



# UK insolvencies up, but overall trend positive

LONDON, UK: Personal insolvencies show small rise, but overall trend is a continuing fall in numbers as British consumers watch the pennies,



Figures released last week by the Government's Insolvency Service revealed that overall levels of personal insolvency in England and Wales have shown a very slight increase with 30 513 people entering into bankruptcy, Individual Voluntary Arrangements (IVA) or taking advantage of the government's new Debt Relief Orders (DROs) in the second quarter of 2011. IVAs continued to decrease and were down 9.8% on the same period last year with 12 143 people entering into an IVA between April and June of this year.

Pat Boyden, partner and personal insolvency expert at PwC, said: "Although the figures have shown a very slight increase this quarter, they are 12% down on the same quarter last year and the overall trend is still one of an overall decline in numbers. However, we believe that the fall in numbers of consumer insolvencies is almost entirely responsible for the overall decline and within the numbers there is evidence that the people continuing to be hit by the spending squeeze are the sole-traders and self-employed businesses.

## DROs drive small rise Q-on-Q

"The small rise quarter on quarter was driven by an increase in DROs, but we do not believe this to be indicative of a longer term trend at this time as they are still a relatively new procedure. Bankruptcies are now at their lowest level for over half a decade, reflecting the lack of new lending to consumers. The decline does seem to suggest that with the benefit of low interest rates, consumers are managing to handle their financial affairs in these uncertain times."

The 30 513 personal insolvencies were made up of 11 113 bankruptcies (which were down 25.8% on the corresponding quarter of the previous year), 12 143 Individual Voluntary Arrangements (IVAs), (which were down 9.8% on the corresponding quarter of the previous year) and 7257 Debt Relief Orders (DROs), (which were up 15.3% on the corresponding quarter of the previous year)

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