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IPA provides view on Quarterly Personal Insolvency Statistics

Ruth Duncan, President of the Insolvency Practitioners Association, and insolvency specialist at RNF Business Advisory Limited, provides the following comment ahead of the quarterly personal insolvency statistics:

“We estimate that the total number of personal insolvencies in the three months to the end of June will be between 23,000 & 23,500. We expect the breakdown to be 3,750 bankruptcies, 6,150 debt relief orders and between 13,000 & 13,500 Individual Voluntary Arrangements. These numbers would show a decrease of just 1% on the three months to the end of March but an increase of 1% on the same quarter last year. IVA numbers for the first half of this year are expected to show an increase on the same period in 2016.

Whilst someone seeking an IVA will find that the market for that solution is increasingly concentrated in the hands of a decreasing number of high volume providers, with the top five operators accounting for approximately two thirds of new IVAs in the quarter it should be noted that the number of complaints from debtors remains relatively low by reference to case volumes, suggesting that the service being offered by these specialists provides a satisfactory resolution of financial difficulties for most of the overstretched debtors who use this formal process.”

There is wide concern that levels of unmanageable debt will increase if interest rates rise and/or inflation keeps out-pacing wage increases and consumers rely on credit to fund living expenses. We have a generation of house owners who have never known high interest rates and many may be unprepared for rate rises. Also of particular concern is the level of debt taken out in relation to car

finance. We are facing a “pay monthly” generation used to streaming their music and are adopting the same thinking to major financial decisions without regard to the future implications.

Consumers with debt problems should seek clear, straightforward advice as early as possible from a regulated insolvency professional or Money Advice Service so that all their options are fully discussed in order for them to make an informed choice of the best solution for dealing with their debts.

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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 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 regulates around 700 IPs in the UK, including those licensed by ACCA. You can find an IPA IP on its website:

www.insolvency-practitioners.org.uk