



## Insolvency Statistics – July to September 2016 (Q3 2016)

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### Coverage

England and Wales  
Scotland  
Northern Ireland

This statistics release contains the latest data on **company insolvency** (companies which are unable to pay debts and enter liquidation, or enter administration or other company rescue process) and **individual insolvency** (people who are unable to pay debts and enter formal procedures).

### Release date

28 October 2016

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

### Frequency of release

Quarterly

### Next update

27 January 2016

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### Website

<https://www.gov.uk/government/collections/insolvency-service-official-statistics>

## Main messages

### Companies

- **Total company insolvencies were slightly higher than the previous quarter and also increased on the year. The trend for the past year has been broadly flat.**

### People

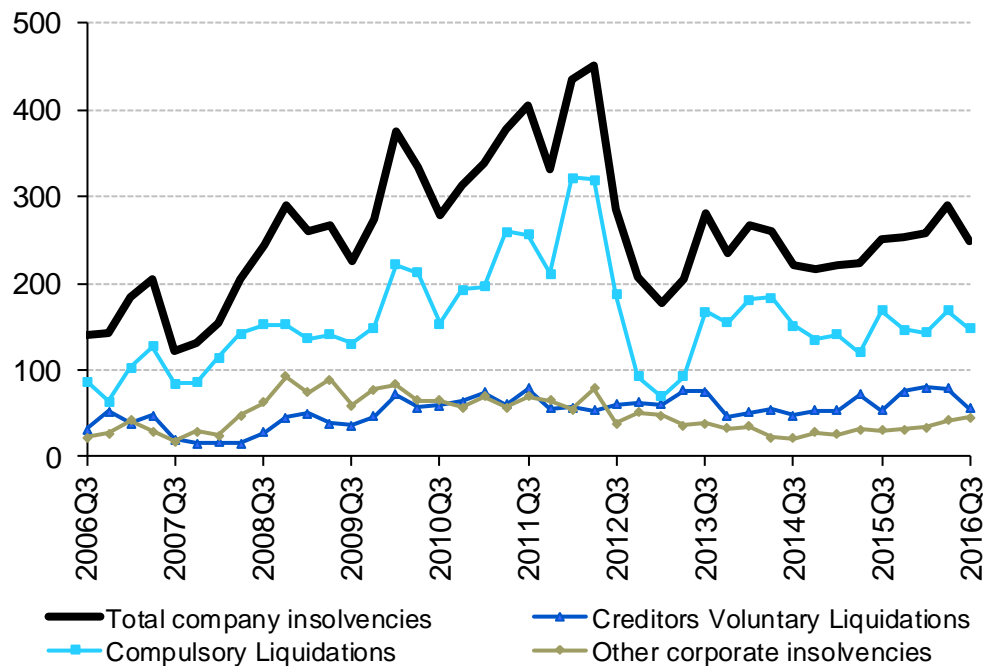
- **Total individual insolvencies increased for the fifth consecutive quarter, driven primarily by an increase in individual voluntary arrangements.**
- **Bankruptcies increased this quarter. It is likely that changes to the bankruptcy application process have affected the number of bankruptcies.**
- **Debt relief orders decreased this quarter, but were higher than a year ago because of a change to eligibility criteria.**

## 4 Insolvency in Scotland

### 4.1 Company insolvency

Company insolvency in Scotland is governed by broadly the same legislation as for England and Wales; however, the development of policy on and the recording of information about liquidations and receiverships is devolved to the Scottish Government, so figures are presented separately.

**Figure 13: Company insolvencies in Scotland**  
(quarterly data, not seasonally adjusted)



Source: Companies House.

See Table 9 of the accompanying Excel file for more detail.

In the Q3 2016, there were an estimated 249 total company insolvencies, a decrease of 0.8% compared to Q3 2015. Of these, 204 were company liquidations – a 7.7% decrease on the same quarter of 2015.

Liquidations were fairly stable until 2009, followed by a generally increasing trend until a period of rapid decrease between Q2 2012 and Q1 2013.

In Q3 2016, there were 148 compulsory liquidations, a 11.9% decrease since Q3 2015.

The majority of company liquidations in Scotland are compulsory liquidations. This is in contrast to England and Wales, where the number of creditors' voluntary liquidations (CVLs) account for the majority of company liquidations. This difference may be because in England and Wales, the Insolvency Service manages the initial stage of case administration for all compulsory liquidations, for which a fee is charged.

There were an estimated 56 CVLs. The number of CVLs has remained largely stable, with between 50 and 100 cases in each quarter since 2010.

There were an estimated 45 other company insolvency procedures in the first quarter of 2016 (44 administrations and one company voluntary arrangement).

#### Explanation of key terms

See section 2 (company insolvency in England and Wales) for further information.

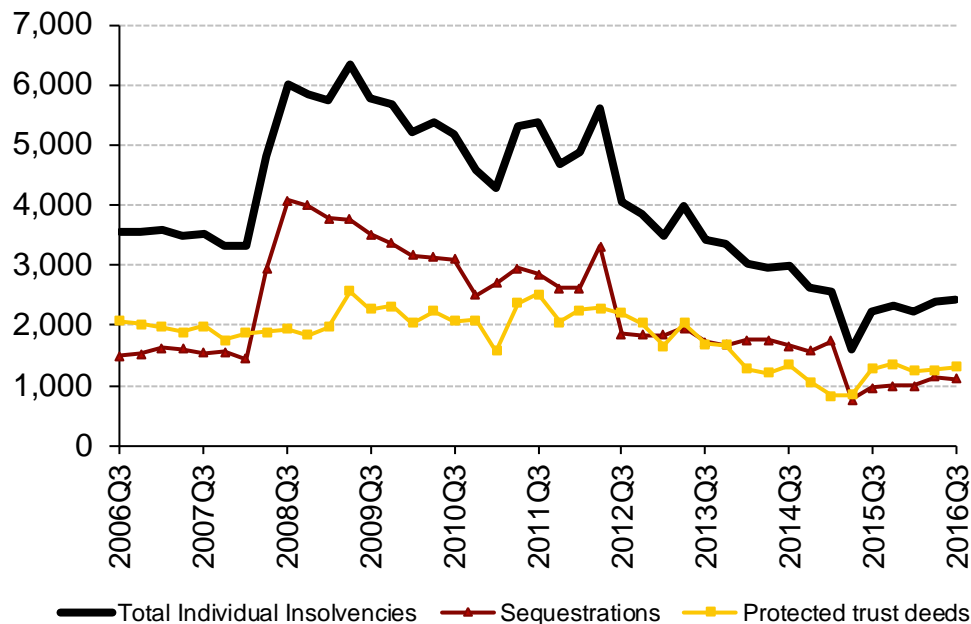
The Excel file which accompanies this release additionally contains statistics on the number of administrations, receiverships and CVAs in Scotland.

The [Accountant in Bankruptcy](#) (AiB), Scotland's Insolvency Service, publishes quarterly Official Statistics on company liquidations. These are based on AiB's administrative records, and are not coherent with these statistics, which are based on data from Companies House.

## 4.2 Individual insolvency

Legislation relating to individual insolvency in Scotland is devolved. The [Accountant in Bankruptcy](#), Scotland's Insolvency Service, administers individual insolvency in Scotland.

**Figure 14: Individual insolvencies in Scotland**  
(quarterly data, not seasonally adjusted)



### Explanation of key terms

**Sequestration** fulfils much the same role as bankruptcy in England and Wales.

In April 2008, the law was changed to offer a new route into sequestration for individuals with **low income and low assets** (LILA), which resulted in a large increase in the number of sequestrations in Scotland.

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

**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.

These statistics do not include debt payment programmes under the [debt arrangement scheme](#), which are not formal insolvencies.

Source: [Accountant in Bankruptcy \(AiB\)](#).

The sequestration figures include LILA (Low Income, Low Assets) cases from 1 April 2008, and MAP (Minimal Asset Process) cases from 1 April 2015.

See Table 11 of the accompanying Excel file for more detail.

In Q3 2016, there were 2,424 individual insolvencies in Scotland, 8.5% higher than the same quarter in 2015.

There were 1,113 sequestrations in Q3 2016, an increase of 15.3% compared to Q3 2015. Of these, 471 people went into sequestration via the Minimal Asset Process route.

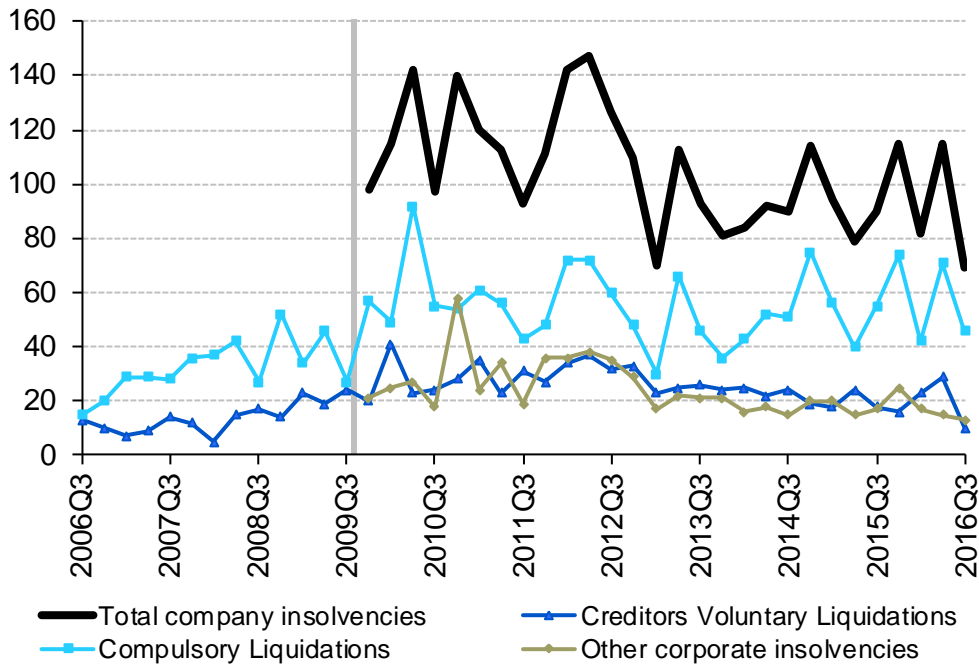
In Q3 2016, there were 1,311 PTDs, an increase of 3.3% compared with Q3 2015. Recent changes to insolvency legislation have aligned the minimum periods that individuals are required to contribute to their insolvency estate to four years for both sequestrations and PTDs; prior to this, individuals entering sequestration were required to make contributions for three years. This change is likely to have led to some individuals entering PTDs rather than bankruptcy.

## 5 Insolvency in Northern Ireland

### 5.1 Company insolvency

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

**Figure 15: Company insolvencies in Northern Ireland**  
(quarterly data, not seasonally adjusted)



#### Explanation of key terms

See section 2 (company insolvency in England and Wales) for further information.

Sources: Department for Enterprise, Trade and Investment, Northern Ireland; Companies House.

Vertical line indicates discontinuity in methods – data from 2009Q4 not directly comparable with previous data. Creditors' Voluntary Liquidations before 2009 Q4 includes those companies which had previously been in administration.

See Table 12 of the accompanying Excel file for more detail.

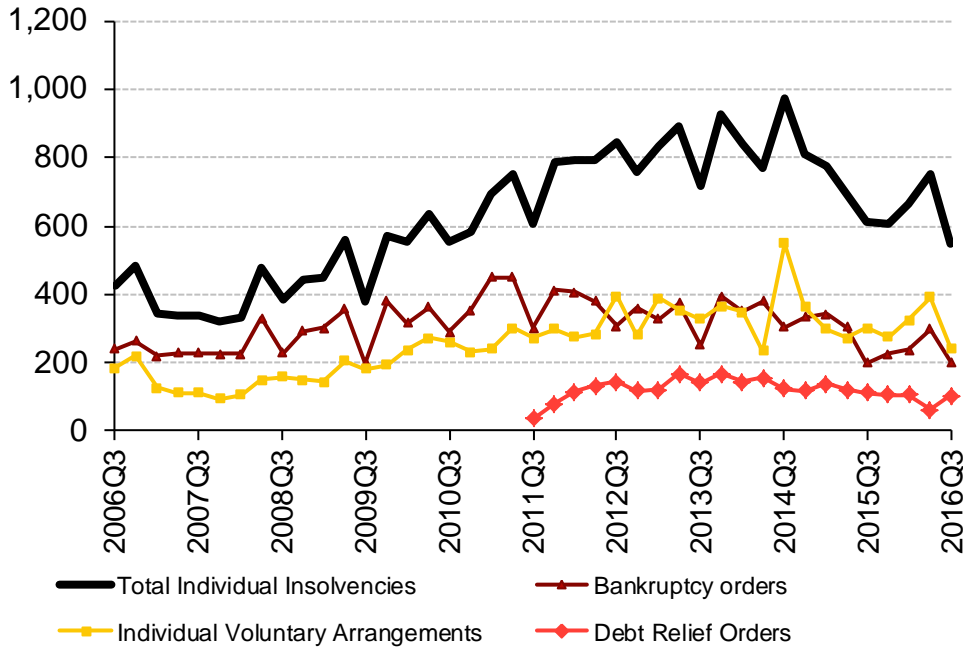
There were an estimated 69 company insolvencies in Northern Ireland in Q3 2016, 23.3% less than the same quarter in 2015. Of these, 46 were compulsory liquidations (down 16.4% on the same quarter last year), and an estimated 10 were creditors' voluntary liquidations (CVLs, down 44.4%).

There were an estimated seven administrations, five company voluntary arrangements and one administrative receivership in Q3 2016.

## 6.2 Individual insolvency

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

**Figure 16: Individual insolvencies in Northern Ireland**  
(quarterly data, not seasonally adjusted)



Source: Department for Enterprise, Trade and Investment, Northern Ireland.  
See Table 14 of the accompanying Excel file for more detail.

### Explanation of key terms

**Bankruptcy orders** – 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.

**Debt relief orders (DROs)** – a form of debt relief available to those who have a low income, low assets and less than £15,000 of debt. There is no distribution to creditors, and discharge from debts takes place 12 months after the DRO is granted.

DROs were introduced in June 2011.

**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.

There were 547 individual insolvencies in Northern Ireland in Q3 2016, 10.5% less than the same quarter in 2015.

In Q3 2016 there were 203 bankruptcies, up 2.0% on the same quarter last year. There were 243 IVAs, a decrease of 19.3% on the same quarter last year. There were 101 DROs, down 9.0% on the same quarter last year.

Though the graph highlights changes, it should be noted that the volatility in the data is because the numbers of insolvencies are low, so any small changes will result in large percentage changes.