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Cross-Border Insolvency as a Socio-Economic Second-Chance Mechanism in the European Union

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ABSTRACT

European insolvency law has undergone a substantial conceptual transformation. While insolvency was historically associated with liquidation, creditor enforcement, and the legal end of economic activity, recent European Union reforms increasingly frame insolvency as a mechanism for restructuring, discharge of debt, and second chance. This paper examines cross-border personal insolvency within the European Union as a socio-economic second-chance mechanism. It focuses on the interaction between Regulation (EU) 2015/848 on insolvency proceedings, which determines international jurisdiction primarily by reference to the debtor's centre of main interests, and Directive (EU) 2019/1023, which reflects the EU's broader policy objective of preventive restructuring, debt discharge, and renewed economic participation. The paper adopts a comparative, conceptual, and historically informed approach. It analyses how differences between national personal insolvency regimes — including time to discharge, treatment of debts, procedural accessibility, administrative burden, and reputational consequences — may influence the decisions of over-indebted individuals. It further examines the role of advisory and intermediary service models in facilitating lawful access to cross-border insolvency procedures. The paper argues that cross-border personal insolvency should not be reduced to artificial forum shopping. Where a genuine relocation of the centre of main interests is established, and where transparency, creditor protection, and debtor good faith are preserved, cross-border personal insolvency can operate as a legitimate instrument of financial rehabilitation and socio-economic reintegration within the European Union.

Keywords: Cross-border insolvency, EU insolvency regulation, COMI, Second chance, Debt discharge, Personal insolvency, Socio-economic reintegration

INTRODUCTION

Insolvency law in Europe has undergone a significant conceptual transformation. Traditionally, insolvency was closely associated with liquidation, creditor enforcement, and the formal end of economic activity. In this understanding, insolvency marked the legal and economic failure of the debtor, while the principal function of the proceedings was to collect, realise, and distribute the debtor's assets among creditors. Although creditor protection remains a central objective of insolvency law, contemporary European insolvency policy increasingly frames insolvency not only as a mechanism of liquidation, but also as a legal framework for restructuring, discharge of debt, and renewed economic participation.

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This shift is visible at the level of European Union law. Regulation (EU) 2015/848 on insolvency proceedings provides the principal framework for the coordination of cross-border insolvency proceedings within the European Union. It determines international jurisdiction primarily by reference to the debtor's centre of main interests, commonly referred to as COMI. The Regulation therefore creates a jurisdictional structure through which insolvency proceedings may be opened and recognised across Member States.

While Regulation (EU) 2015/848 primarily addresses jurisdiction, recognition, and coordination, Directive (EU) 2019/1023 reflects a broader policy development toward restructuring and second chance. The Directive aims to reduce obstacles arising from differences between national laws and procedures concerning preventive restructuring, insolvency, discharge of debt, and disqualifications. It seeks to ensure that viable enterprises and entrepreneurs in financial difficulties have access to preventive restructuring frameworks, and that honest insolvent or over-indebted entrepreneurs can benefit from a full discharge of debt after a reasonable period of time (European Parliament and Council, 2019).

This development is particularly relevant in the context of personal insolvency. Over-indebted individuals may face long-term exclusion from formal economic activity, entrepreneurship, credit markets, and social participation. The practical consequences of personal insolvency are therefore not limited to the legal treatment of debts. They may also include reputational effects, administrative burdens, restrictions on professional activity, and barriers to future economic engagement. From this perspective, the discharge of debt is not merely a technical legal remedy, but a potential mechanism of socio-economic rehabilitation.

At the same time, national personal insolvency regimes within the European Union continue to differ significantly. These differences concern, among other aspects, the time required to obtain a discharge, the treatment of secured and unsecured debts, procedural costs, access requirements, administrative burdens, and the visibility of insolvency information in public registers. Such differences may influence the strategic choices of over-indebted individuals, particularly where lawful relocation to another Member State enables the establishment of a genuine COMI.

Existing discussions of cross-border insolvency often focus on jurisdiction, recognition, creditor protection, and the prevention of abusive forum shopping. These issues are essential. However, a purely jurisdictional perspective may understate the socio-economic function that cross-border personal insolvency can perform within the European Union. If insolvency law is increasingly understood as a second-chance mechanism, then cross-border access to insolvency proceedings should also be assessed in terms of its capacity to restore individual economic agency, reduce long-term exclusion, and support lawful participation in the internal market.

Against this background, this paper examines cross-border personal insolvency as a socio-economic second-chance mechanism within the European Union. It asks: to what extent can cross-border personal insolvency function as an effective and legitimate instrument for socio-economic reintegration within the European Union?

FROM LIQUIDATION TO SECOND CHANCE: THE EVOLUTION OF EUROPEAN INSOLVENCY THINKING

The development of modern European insolvency law reflects a broader transformation in the legal and economic understanding of financial failure. Traditional insolvency regimes were strongly shaped by the logic of liquidation. Insolvency was commonly treated as the endpoint of economic activity, with legal procedures primarily designed to collect the debtor's assets, realise their value, and distribute the proceeds among creditors. In this model, the debtor appeared mainly as a source of risk to creditors and markets. The central objective was not the preservation of economic capacity, but the orderly termination of an unsustainable financial situation.

This liquidation-oriented understanding produced significant consequences. Where insolvency proceedings resulted primarily in liquidation, the debtor's future economic role was often of secondary importance. For companies, this could mean the closure of business operations, the loss of organisational value, and the destruction of employment relationships. For individuals, insolvency could result in long-lasting reputational damage, exclusion from credit markets, and reduced opportunities for entrepreneurship or professional reintegration. Insolvency therefore operated not only as a financial procedure, but also as a social and economic exclusion mechanism.

Contemporary European insolvency thinking increasingly departs from this narrow liquidation paradigm. The focus has shifted toward the preservation of viable economic activity, early intervention, restructuring, and the avoidance of unnecessary value destruction. Directive (EU) 2019/1023 expresses this development by linking preventive restructuring, discharge of debt, and second chance within a common legislative framework (European Parliament and Council, 2019). The European Commission has similarly described modern insolvency policy as a means to facilitate restructuring, give entrepreneurs a second chance, and improve the efficiency of restructuring, insolvency, and debt discharge procedures (European Commission, 2019).

This shift from liquidation to restructuring is not merely procedural. It reflects a changed economic assessment of insolvency itself. Insolvency does not always indicate the absence of future productive potential. In many cases, financial distress may arise from temporary liquidity problems, market shocks, failed entrepreneurial attempts, or structural over-indebtedness rather than from the complete loss of economic viability. A legal system that responds only through liquidation risks destroying value that could otherwise be preserved. By contrast, restructuring-oriented insolvency frameworks seek to distinguish between non-viable situations and cases in which economic activity, employment, or entrepreneurial capacity can still be maintained.

The European insolvency paradigm has therefore increasingly moved away from treating insolvency as a "death sentence" for economic activity and toward understanding it as a structured opportunity for recovery, restructuring, and reintegration. This does not mean that liquidation has lost its relevance. Liquidation remains necessary where economic activity cannot be restored or where creditor interests require orderly asset realisation. However, liquidation is no longer the only normative reference point. Modern insolvency law increasingly seeks to balance creditor protection with the debtor's potential return to productive economic participation.

Although much of the European second-chance debate focuses on companies and entrepreneurs, the underlying logic is also relevant for personal insolvency. Over-indebted individuals may retain professional skills, entrepreneurial capacity, and productive potential. If personal debt prevents access to formal employment, self-employment, housing, banking services, or business activity, insolvency becomes a barrier to social and economic participation. A discharge of debt can therefore function as a legal mechanism for restoring agency. It allows the debtor to move from a condition of permanent financial paralysis toward renewed participation in economic life.

LEGAL FRAMEWORK: EU INSOLVENCY REGULATION AND SECOND-CHANCE DIRECTIVE

The European Union framework relevant to cross-border personal insolvency is shaped by two distinct but complementary instruments. Regulation (EU) 2015/848 provides rules on jurisdiction, recognition, and coordination of insolvency proceedings. Directive (EU) 2019/1023, by contrast, expresses a policy shift toward preventive restructuring, discharge of debt, and second chance. Their interaction is central to understanding cross-border personal insolvency not merely as a jurisdictional issue, but as part of a broader European framework for economic reintegration.

Regulation (EU) 2015/848 applies to public collective proceedings based on laws relating to insolvency, including proceedings in which the assets and affairs of a debtor are subject to control or supervision by a court for the purpose of rescue, adjustment of debt, reorganisation, or liquidation (European Parliament and Council, 2015). The Regulation establishes the principle that the courts of the Member State within the territory of which the debtor's COMI is situated have jurisdiction to open main insolvency proceedings. These proceedings have universal scope and aim to encompass the debtor's assets across the European Union, subject to the possibility of secondary proceedings in certain circumstances.

The concept of COMI is therefore central. Under Regulation (EU) 2015/848, COMI is the place where the debtor conducts the administration of its interests on a regular basis and which is ascertainable by third parties. For companies and legal persons, COMI is presumed to be the place of the registered office, unless proved otherwise. For an individual exercising an independent business or professional activity, COMI is presumed to be the principal place of business. For any other individual, COMI is presumed to be the place of habitual residence, again in the absence of proof to the contrary (European Parliament and Council, 2015).

Directive (EU) 2019/1023 has a different function. It does not determine international jurisdiction. Instead, it aims to reduce differences between national restructuring and insolvency frameworks that may obstruct the functioning of the internal market. Its central policy components include preventive restructuring frameworks, discharge of debt for honest entrepreneurs, and measures to increase the efficiency of restructuring, insolvency, and discharge procedures (European Parliament and Council, 2019). The Directive also reflects the view that excessively punitive or inefficient insolvency systems can discourage entrepreneurship, delay restructuring, and hinder economic renewal.

The relationship between these instruments is important. Regulation (EU) 2015/848 answers the jurisdictional question: which Member State's courts may open main insolvency proceedings? Directive (EU) 2019/1023 addresses the normative direction of modern insolvency policy: insolvency law should, where appropriate, support restructuring, discharge, and second chance. Together, these instruments provide the basis for analysing cross-border personal insolvency as more than a technical question of venue. They allow it to be examined as a possible mechanism for lawful financial rehabilitation within a legally integrated but substantively diverse European insolvency landscape.

COMI RELOCATION AS JURISDICTIONAL GATEWAY

COMI relocation is the legal gateway through which cross-border personal insolvency becomes possible. The Regulation does not grant debtors an unrestricted right to choose the most favourable insolvency regime. Instead, jurisdiction for main insolvency proceedings depends on the factual location of the debtor's centre of main interests. The key issue is therefore not nationality or formal residence alone, but whether the debtor's economic and personal interests are genuinely administered in the Member State in which proceedings are sought.

For individuals, this assessment is particularly fact-sensitive. A genuine COMI relocation may be indicated by habitual residence, employment or business activity, the location of bank accounts, tax and administrative connections, housing arrangements, and the visibility of the debtor's new centre of life to third parties. The requirement that COMI be ascertainable by third parties is especially important because insolvency proceedings affect creditors who must be able to identify the relevant jurisdiction with a reasonable degree of predictability.

A lawful COMI relocation is therefore not equivalent to artificial forum shopping. A debtor may legitimately relocate within the European Union and establish a new centre of main interests in another Member State. Such relocation may reflect employment, family circumstances, business opportunities, or the pursuit of a realistic financial rehabilitation strategy. If the relocation is genuine, transparent, and sufficiently established before the opening of insolvency proceedings, access to the insolvency framework of the new Member State may be consistent with the structure of Regulation (EU) 2015/848.

By contrast, artificial forum shopping arises where the debtor seeks to create the appearance of COMI without a genuine transfer of interests. Examples may include the use of a nominal address, temporary or undocumented presence, concealment from creditors, or relocation undertaken only formally and without real social or economic integration. Such behaviour can undermine creditor expectations, distort jurisdictional rules, and weaken trust in cross-border insolvency mechanisms.

The central legal and policy challenge is therefore to distinguish between genuine COMI relocation and abusive jurisdictional engineering. This distinction is essential for the legitimacy of cross-border personal insolvency. If COMI relocation is genuine, it may function as a lawful expression of free movement and access to legal remedies within the European Union. If it is artificial, it risks becoming a mechanism for evading the insolvency rules of another jurisdiction without the factual basis required by EU law.

STRUCTURAL DIFFERENCES BETWEEN NATIONAL PERSONAL INSOLVENCY REGIMES

Despite EU-level coordination, personal insolvency law remains substantially shaped by national legal systems. This diversity is not merely technical. It affects the practical ability of over-indebted individuals to obtain relief, restore financial stability, and return to productive economic participation. The most relevant differences concern time to discharge, treatment of debt categories, procedural accessibility, administrative burden, and reputational effects.

Time to discharge is one of the most important variables from the debtor's perspective. A shorter discharge period may allow faster reintegration into economic life, while a longer period may prolong financial uncertainty and limit access to employment, self-employment, credit, and business activity. The OECD has emphasised that discharge periods and the treatment of failed entrepreneurs influence incentives for risk-taking and second-chance entrepreneurship (OECD, 2022). However, discharge periods also involve a balance. Very short discharge periods may raise concerns about moral hazard or creditor protection, while excessively long periods may undermine rehabilitation.

Another important variable is the treatment of different categories of debt. Personal insolvency systems may distinguish between unsecured consumer debts, secured debts, tax debts, maintenance obligations, business-related liabilities, and director liability claims. These distinctions matter because a formal discharge may not have the same practical effect in all systems. If significant debts are excluded from discharge or remain enforceable after the procedure, the debtor's financial rehabilitation may remain incomplete.

Procedural accessibility is equally relevant. Insolvency relief may be legally available but practically difficult to access if procedures are expensive, highly formalised, language-dependent, or dependent on professional intermediaries. Costs, documentation requirements, court involvement, and the complexity of creditor communication can significantly affect whether over-indebted individuals can actually make use of available legal remedies. In cross-border cases, these burdens are intensified by relocation requirements, translation issues, evidence of COMI, and the need to understand a foreign legal system.

Public registers and reputational consequences form another structural factor. Insolvency information may be publicly accessible for a certain period, and such visibility can affect employment prospects, access to credit, housing opportunities, and business reputation. In some cases, public registration may serve transparency and creditor protection. In others, prolonged visibility may function as a continuing social sanction even after legal discharge has been obtained. For a second-chance mechanism to be effective, formal debt discharge must therefore be considered together with the broader reputational environment in which the debtor seeks reintegration.

Ireland illustrates how national design choices can shape debtor perceptions. Irish personal insolvency law includes debt resolution mechanisms such as

Debt Relief Notices, Debt Settlement Arrangements, Personal Insolvency Arrangements, and bankruptcy procedures. Official Irish and European information sources describe bankruptcy discharge as generally occurring after one year, subject to compliance with the process and possible extensions in cases of non-cooperation (Courts Service of Ireland, 2025; European e-Justice Portal, 2026). This does not mean that Ireland is universally preferable or that every case is suitable for Irish proceedings. It does show, however, how differences in discharge periods and procedural design may influence cross-border decision-making.

National insolvency regimes therefore do not only differ legally. They structure the practical possibility of financial rehabilitation. Where procedures are accessible, predictable, and proportionate, insolvency may operate as a genuine second-chance mechanism. Where procedures are slow, costly, highly punitive, or reputationally burdensome, over-indebted individuals may remain trapped in long-term exclusion, even where formal legal remedies exist.

CROSS-BORDER PERSONAL INSOLVENCY AS A SOCIO-ECONOMIC SECOND-CHANCE MECHANISM

Cross-border personal insolvency can be understood as the individual-level counterpart to the European Union's broader second-chance agenda. While preventive restructuring aims to preserve viable businesses, personal insolvency and discharge mechanisms can restore the capacity of natural persons to participate in economic life. This is especially important where over-indebtedness prevents individuals from working productively, becoming self-employed, founding new enterprises, accessing financial services, or making long-term economic decisions.

The first function of personal insolvency is financial recovery. A discharge of debt can end a cycle of enforcement, arrears, and permanent financial instability. Without such a mechanism, over-indebted individuals may have little realistic prospect of repaying accumulated liabilities, especially where interest, enforcement costs, or fragmented creditor action continue to increase the burden. A structured insolvency procedure can replace uncoordinated enforcement with a collective process, thereby creating legal certainty for both debtor and creditors.

The second function is economic reintegration. Once a debtor has a realistic path toward discharge, economic planning becomes possible again. The individual may return to employment, formal self-employment, entrepreneurship, or other productive activity without the same degree of permanent enforcement pressure. From a system-level perspective, this may reduce economic inactivity, encourage lawful participation in the formal economy, and support renewed productivity. Insolvency law therefore performs not only a distributive function between debtor and creditors, but also a reintegrative function within the wider economy.

The third function is social reintegration. Over-indebtedness is rarely only a financial condition. It can generate stress, loss of social status, exclusion from ordinary financial services, and avoidance of formal economic relationships. While insolvency proceedings may themselves involve reputational costs, a clear and time-limited route to discharge can reduce the long-term social consequences of debt. The second-chance rationale therefore has both economic and human dimensions.

The cross-border dimension adds a further layer. Within the European Union, individuals may move between Member States and establish a new centre of main interests. Where this relocation is genuine, cross-border personal insolvency can operate as a lawful mobility-based second-chance mechanism. It allows the debtor to access the insolvency framework of the Member State in which the debtor's interests are genuinely centred, while still operating within the jurisdictional discipline of Regulation (EU) 2015/848.

This does not imply that every cross-border filing is legitimate. The second-chance function depends on the integrity of the COMI analysis. If the debtor's relocation is genuine and ascertainable, cross-border insolvency may support rehabilitation. If relocation is artificial, the process risks undermining creditor protection and the legitimacy of the EU insolvency framework. The socio-economic value of cross-border personal insolvency therefore depends on a careful balance between mobility, legal certainty, and abuse prevention.

ADVISORY AND INTERMEDIARY SERVICE MODELS

Cross-border personal insolvency is procedurally complex. Over-indebted individuals must understand not only the insolvency law of a potential destination Member State, but also the requirements for COMI relocation, creditor communication, documentation, and procedural compliance. Advisory and intermediary service models therefore play an important role in practice. These models may include lawyers, personal insolvency practitioners, tax advisors, relocation service providers, and specialised cross-border debt restructuring consultants.

The positive function of such intermediaries is clear. They can reduce informational complexity, help debtors understand available legal pathways, assess whether COMI relocation is realistic, and structure the preparation of insolvency proceedings. They may also assist in gathering documents, communicating with creditors, coordinating with local professionals, and avoiding procedural errors. In this respect, advisory models can increase access to lawful insolvency solutions and improve decision quality.

However, intermediary models also create risks. Cross-border insolvency advice may be expensive, and access to high-quality guidance may be unevenly distributed. Debtors with sufficient resources may be able to navigate favourable procedures, while others remain trapped in less accessible national systems. There is also a risk that commercial incentives encourage aggressive marketing, oversimplified promises of rapid discharge, or insufficient explanation of legal uncertainty. In the most problematic cases, intermediaries may facilitate artificial COMI constructions rather than genuine relocation.

The legitimacy of advisory models therefore depends on their function and conduct. They are legitimate where they facilitate lawful access, transparent decision-making, genuine COMI relocation, and informed debtor consent. They become problematic where they commodify jurisdictional arbitrage detached from real social or economic relocation. The quality of advice, transparency of costs, and accuracy of risk disclosure are therefore central to the overall legitimacy of cross-border personal insolvency as a second-chance mechanism.

This perspective also has regulatory implications. If cross-border insolvency is to function as a legitimate reintegration tool, debtors must have access to reliable information. Professional standards, clear cost structures, and transparent communication about the risks of COMI disputes are essential. The objective should not be to prevent advisory services, but to ensure that they support lawful rehabilitation rather than artificial forum shopping.

RISK INDICATORS IN ADVISOR SELECTION

A further practical issue concerns the selection of advisors in cross-border insolvency markets. Because personal insolvency, COMI relocation, and discharge recognition involve complex legal and factual assessments, debtors may be vulnerable to overly simplified or commercially aggressive advice. Risk indicators may include absolute promises of being "debt-free" within a fixed period, claims that one Member State is universally the "fastest" or "best" insolvency jurisdiction, insufficient explanation of COMI requirements, unclear fee structures, or statements suggesting that relocation can be organised as a merely formal process. Such representations may create unrealistic expectations and may obscure the fact that the success of a cross-border insolvency filing depends on the debtor's individual circumstances, genuine relocation, creditor rights, and judicial assessment.

A responsible advisory model should therefore enable debtors to verify the legal and professional status of the persons involved. In Ireland, for example, personal insolvency procedures are connected to regulated structures, including the role of Personal Insolvency Practitioners and official registers maintained by the Insolvency Service of Ireland. The Insolvency Service of Ireland provides public registers and official information on personal insolvency and bankruptcy, while the European e-Justice Portal provides information on national insolvency and bankruptcy registers within the European Union (Insolvency Service of Ireland, 2026; European e-Justice Portal, 2026). From a debtor protection perspective, the choice of advisor should therefore be based not only on marketing claims, but on verifiable professional authorisation, transparent costs, written risk disclosure, and a realistic assessment of whether COMI relocation can be genuinely established.

LEGITIMACY, RISKS AND POLICY CHALLENGES

Cross-border personal insolvency sits at the intersection of legal mobility, creditor protection, and second-chance policy. Its legitimacy cannot be assessed by a simple opposition between lawful relocation and forum shopping. Instead, legitimacy depends on the factual and procedural quality of the debtor's relocation, the transparency of the filing, and the extent to which creditor interests are respected.

A legitimate cross-border insolvency case requires a genuine COMI relocation. The debtor must be able to demonstrate that the relevant Member State is not merely a formal filing location, but the actual centre of personal, economic, or professional interests. The relocation should be ascertainable by third parties, particularly creditors. Good faith is equally important. A debtor who openly relocates, provides accurate information, and complies with procedural obligations stands in a different position from a debtor who conceals information or creates artificial jurisdictional facts.

The main risk is abusive forum shopping. Forum shopping becomes problematic where jurisdiction is manipulated without genuine relocation, especially if creditors are materially prejudiced by the shift. Legal scholarship has long identified COMI migration as one of the central challenges of European insolvency law, particularly because substantive national insolvency laws remain diverse (Ringe, 2008; Eidenmüller, 2009). The recast Regulation attempts to address this concern through more detailed COMI presumptions and restrictions on recent relocations, but the factual assessment remains difficult in individual cases.

Another risk is unequal access. Cross-border insolvency may benefit those who have the knowledge, resources, language skills, and professional support required to relocate and navigate a foreign insolvency system. If only better-resourced debtors can access efficient discharge procedures, cross-border insolvency may reproduce inequality rather than reduce exclusion. A second-chance mechanism should therefore be assessed not only by its formal legality, but also by its accessibility and fairness.

Regulatory fragmentation remains a further challenge. The European Union coordinates jurisdiction and recognition, and it has introduced minimum standards in restructuring and second-chance policy. However, national insolvency systems continue to differ in important respects. These differences create incentives for strategic behaviour. They also reflect legitimate national policy choices concerning creditor protection, debtor responsibility, social welfare, court capacity, and market discipline.

The policy challenge is therefore not to eliminate cross-border insolvency, but to distinguish legitimate second-chance mobility from artificial forum shopping. This requires clear COMI assessment, reliable debtor information, transparent advisory models, and proportional creditor protection. It may also require further convergence of national discharge rules, especially where excessive divergence creates strong incentives for strategic relocation. However, harmonisation should not remove all national flexibility. Personal insolvency law is closely connected to social policy, credit culture, enforcement systems, and institutional capacity. A balanced approach should preserve legitimate diversity while reducing the most problematic sources of unequal access and abusive jurisdictional behaviour.

CONCLUSION

This paper has examined cross-border personal insolvency as a socio-economic second-chance mechanism within the European Union. It has argued that European insolvency thinking has moved beyond a narrow liquidation-oriented paradigm. Modern EU insolvency policy increasingly links insolvency law with restructuring, discharge of debt, and renewed economic participation.

Regulation (EU) 2015/848 provides the jurisdictional framework for cross-border insolvency proceedings, while Directive (EU) 2019/1023 reflects the broader second-chance rationale of contemporary European insolvency policy. Although these instruments have different functions, their interaction allows cross-border personal insolvency to be analysed not merely as a question of jurisdiction, but as a possible instrument of financial recovery and socio-economic reintegration.

The effectiveness of this mechanism depends on national legal differences. Time to discharge, treatment of debt categories, procedural costs, accessibility, administrative burden, and reputational effects all shape whether insolvency can produce a genuine fresh start. Where national systems remain slow, costly, or excessively punitive, lawful relocation and access to another Member State's insolvency regime may offer a meaningful route to rehabilitation.

However, legitimacy depends on clear boundaries. Cross-border personal insolvency is defensible where COMI relocation is genuine, transparent, and ascertainable by creditors. It becomes problematic where artificial arrangements are used to manufacture jurisdiction without real relocation. Advisory and intermediary service models can support lawful access, but they must not promote jurisdictional arbitrage detached from factual integration.

Cross-border personal insolvency should therefore not be reduced to forum shopping. Under conditions of genuine COMI relocation, debtor good faith, procedural transparency, and effective creditor protection, it can operate as a lawful and socially valuable second-chance mechanism within the European Union.

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