under enforcement scrutiny creates preference payment and insolvent trading exposure. These payments will be examined by any subsequent liquidator.

✕ Do NOT assume this is an isolated banking error that will resolve itself. Banks do not freeze accounts by mistake. A frozen account is always the result of formal legal action. Treating it as a bank error and waiting for it to be corrected wastes the time you need to respond effectively.

YOUR MOST IMPORTANT NEXT STEP

A frozen bank account is not the problem. It is the visible symptom of structural vulnerabilities that have been building for some time. Your director liability exposure, your personal guarantee position, your asset protection gaps and your full ATO obligations all sit underneath that frozen account. Addressing the symptom without understanding the cause leaves you exposed to the next enforcement action — which will come faster and hit harder than the first.

The Risk Protector A13 Structural Exposure Assessment

Free. Confidential. The only forensic structural assessment of its kind available to Australian directors.

Visit **www.riskprotector.com.au** and click the **GET MY FREE A13 ASSESSMENT** button.

No obligation. No cost. Absolute discretion.

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This tool is a self-awareness resource only. It is not legal or financial advice and does not replace professional advice. Seek qualified legal and financial assistance immediately when your bank account has been frozen.

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