

# Insolvency Market Trends

The latest insolvency market trends, data and insight brought to you by TDX Group



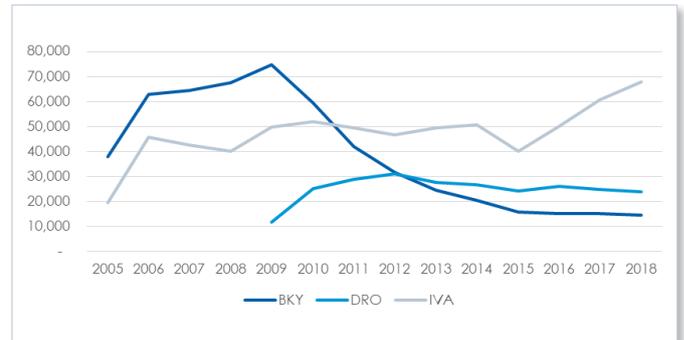
## Insolvency volumes

### IVAs and Trust Deeds (TDs) set new records in 2018

2018 has seen new volumes of IVAs and TDs reach record levels (fig. 1). There are a number of factors at play. Personal credit in the UK now stands at over £215 billion which naturally will result in some roll through to problem debt and insolvency.

Types of insolvencies like Debt Relief Orders and Bankruptcies have generally only been provided by charitable debt solution providers like National Debt Line – as these solutions aren't commercial offerings the volumes are suppressed. Well funded debt solutions like IVAs and TDs are provided by an active market of commercial providers who compete for customers. Although the number of Insolvency Practitioners (IPs) active in the market is reducing (fig. 3).

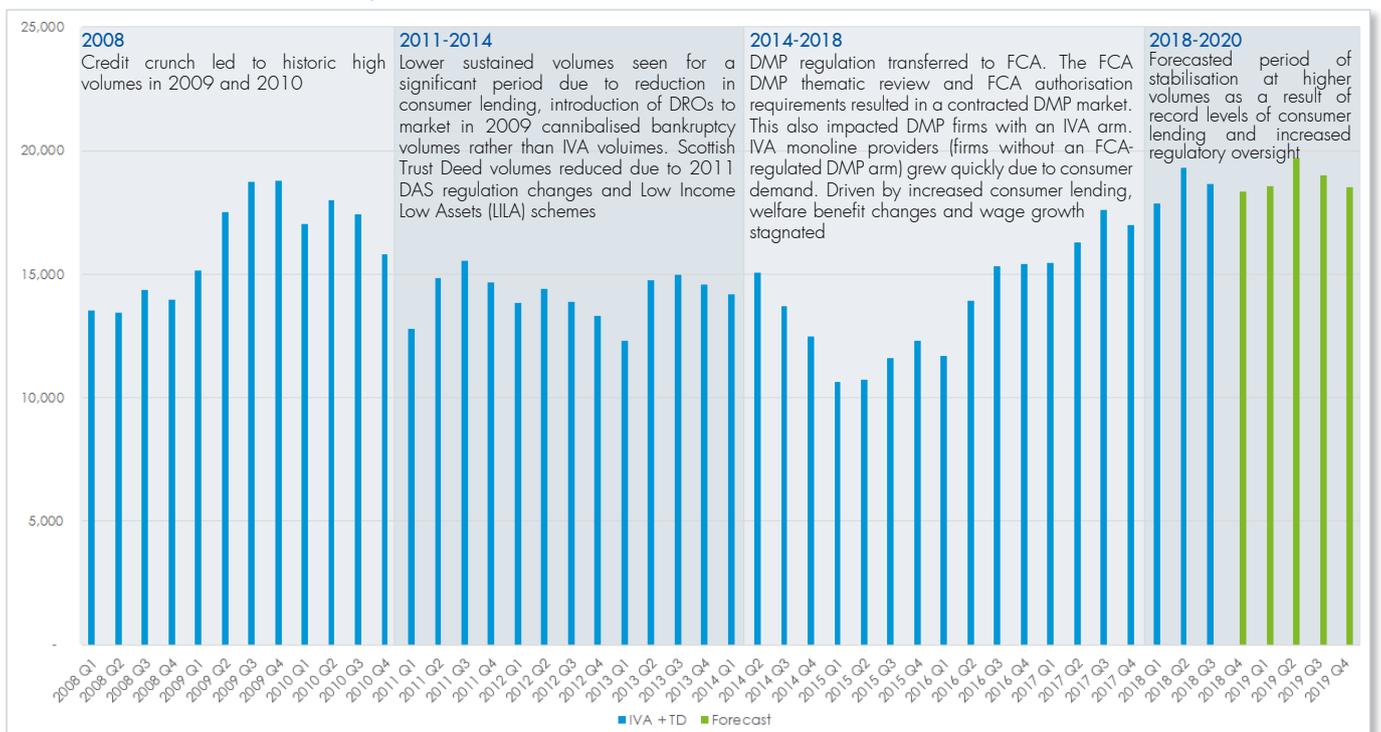
England and Wales insolvency solutions (fig. 1)



## Historic context and forecast

The chart below (fig. 2) briefly tells the story of IVA and TD new volumes. It provides a simple narrative which tells the story of how volumes have changed since the first peak in the credit crunch years to the record numbers we've seen in 2018. The record high volumes of 2018 were broadly in line with our forecasting which also correctly predicted the almost 30% growth in 2017. For 2019 and 2020 we are projected limited growth with volumes likely to stabilise at 2018 levels.

IVA and TD volumes and forecast (fig. 2)



## The IVA Market

The number of new IVAs has grown by 70% since 2008, however, the number of firms active in the market has more than halved. Growth in new IVAs is now being generated by the larger firms.

## The future

**In the UK 8.3m\* people are over-indebted and less than a quarter seek help. Government focus via the Single Financial Guidance Body and a manifesto commitment to Breathing Space and a Regulated Debt Repayment Plan activity in this sector will bring significant change in 2019/2020.**

On 1 January 2019 Sir Hector Sants will become Chair of the Single Financial Guidance Body – formerly the Money Advice Service, and at the Talk Money Week conference on 14 November 2018 he launched key Financial Capability calls to action. For debt advice the ambition was clear: by Dec 2021 they want 500,000 more people a year to get free and effective debt advice.

The UK government are currently consulting on the introduction of Breathing Space and Statutory Debt Repayment Plans, both of which, if adopted, will enable consumers to be protected from creditors of all types. Breathing Space, as it's proposed, will enable consumers who have sought debt advice from an appropriate regulated source to access up to 60 days of breathing space from all creditors including financial service providers, utilities and local/central government. Statutory Debt Repayment Plans will enable consumer to access, again through a regulated source, a statutory debt repayment vehicle to repay their debts within a 10 year period – this also covers debts like credit cards, loans, mortgage shortfalls, utility arrears and debts owed to local/central government. It is proposed that both of these solutions will fall under the Insolvency Service.

For more on these proposals visit [www.gov.uk/government/consultations/breathing-space-scheme-consultation-on-a-policy-proposal](http://www.gov.uk/government/consultations/breathing-space-scheme-consultation-on-a-policy-proposal)

In Scotland the Accountant in Bankruptcy are consulting on two key areas in the coming months, both of which will have an impact on volumes. For Debt Arrangement Schemes (DAS) two key areas are being reviewed – the level of fees that can be charged by providers and that the provider who sets up the DAS will maintain ownership of the payment distributions, rather than the current model where payment distribution is transferred to a panel on rotation. The other covering Protected Trust Deeds (PTDs) which will look to introduce voting in line with IVAs. This will give creditors the ability to influence the outcome if they have 25% of the debt by value. They will also look to make changes to the fee to address the recent increase in disbursements/expenses following the introduction of the fee cap in Nov 2013.

Read more at [www.aib.gov.uk/das-consultation-2018-building-better-debt-arrangement-scheme](http://www.aib.gov.uk/das-consultation-2018-building-better-debt-arrangement-scheme)

Number of firms/size of market (fig. 3)



## In conclusion

- Debt is at record levels with personal credit now exceeding £214bn or £4,100\*\* for every adult in the UK
- There are significant debts owed in utility arrears, debts to government and friends/family
- IVA volumes have grown significantly in the last three years to record numbers in 2018
- We predict that increased regulatory focus on debt solutions will result in maintaining IVA and TD numbers at 2018 levels through 2020
- Creditors, of all types, should continue to invest management time to optimise how they manage their customers subject to insolvency or other debt solutions. This should include how they use data to effectively identify and support their customers who need help managing their problem debts.



**Richard Haymes**

Head of Financial Difficulties  
and The Insolvency Exchange  
[richard.haymes@tdxgroup.com](mailto:richard.haymes@tdxgroup.com)

[Click here to sign up for future updates](#)