

Insolvency statistics in Poland: lessons learned from the popularity of restructuring



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In 2024 we observed two growing trends in Poland. Namely, there was a rapidly growing number of two insolvency proceedings: restructuring proceedings, mainly arrangement approval proceedings, and consumer bankruptcy proceedings.

With regard to consumer bankruptcy, the number of more than 20,000 consumer bankruptcies was reached in 2024 – and precisely 21,187 bankruptcies have been declared by the court. This number has been steadily growing in the first months of 2025 and this may be the trend for Poland for this year, too.

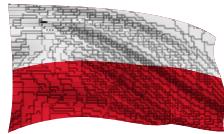
It seems that Polish citizens are no longer afraid of a fresh start and they eagerly apply for consumer bankruptcy. In our opinion, this is surely good news, but one factor needs consideration. Due to this trend, Polish Bankruptcy and Restructuring Courts are overloaded. The insolvency law requires that each case must be treated individually and AI so far does not help to improve the situation. As a rule, judges have in their files on top of regular non-restructuring cases, a significant number of very complex consumer bankruptcy cases, which are even more absorbing, because consumers demand speed and an instantaneous resolution of their matter, which obviously is not a viable option for an overburdened court. Although the legislator hoped to alleviate this burden by transferring part of the administrative obligations and case management duties onto insolvency practitioners in 2020, it has not been enough.

Apparently, the main reason why this reform did not work as planned was the unfortunate

‘overnight’ introduction of the KRZ system (the Central Insolvency Register; an ICT system dedicated to managing digital insolvency cases), which affected significantly the speed and effectiveness of the proceedings. Poland failed to duly prepare for the digital revolution in its insolvency courts, giving them merely a few months to implement it. Other member states took the time to run pilot schemes and prepare the court officers and judges to use the ICT systems. Currently, in Poland, this is the only avenue for communication with the court for the debtors. Even though the consumer may decide to file a paper petition personally with the court, still they must use the malfunctioning ICT system for any further communication or exchange with the court in the proceedings.

Please note that it was the Allerhand Institute and the Association of Insolvency Judges that applied to the Ministry of Justice to order an interim measure to alleviate the problem and allow for the possibility to conduct the proceedings in the traditional paper version. This application has so far been ignored.

With regard to arrangement approval proceedings, 4003 proceedings were opened in Poland in 2024, accounting for over 90% of all restructuring proceedings. In total, 1794 corporate insolvency petitions were submitted and 554 insolvencies were declared. Petitions dismissed account for 347 cases whereas pre-pack applications account for 73 cases, with 21 court-approved sale conditions. Within other restructuring proceedings, 3296 arrangement approval applications were submitted and



3786 arrangements were approved, with only 318 dismissed applications.

Comment

The growing number of arrangement approval proceedings clearly demonstrate that this restructuring option is so popular for a number of reasons. To name but two, the proceedings are mainly out-of-court (the court is involved at the stage of approval of the arrangement concluded between the debtor and the creditors) and the enforcement of debts is suspended (stay of enforcement).

To date, we have proposed a serious reform to change the structure of insolvency courts. Its main objective is to separate business insolvency cases from consumer bankruptcy cases and to transfer business insolvency departments from the district level (lower court) to the regional level (higher court). The consumer bankruptcy departments would remain at the district level (lower court). Please find the details of this proposal at:

<https://chambers.com/legal-trends/legal-developments-in-polish-restructuring-and-insolvency-law>

Summing-up, the Polish insolvency market is growing in numbers and the arrangement approval proceedings remain the most popular, accounting for more than 90% of all cases. We hope to have the Second Chance Directive implemented soon, but, in our view, more reforms are needed, as outlined above. ■

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