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IPA President provides review on Quarterly Personal Insolvency Statistics

Mark Sands, President of the Insolvency Practitioners Association and Partner, RSM, provides the following comment ahead of the quarterly stats on Thursday:

“We expect to see no material change in the total number of personal insolvencies so we believe that around 19,000 people became insolvent in the last quarter. There is likely to be a small reduction in DROs from 5,832 to around 5,650. We anticipate bankruptcies steady at about 4,000. However, the recently introduced increase in the minimum debt where a Court will allow a creditor to force a debtor into bankruptcy, from £750 to £5,000, is likely to lead to a reduction in the number of bankruptcies in the final quarter of this year and beyond.

IVAs are becoming more difficult to predict but we anticipate them staying at about the same historically low level as the last quarter, which saw the lowest level since the end of 2005.

Despite the total numbers expected to be only marginally lower than the second quarter the previous three quarters each saw reductions of 7-10%, which means that we expect to see the year on year totals reduce by 24%. This reduction can be attributed in part to the increased use of Debt Management Plans (DMPs) which are a less formal alternative to dealing with personal debts. We expect this trend to continue in future quarters, until such time as interest rates and consumer lending levels both rise once more.”

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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