



28 July 2015

IPA President provides review on Quarterly Personal Insolvency Statistics

Mark Sands, President of the Insolvency Practitioners Association and Partner, Baker Tilly Creditor Services LLP, provides the following comment ahead of the quarterly stats tomorrow:

“We expect to see a drop in the total number of personal insolvencies to probably just under 20,000 which would be the lowest for nearly a decade. Of these we anticipate 9-10,000 Individual Voluntary Arrangements (IVAs), around 4,000 bankruptcies and no more than 6,000 Debt Relief Orders (DROs).

This drop may be attributed to the fact that there has been a move over the past year to a greater proportion of Debt Management Plans (DMPs), which are a less formal process than IVAs and which, for some people, represent a more suitable debt solution. However, the insolvency statistics do not take into account DMPs and so the total level of personal insolvencies is likely to be significantly higher than the falling official statistics imply.

Nonetheless, the availability of a broad range of solutions, including less formal options for those in less distress, is something our members have been promoting for some time. The loosening of the criteria for eligibility for DROs later this year will see a continuation of that trend with more debtors able to choose the lighter touch of DROs as opposed to the stigma and impact of bankruptcy. Also, later this year, we will see an increase in the minimum debt where a Court will allow a creditor to force a debtor into bankruptcy, from £750 to £5,000, a material increase. That is also likely to reduce the numbers of bankruptcies seen from the final quarter of this year.”

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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. You can find an IPA IP on its website:

www.insolvency-practitioners.org.uk