

What happens when one of the Joint Tenants becomes bankrupt?



Co-owner of 2-storey property, who's wife of bankrupt Freddie Koh, ordered to sell it.

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The wife of former Singapore Swimming Club (SSC) president Freddie Koh, a bankrupt, has been ordered by the High Court to sell their house to pay his creditors.

This is believed to be the first time that an application has been made on behalf of a bankrupt to force the co-owner of his property to sell it to settle his debts.

Mr Koh, 73, owes \$1.8 million to the club and \$1.4 million to mortgagee DBS, but he and his wife, Madam Ooi Chhooi Ngoh, 70, have refused to sell their house following his bankruptcy in 2016.

Last month, the court granted an application by trustees administering Mr Koh's estate for the house to be sold in the open market.

The two-storey semi-detached property in Neram Road, in Seletar, was listed on a real estate portal more than six years ago for an asking price of \$7.8 million, but in bankruptcy proceedings, Mr Koh estimated it could fetch \$5.7 million.

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If the house were to be sold based on these valuations, an estimated sum of between \$4.3 million and \$6.4 million will be available to be split between Mr Koh's estate and Madam Ooi, after paying the bank which is a secured creditor.

Mr Koh's debt to the SSC stemmed from a dispute that started in 2009 when he was sued for defamation by four members of a previous management committee.

Club money was used to defend the lawsuit until 2012, when members voted to remove him and to recover the legal costs. The club won a court battle in 2016 to get back the funds. Mr Koh was made a bankrupt by the SSC later that year.

Mr Koh's estate was initially administered by the Official Assignee (OA), but private trustees from RSM Corporate Advisory later took over the role of selling and distributing his assets to pay his debts.

Court documents state that last year, the OA suggested that Madam Ooi buy over Mr Koh's half share of their house or that the couple find a third-party buyer. It was also suggested that the couple consider buying a Housing Board flat, which will not vest in the OA as long as one of the owners is a Singapore citizen. The couple rejected these options.

After the private trustees were appointed this May, the couple maintained they had no intention of selling the house. In August, the trustees applied for the house to be sold.

Lawyer Chang Man Phing, acting for the trustees, argued that the court has the power to order a property sale when a co-owner refuses to consent to it. While there are no known cases of this power being exercised in the context of a bankruptcy, Ms Chang said it should not make a difference where the OA or private trustee takes out such an application.

She argued that if the property - Mr Koh's main asset - is not sold, his creditors would not be able to recover the amounts he owed them.

Ms Chang said Madam Ooi would be able to "comfortably purchase another property of choice" with her share of the proceeds.

Madam Ooi's lawyer, Mr Paul Seah, argued that in deciding whether to order a sale, the court has to consider the relationship between the parties, the state of the property, and the parties' plans for the property.

He said the house held "42 years of fond memories" and was meant to serve as a multi-generational family home. The couple live in the house with their second son and his family. Forcing Madam Ooi to sell the house because of her husband's debts will split apart the family, the lawyer said.

As for the property listing, he said the family allowed an agent to place the advertisement only because they were curious to know how much the house was worth.