



Individual insolvency statistics, Q2 April to June 2019

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We are seeking feedback

We endeavour to provide the most accurate and timely statistical information to meet our user's needs.

As such, we are proposing to incorporate some of the age and gender insolvency statistics included in our annual [Individual Insolvency Statistics by Location, Age and Gender](#) publication into this quarterly release. This will mean age and gender statistics will be available each quarter and therefore, on a more timely basis than is currently available.

Additionally, we are modernising our production processes. As part of this, for some series, this could mean revisions further back in time than is currently set out in our [revisions policy](#) and subsequently will mean changes to the policy. This will also mean improvements to the format of our data tables.

Feedback on these proposals is welcomed at statistics@insolvency.gov.uk.

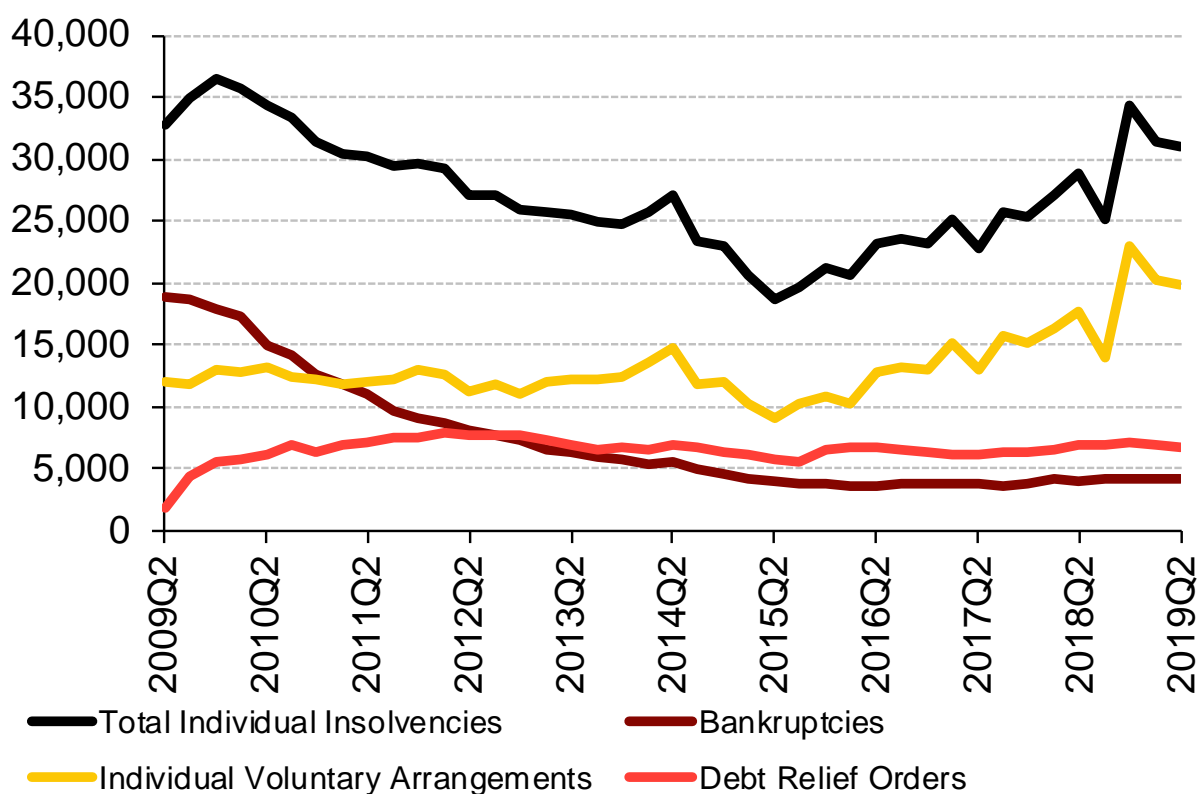
1. Main messages for England and Wales

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

- Total individual insolvencies decreased in Q2 2019 for the second consecutive quarter, following an 8 year high in Q4 2018.
- This was driven by falls in individual voluntary arrangements and debt relief orders.
- Despite this decrease, individual insolvencies remain high - the last 3 quarters have been the highest since Q4 2010.
- This is the highest level of bankruptcies since Q4 2014 but they remain low in comparison to 2009 to 2014 levels.

Figure 1: Total individual insolvencies decreased but remain elevated

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

Individual voluntary arrangements (IVAs)	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.
Debt relief orders (DROs)	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.
Bankruptcy	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 Debtor application – where the individual is unable to pay their debts, and applies online to make themselves bankrupt, or Creditor petition – 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.
Sequestration	Fulfils much the same role in Scotland as bankruptcy in England and Wales.
Protected trust deeds	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 again but remain elevated

There were 30,937 individual insolvencies in Q2 2019, 1.3% lower than in Q1 2019. Although total individual insolvencies fell this quarter, they remain elevated compared with recent years and increased 7.2% compared to the same quarter in 2018.

The fall in overall individual insolvencies in Q2 2019 was driven by decreases in IVAs and DROs but was partially offset by increases in the number of bankruptcies. IVAs decreased by 1.2% to 19,956, debt relief orders decreased by 3.2% to 6,752 and bankruptcies increased by 1.2% to 4,228. Although this is the highest level of bankruptcies since Q4 2014, they remain low in comparison to 2009 to 2014 levels.

Compared with the same quarter last year, IVAs increased by 12.1%. Since their introduction in 1987, the three highest levels of IVAs have been recorded in the last three quarters, with the peak coming in Q4 2018. DROs have also fallen for two consecutive quarters after reaching their highest level since Q1 2013 in Q4 2018 and they are 3.2% lower than the same period in 2018. Bankruptcies increased by 3.3% on Q2 2018.

IVAs were the most common type of individual insolvency, accounting for 64.5% of cases. This was followed by DROs (21.8%) and bankruptcies (13.7%). Since Q2 2011, IVAs have been the most common individual insolvency while bankruptcies fell following the introduction of DROs and the recession.

Table 2: The decrease in total individual insolvencies was driven by individual voluntary arrangements and debt relief orders¹

England and Wales, seasonally adjusted

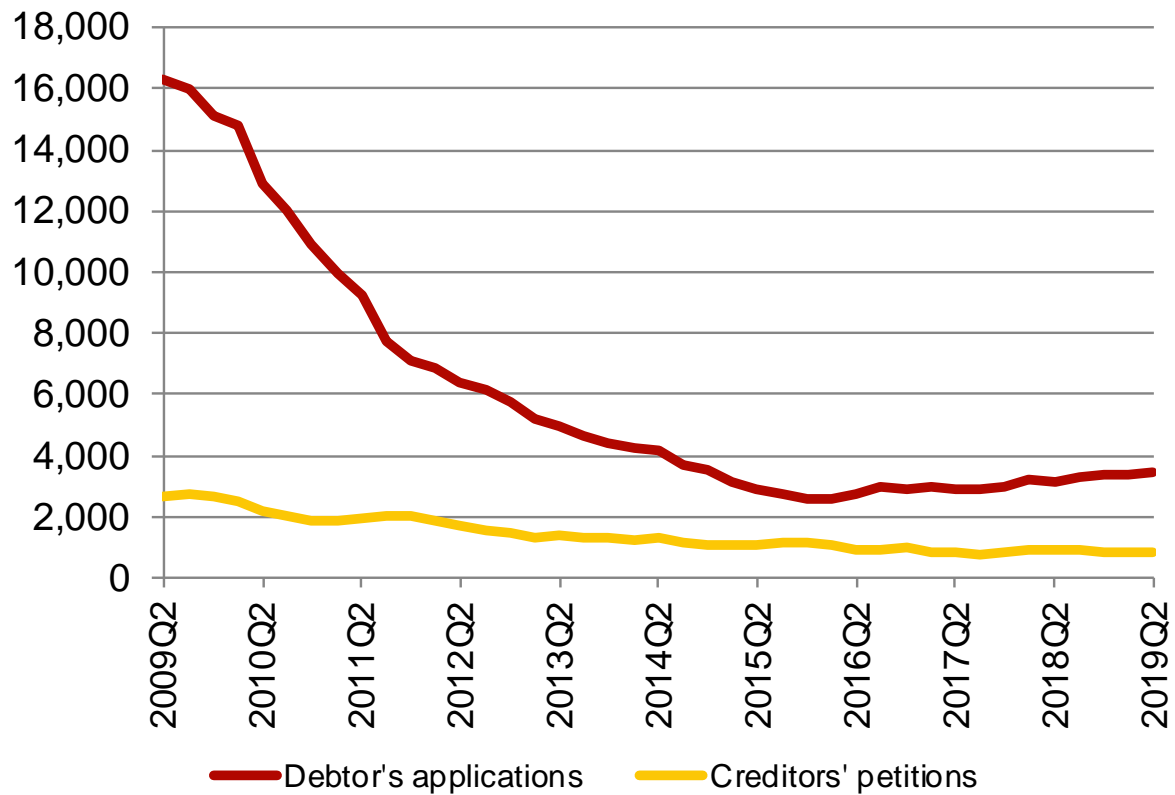
	Total individual insolvencies	Bankruptcies	Debt relief orders	Individual voluntary arrangements
2018Q1	27,052	4,158	6,563	16,332
2018Q2	28,869	4,091	6,976	17,802
2018Q3	25,118	4,161	7,004	13,954
2018Q4	34,279	4,192	7,140	22,947
2019Q1	31,346	4,176	6,979	20,191
2019Q2	30,937	4,228	6,752	19,956
2018	115,319	16,602	27,683	71,034
2019YTD	62,283	8,404	13,731	40,147

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

There were increases in both bankruptcies made on the application of the debtor and creditor petition, up 1.8% and 2.8% respectively, from Q1 2019. Q2 2019 saw the highest level of debtor applications since Q4 2014 at 3,423 - this was 7.9% higher than the same period in 2018.

Creditor petitions bankruptcies increased to 861 in Q2 2019 but this was 7.4% lower than the same quarter in 2018.

Figure 2: Debtor's applications increased to a recent high but remain historically low
England and Wales, seasonally adjusted



4. The insolvency rate increased in Q2 2019

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

Figure 3: In the 12 months ending Q2 2019, 1 in 382 adults became insolvent
England and Wales, 4-quarter rolling rate

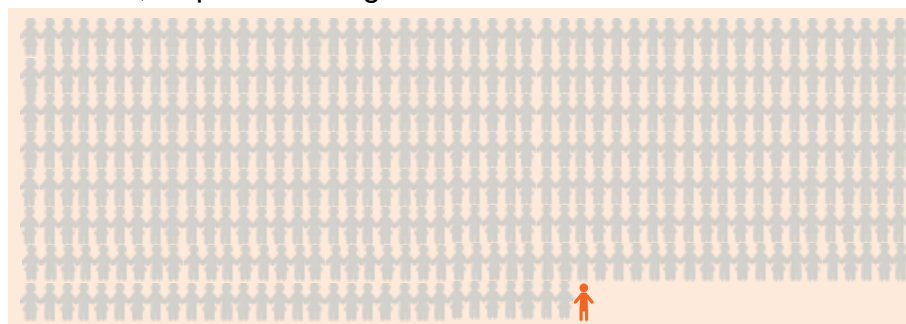
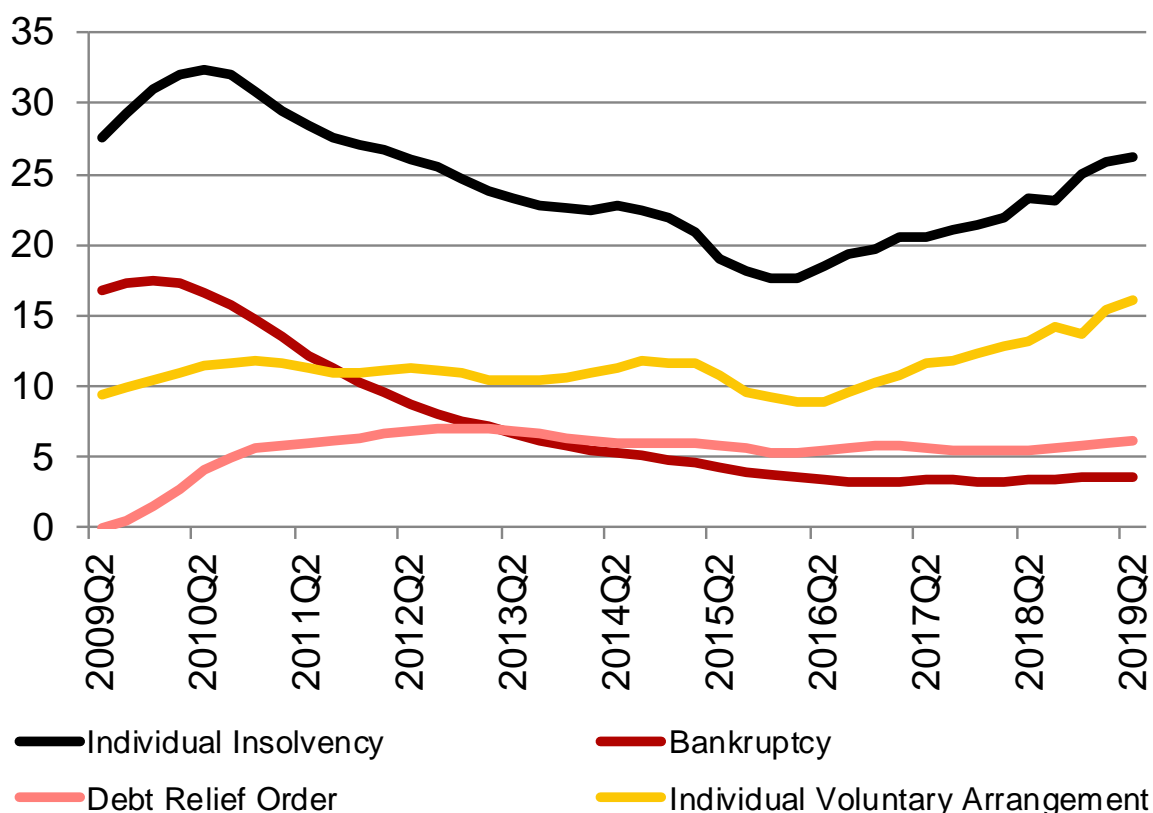


Figure 4: The individual insolvency rate has increased despite a fall in the number of individual insolvencies

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



In the 12 months ending Q2 2019, for every 10,000 adults in England and Wales, 26.2 entered insolvency. This was up from 25.8 per 10,000 in the 12 months ending Q1 2019. 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 latest quarter, the rate has increased as there



were more insolvencies from Q3 2018 to Q2 2019 than in the 12 month rolling period from Q2 2018 to Q1 2019.

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](#).

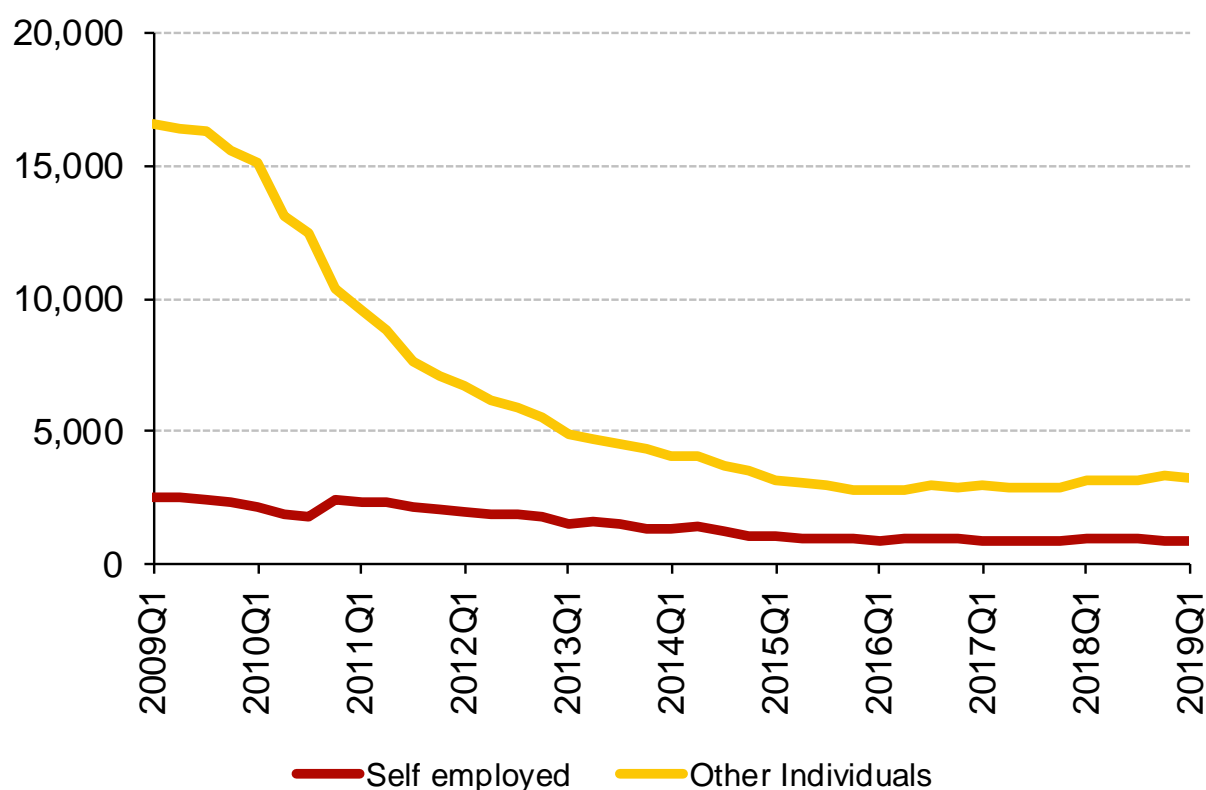
5. Bankruptcies fell for the self employed in Q1 2019

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 Q1 2019, there were 870 bankruptcies where the individual was self-employed, a fall of 3.1% on Q4 2018 and 8.0% lower than the same period last year.

There were 3,279 bankruptcies among other individuals in Q1 2019, a decrease of 1.0% compared with the previous quarter but 3.6% higher than the same quarter of the previous year.

Figure 5: Bankruptcies fell for both the self employed and other individuals in Q1 2019
England and Wales, seasonally adjusted





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.

Once statistics have been designated as National Statistics it is a statutory requirement that the Code of Practice shall continue to be observed.



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