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IPA Vice President provides review on Quarterly Personal Insolvency Statistics

Mark Sands, Vice President of the Insolvency Practitioners Association and Partner, Baker Tilly provides the following comment ahead of the quarterly stats next Tuesday:

“IVAs, the most popular personal insolvency solution, are likely to contend for a place on the podium - around 13,000 in the quarter has only been exceeded three times before and have never exceeded the 13,479 seen last quarter. Uber low interest rates and a willingness to use IVAs as a solution even for low levels of debt and disposable income mean that this will continue to be the solution of choice until interest rates increase materially. Bankruptcy numbers continue to fall and we expect to see around 5,750 in the last quarter, well down on the same quarter a year before (6,480) and less than half the rate seen only three years ago. DROs should remain steady compared to this time last year at around 7,000.

I expect these broad levels of insolvencies to continue throughout 2014 and so the total for 2014 may remain around 100,000 which would be the first time since 2010 that we will not have seen a material (10% or more) fall in personal insolvencies. However within this, IVAs have increased market share at the expense of bankruptcies and I believe this trend will continue, partly due to the perception that bankruptcies are considered expensive and cumbersome.

Whilst these statistics represent a continuation of a trend that still means that 100,000 people this year will have to turn to a formal insolvency to resolve their financial problems. For many that will be a massive step. In the meantime many times that [possibly millions?] are struggling with debt and worrying about the future. Advice is available from, amongst others, IPA members, and as well as identifying a solution professional advice can often reduce the burden of worry on the borrower and their family.

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About the Insolvency Practitioners Association

The IPA is the only one of the recognised professional bodies specialising solely in insolvency. Its principal aim is to promote and maintain standards of performance and professional conduct amongst those engaged in insolvency practice. It has some 2,000 individual and firm members and students and is the second largest, in terms of the number of licensed insolvency practitioners (IPs), of the professional bodies recognised for the purposes of authorising IPs under the Insolvency Act 1986. The IPA currently licenses in excess of 550 IPs in the UK.

Further information can be found at www.insolvency-practitioners.org.uk