

# Individual insolvency statistics, Q1 January to March 2019

**Released**

9.30am, 30<sup>th</sup> April 2019

**Next released**

9.30am, 30<sup>th</sup> July 2019

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## We are seeking feedback

This quarter, we have implemented changes to the statistics that [we proposed in October 2018](#).

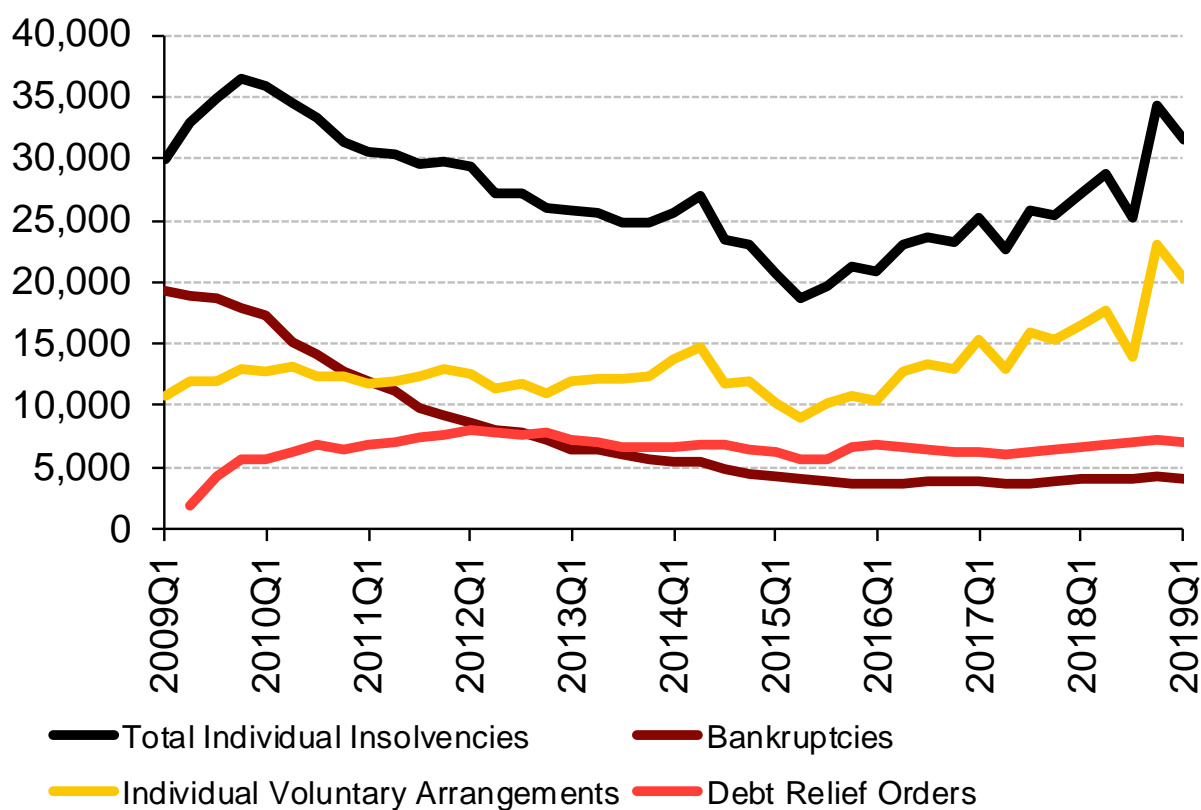
We have split individual insolvencies and company insolvencies into 2 separate publications and made formatting and style change to the content.

Feedback on these new releases is welcomed at [statistics@insolvency.gov.uk](mailto:statistics@insolvency.gov.uk).

## 1. Main messages for England and Wales

- Total individual insolvencies fell in Q1 2019 from an 8 year high in Q4 2018.
- This fall was largely driven by a decrease in the number of individual voluntary arrangements, though both debt relief orders and bankruptcies fell slightly from Q4 2018.
- Total individual insolvencies in Q1 2019 were the second-highest since Q3 2010.

**Figure 1: Total individual insolvencies decreased from an 8 year high**  
England and Wales, seasonally adjusted.



## 2. Things you need to know about this release

This statistics release contains the latest data on individual insolvency (people who are unable to pay debts and enter formal procedures).

### Coverage

Statistics are presented separately for England and Wales; Scotland; and Northern Ireland because of differences in legislation and policy.

### Methodology and key terms

Table 1: Key terms used in the publication

<b>Individual voluntary arrangements (IVAs)</b>	A voluntary means of repaying creditors some or all of what they are owed. Once approved by 75% or more of creditors, the arrangement is binding on all. IVAs are supervised by licensed Insolvency Practitioners.
<b>Debt relief orders (DROs)</b>	A form of debt relief available to those who have a low income, low assets and less than £20,000 of debt (£15,000 before October 2015). There is no distribution to creditors, and discharge from debts takes place 12 months after the DRO is granted. DROs were introduced in April 2009.
<b>Bankruptcy</b>	A form of debt relief available for anyone who is unable to pay their debts. Assets owned will vest in a trustee in bankruptcy, who will sell them and distribute the proceeds to creditors. Discharge from debts usually takes place 12 months after the bankruptcy order is granted. Bankruptcies result from either <b>Debtor application</b> – where the individual is unable to pay their debts, and applies online to make themselves bankrupt, or <b>Creditor petition</b> – if a creditor is owed £5,000 or more (£750 before October 2015), they can apply to the court to make an individual bankrupt. These statistics relate to petitions where a court order was made as a result, although not all petitions to court result in a bankruptcy order.
<b>Sequestration</b>	Fulfil much the same role in Scotland as bankruptcy in England and Wales.
<b>Protected trust deeds</b>	Protected trust deeds are voluntary arrangements in Scotland and fulfil much the same role as IVAs in England and Wales. However, there are differences in the way they are set up and administered, meaning the figures shown here are not consistent with those provided for England and Wales or Northern Ireland.



### **Seasonal adjustment**

To aid analysis between quarters the figures are seasonally adjusted to minimise the effect of the time of year and provide a true picture of the trends in insolvency. *Insolvency Statistics Seasonal Adjustment Review – April 2019* provides more information on seasonal adjustment which can be found [here](#).

### **Detailed information**

Detailed methodology and quality information for all insolvency service statistical releases are available [here](#).

### 3. Total individual insolvencies decreased in Q1 2019 from an 8 year high

There were 31,527 individual insolvencies in Q1 2019, 8.1% lower than in Q4 2018. Although total individual insolvencies fell this quarter, they remain elevated compared with recent years and increased 15.9% compared to the same quarter in 2018.

The quarter-on-quarter decrease in total individual insolvencies in Q1 2019 was largely driven by a decrease in IVAs. In Q1 2019, there were 20,325 IVAs, a decrease of 11.4% compared to a record high in Q4 2018. Q4 2018 had seen the highest quarterly level of IVAs since their introduction in 1987. Compared with the same quarter last year, IVAs increased by 23.7%.

Both DROs and bankruptcies decreased slightly this quarter by 1.6% and 0.6% respectively. This was the first quarter-on-quarter fall in DROs for almost 2 years. Compared to the same quarter last year, bankruptcies were broadly flat while DROs increased by 6.5%.

IVAs accounted for 64.5% of total individual insolvencies followed by DROs (22.3%) and bankruptcies (13.2%). Since Q3 2011, IVAs have been the most common individual insolvency while bankruptcies fell after the introduction of DROs in 2009.

**Table 2: Total individual insolvencies decreased in Q1 2019 but remain elevated**  
England and Wales, seasonally adjusted

	Total individual insolvencies	Bankruptcies	Debt relief orders	Individual voluntary arrangements
2018Q1	27,194	4,148	6,610	16,437
2018Q2	28,685	4,098	6,922	17,665
2018Q3	25,153	4,168	6,995	13,989
2018Q4	34,287	4,188	7,156	22,943
<b>2018</b>	<b>115,319</b>	<b>16,602</b>	<b>27,683</b>	<b>71,034</b>
2019Q1	31,527	4,162	7,040	20,325

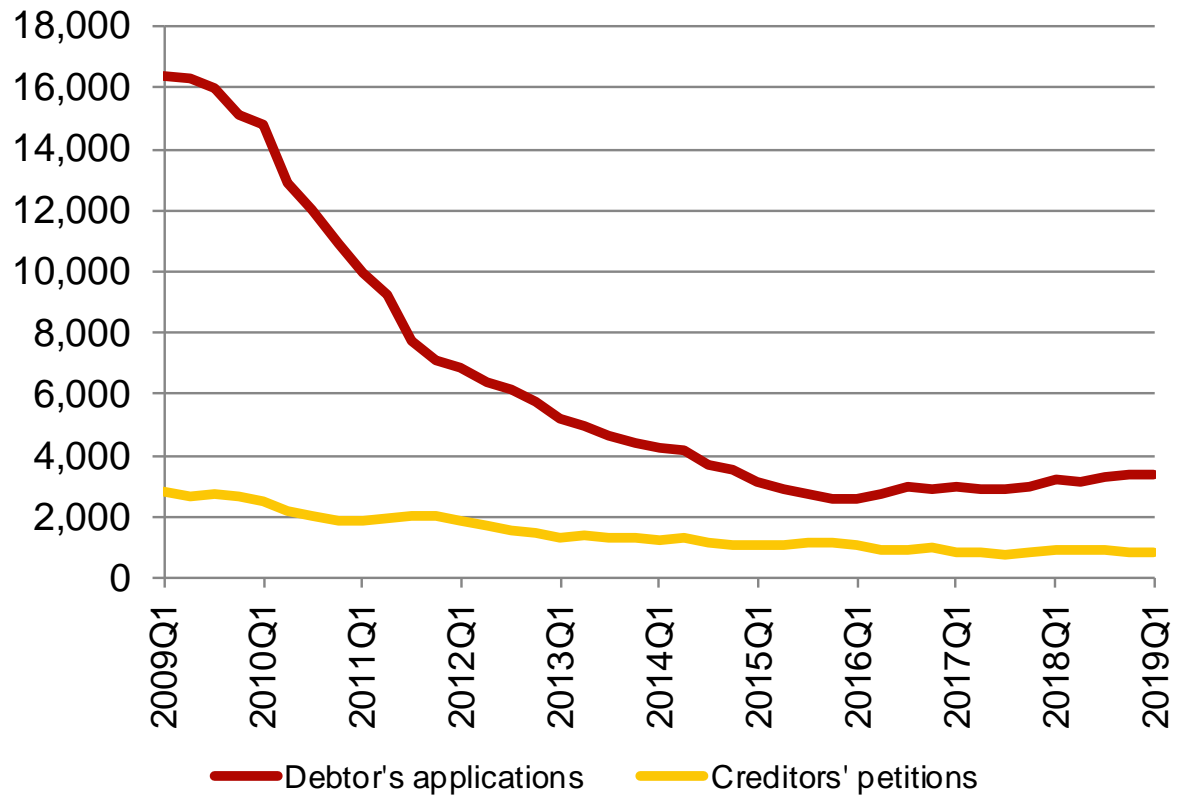
1. Components may not sum to totals due to rounding of seasonally adjusted figures.

When looking at the different types of bankruptcy, creditors' petitions and debtors' applications were both broadly flat compared to the previous quarter.

In Q1 2019, 3,357 bankruptcies were made on the application of the debtor. This was 0.1% higher than the previous quarter and 5.4% higher than in Q1 2018. This form of bankruptcy has been on an increasing trend since 2016.

There were 831 creditor petition bankruptcies in Q1 2019, 0.6% higher than the previous quarter but 10.8% lower than the same quarter in 2018.

**Figure 2: Creditors' petitions and debtor's applications were both broadly stable**  
England and Wales, seasonally adjusted



## 4. The insolvency rate increased in Q1 2019

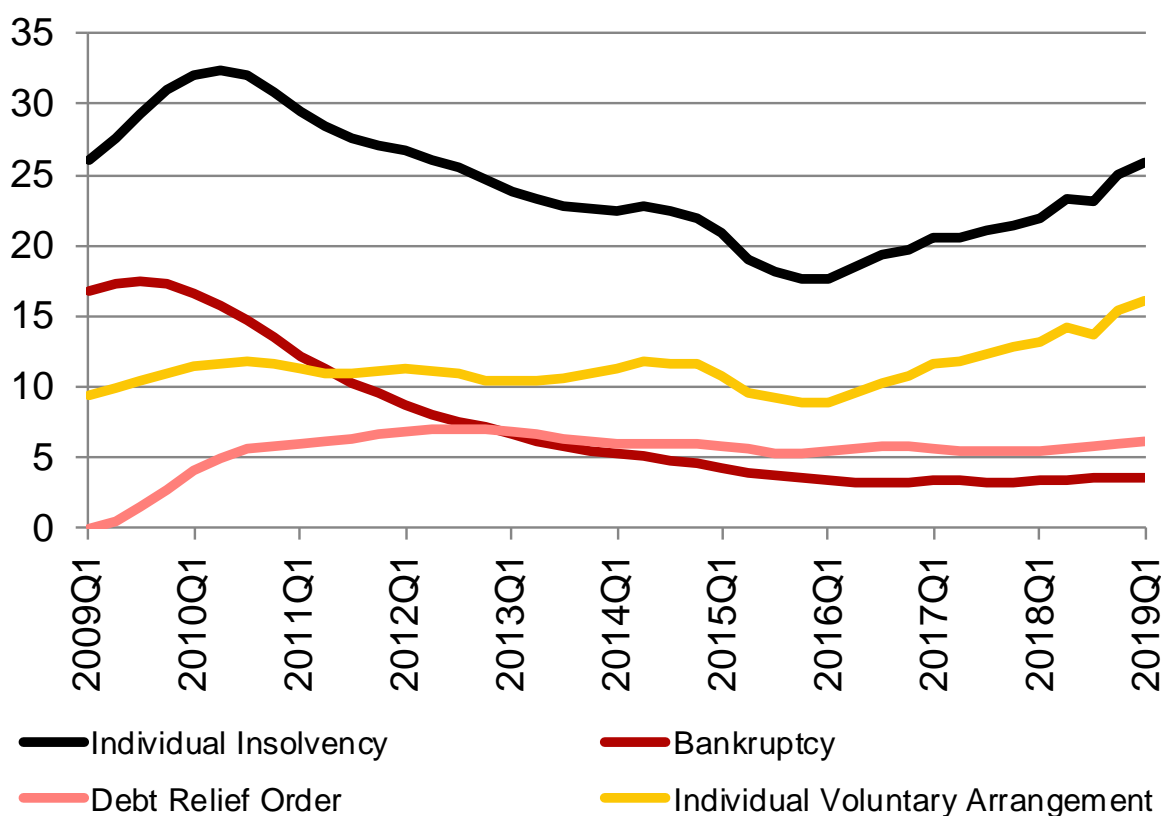
Unlike an absolute number of insolvencies over a period, the insolvency rate gives an indication of the likelihood of an individual becoming insolvent in the previous 4 quarters.

**Figure 3: In the 12 months ending Q1 2019, 1 in 388 adults became insolvent**  
England and Wales, 4-quarter rolling rate



**Figure 4: The individual insolvency rate has increased despite a fall in the number of individual insolvencies**

England and Wales, 4-quarter rolling rate per 10,000 adults





In the 12 months ending Q1 2019, for every 10,000 adults in England and Wales, 25.8 entered insolvency. This was up from 24.9 per 10,000 in the 12 months ending Q4 2018. The insolvency rate is based on a rolling rate of the last 12 months. Therefore, despite a fall in the number of individual insolvencies in the last quarter, the rate has increased as there were more insolvencies from Q2 2018 to Q1 2019 than in the 12 month rolling period from Q1 2018 to Q4 2018.

The current individual insolvency rate remains elevated compared with rates of less than 10 per 10,000 adults before 2004. In the early-to-mid-2000s, there was a large expansion of credit which coincided with a large increase in the individual insolvency rate. Since 2015, the insolvency rate has risen to due an increase in the IVA insolvency rate. More information on long term trends can be found in the csv file accompanying [this release](#).

## 5. Bankruptcies fell for the self employed in Q4 2018

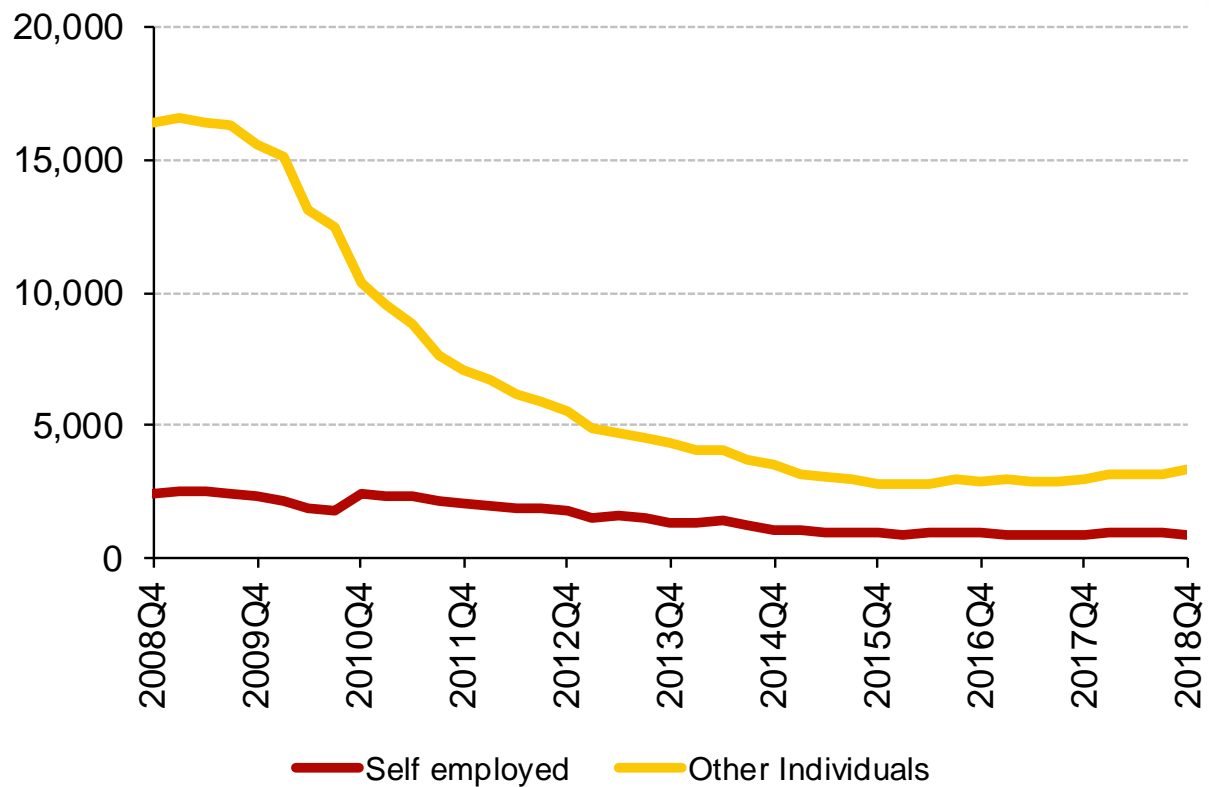
Bankruptcies by self-employment status are presented with a lag of 1 quarter on most other statistics in this release, because it can take a number of weeks for trading status to be recorded following the date of the bankruptcy order.

In Q4 2018, there were 895 bankruptcies where the individual was self-employed, a fall of 8.9% on Q3 2018, but 1.3% higher than the same period last year.

There were 3,332 bankruptcies among other individuals in Q4 2018, an increase of 4.5% compared with the previous quarter and 13.6% higher than the same quarter of the previous year.

**Figure 5: Bankruptcies fell for the self employed while rising for other individuals**  
England and Wales, seasonally adjusted



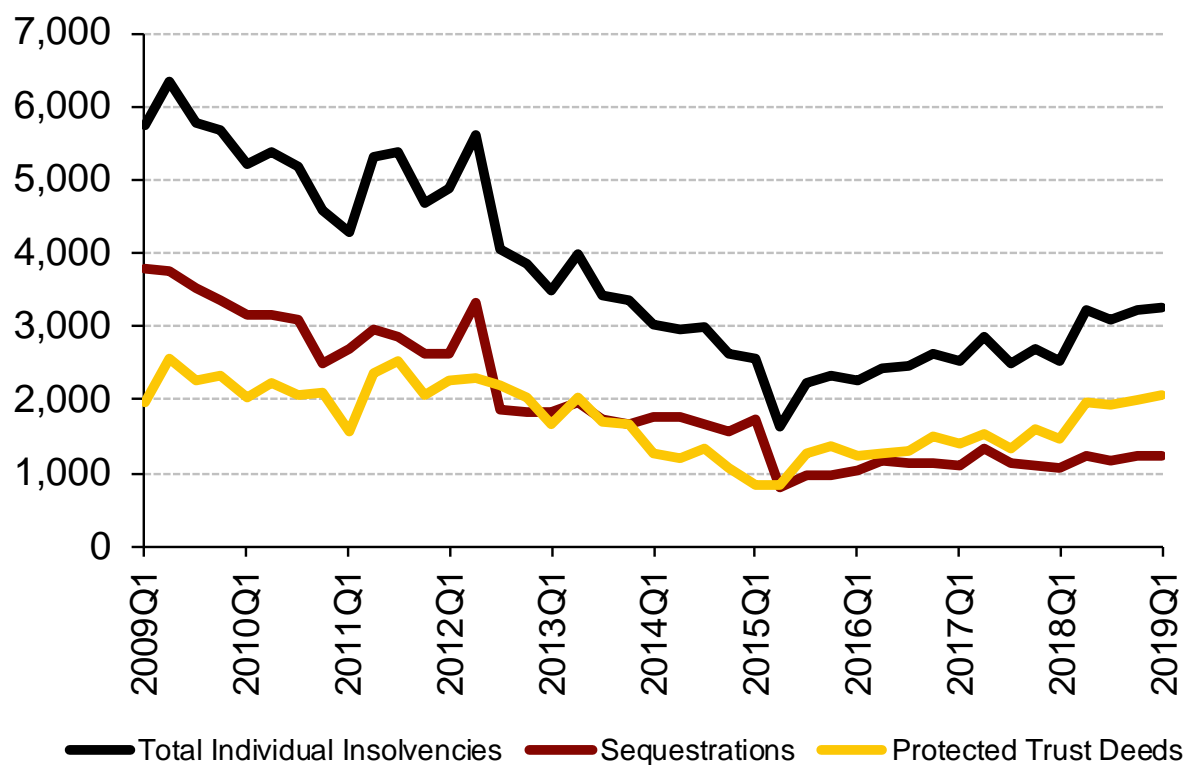


## 6. Individual insolvency in Scotland

Legislation relating to individual insolvency in Scotland is devolved. The **Accountant in Bankruptcy**, Scotland's Insolvency Service, administers individual insolvency in Scotland.

- There were 3,272 individual insolvencies in Scotland Q1 2019.
- This was an increase of 29.2% since the same quarter of the previous year.

**Figure 6: Total insolvencies increased in Scotland**  
Scotland, non-seasonally adjusted



In Q1 2019, there were 3,272 total insolvencies in Scotland, a 29.2% increase on the same quarter of 2018. This comprised 1,223 sequestrations (of which 557 went into sequestration via the minimal asset process route) and 2,049 protected trust deeds.

In April 2015, the Minimal Asset Process replaced LILA, and other changes affected sequestrations, resulting in a large decrease.

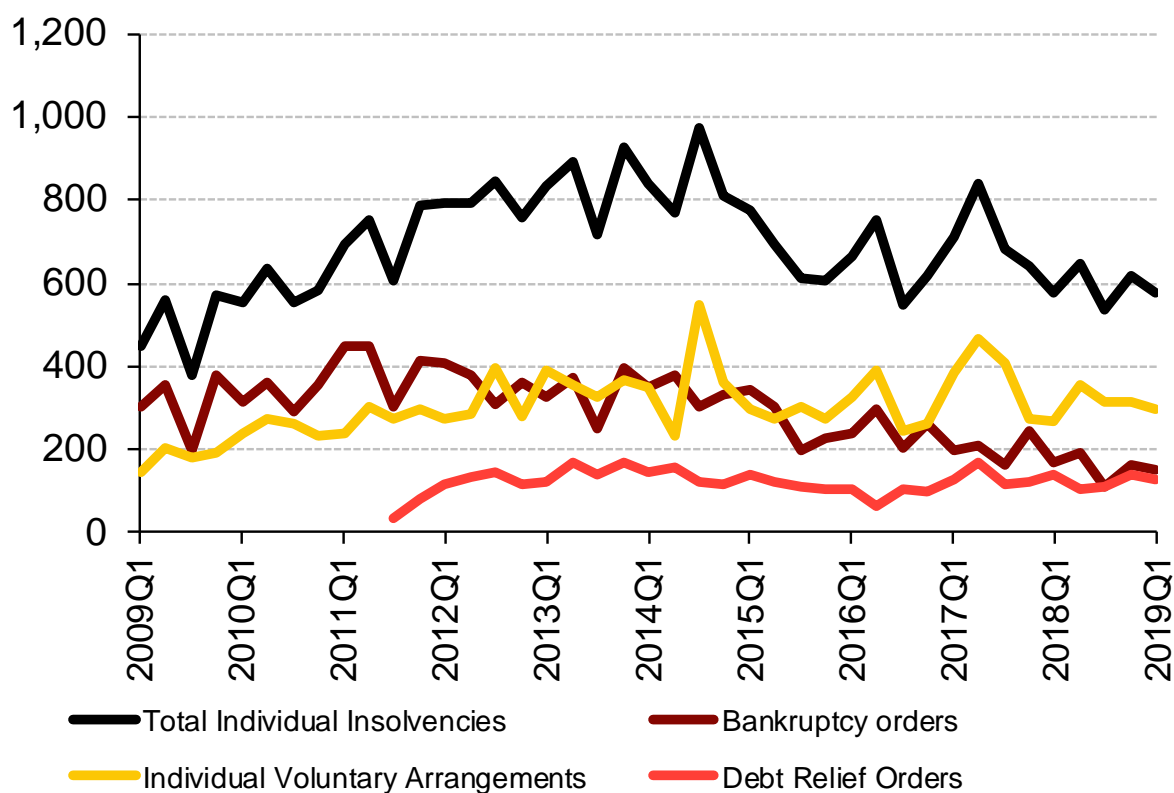
## 7. Individual insolvency Northern Ireland

Individual insolvency in Northern Ireland is governed by separate, but broadly similar, legislation to England and Wales, and so figures are presented separately.

- There were 578 individual insolvencies in Northern Ireland in Q1 2019
- This was a decrease of 0.7% compared with the same quarter of the previous year.

**Figure 7: Total insolvencies increased slightly in Northern Ireland compared to Q1 2018**

Northern Ireland, non-seasonally adjusted



In Q1 2019 there were 149 bankruptcies, down 11.3% on the same quarter of 2018. This comprised 299 IVAs, 149 bankruptcies and 130 DROs.

## National Statistics

The United Kingdom Statistics Authority has designated these statistics as National Statistics, in accordance with the Statistics and Registration Service Act 2007 and signifying compliance with the Code of Practice for Official Statistics.

Designation can be broadly interpreted to mean that the statistics:

- meet identified user needs;
- are well explained and readily accessible;
- are produced according to sound methods, and
- are managed impartially and objectively in the public interest.