The Offshore Restructuring Playbook: How U.S. Companies Are Using U.K. Courts to Cut Debt

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U.S. companies facing financial distress are increasingly turning to U.K. courts for relief they can't get at home—then enforcing those results stateside. The strategy is gaining traction, and corporate leaders should understand when it works.

The 2024 Supreme Court decision in *Purdue Pharma* eliminated nonconsensual third-party releases in domestic Chapter 11 bankruptcies. Many assumed this tool was dead. But in cross-border cases, it's very much alive. In *Crédito Real* (2026), a Delaware district court affirmed that Chapter 15—the U.S. bankruptcy chapter that governs recognition and enforcement of foreign insolvency proceedings in the U.S.—permits U.S. courts to enforce foreign restructuring plans that include non-consensual third-party releases of claims against shareholders, officers, and directors. The court emphasized that Chapter 15's "manifestly contrary to public policy" exception to enforcing relief authorized in a foreign proceeding is narrow, and noted that *Purdue* itself acknowledged Congress *could* authorize such releases if it chose to.

More recently, in *NFE Global Holdings*, a leading New York bankruptcy judge treated non-consensual third-party releases in Chapter 15 cases as routine. He observed that U.K. restructuring plans commonly release affiliate guarantees—even over creditor objections—because without such releases, residual "ricochet" claims would doom the deal.

But *NFE Global* addresses a larger existential question: is it appropriate for a U.S.-based company to establish a foreign affiliate specifically for the purposes of pursuing a foreign restructuring solution followed by its enforcement in the U.S. against U.S. creditors through Chapter 15, or are U.S. companies gaming the system? The judge noted that for companies needing only a balance-sheet fix—not a full operational overhaul—the U.K. route can be faster and cheaper than Chapter 11. The risk is "COMI tourism": setting up a foreign affiliate solely to access a more favorable restructuring regime, then using Chapter 15 to enforce it in the U.S. to disadvantage stakeholders by obtaining relief that could not be obtained in a U.S. Chapter 11 restructuring case.

This is not merely hypothetical. Companies like *Fossil Group*, *Codere*, and *Mega Newco* have recently used this approach—establishing U.K. entities to restructure debt governed by New York law, then obtaining Chapter 15 recognition. Courts have allowed it, but judges are watching closely for manipulation.

What separates acceptable strategy from abuse? Courts will scrutinize whether the foreign plan was used to unfairly favor some creditors over others. Insider exploitation, manipulation, or thwarting third-party expectations can derail a case. Conversely, plans backed by broad creditor support, robust due process, and enhanced recoveries will likely survive. In *NFE Global*, the company reduced its debt from $5.7 billion to under $1 billion, faced no objections despite ample opportunity for stakeholders to appear and be heard in both the U.S. and U.K., and achieved overwhelming creditor support. The court found no exploitation and granted recognition.

The takeaway for executives: incorporating a U.K. subsidiary or choosing English governing law is not a panacea that will magically cure all forms of corporate distress. But for companies that need a balance-sheet restructuring—not an operational turnaround—this offshore approach can work, provided you secure high creditor consent, ensure due process, and deliver real value. As foreign courts increasingly adopt Chapter 11 principles, Chapter 15 is becoming a powerful option for multinational companies. Corporate leaders should have it on their radar.

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