



IPA Press Release – 04 May 2007

Insolvency Statistics – Leading Insolvency Body’s New President Comments

Speaking following the publication earlier today of the latest insolvency statistics, new IPA President, Simon Underwood, said “Stories have been circulating that some banks have been arbitrarily rejecting as many as 70% of individual voluntary arrangement (IVA) proposals put before them or setting unrealistic hurdle rates – the minimum dividend they will accept – which took no account of the circumstances of the individual debtor. It is encouraging to see from the statistics that the overall number of IVAs has marginally increased; and that the fear that those whose proposals were turned down would resort to bankruptcy does not seem to have been realised.”

Mr Underwood continued: “What has been important is engaging discussion with all the stakeholders involved in the issues and problems of consumer debtors and coming up with workable solutions which sustain the confidence of all the parties in debt advice and resolution procedures and in those who provide them. The IPA has been very much in the vanguard:

- undertaking a detailed study of the debt advice and solution industry – both the not for profit and commercial sectors – from which was developed a blue print for standards and regulation which we presented to the DTI Minister in March 2006 – before IVAs really hit the headlines;
- bringing the major debt management companies together in what is now the Debt Resolution Forum and developing comprehensive standards and a regulatory framework which have been the subject of consultation with a wide range of stakeholders; and
- initiating discussions with the British Bankers Association so that we had a better grasp of the ‘problems’ as perceived by its members and to explore how they might be answered – and from which has emerged the joint DTI Insolvency Service and BBA IVA Forum and Working Parties.

Speaking about his election as President of the IPA at yesterday’s [03 May 2007] Annual General Meeting, Mr Underwood said: “It is a great honour to have been appointed to head the leading UK insolvency practitioner body, and to take forward the innovative work initiated by my predecessor, Finbarr O’Connell. The UK has consumer debt problems which, if interest rates rise, could get worse: we have to work together to minimise the impacts and optimise the outcomes.”

[End]

Notes for Editors - Attached

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