



Insolvency Statistics – October to December 2015 (Q4 2015)

Coverage

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Scotland
Northern Ireland

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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).

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

Main messages

Companies in 2015

- **Total annual company Insolvencies were at the lowest level since 1989.**
- **This decrease was mainly driven by a decrease in compulsory liquidations, which fell to the lowest annual total since 1981.**

People in 2015

- **Total individual insolvencies were at the lowest annual level since 2005.**
- **This annual decrease was driven by a fall in individual voluntary arrangements, which were at the lowest level since 2008.**
- **There was an increase in debt relief orders in Q4 2015, which resulted from a change to the eligibility criteria.**

Insolvency Statistics: user feedback survey

The Insolvency Service is currently seeking feedback on its statistical publications in order to make them more relevant and useful. Please help by completing the survey at <https://goo.gl/Lau1jr>

We are specifically seeking users' views on:

- How our statistics are presented and explained; and
- New, experimental, statistics on enforcement outcomes

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Change of methods for company insolvency statistics, and estimation of data for the latest quarter

Beginning with the July to September 2015 release, the methodology for producing statistics on company insolvencies has been improved. This follows a [consultation](#) and pre-announcement of the change in the April to June 2015 statistics. Consistent time series data back to 2007 are included in this release.

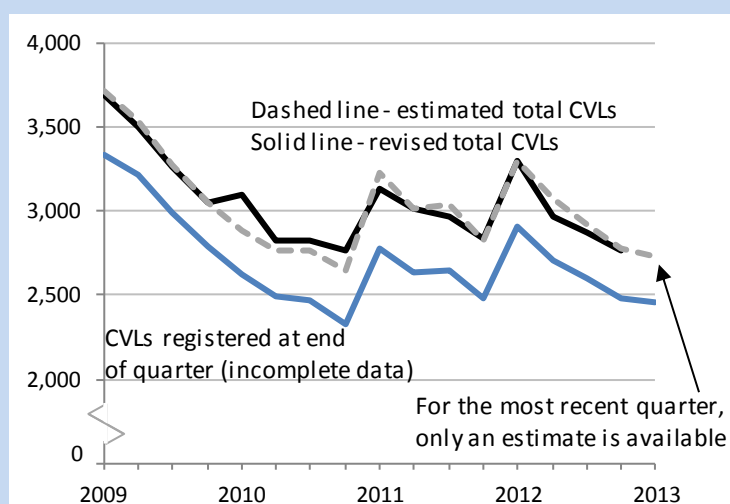
As part of this change, the latest quarter's statistics are **estimated**, using an adjustment to predict late registration, and are subject to uncertainty.

Statistics for the most recent quarter will be revised in the next quarter's publication as more data become available. This is a consequence of the trade-off between timeliness and accuracy. The first estimate may be revised up or down as illustrated in the chart (right). More information on the accuracy of the first estimate can be found in the [analysis of accuracy of first estimates](#).

Comparisons of company insolvencies before and after 2007Q1 should be made with caution, as the earlier data are subject to bias. More information can be found in the [analysis of historical revisions](#).

More information can be found in the [methodology](#) and [data quality assurance](#) documents.

Illustration of estimation of company insolvencies



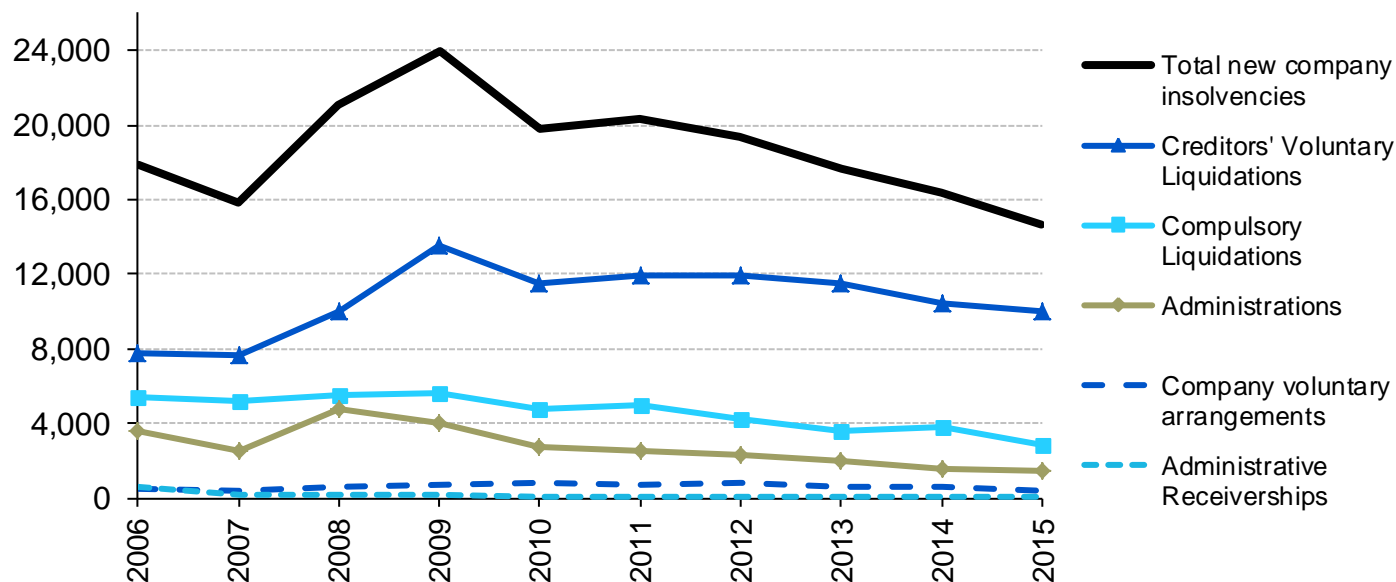
This graph shows the number of creditors' voluntary liquidations each quarter. About one in seven cases which begin in any one quarter is registered after the end of the quarter, so the latest (incomplete) data is adjusted to calculate an estimate.

The dashed line shows what the first estimate would have been using this methodology, while the solid line shows the final total.

1 Summary for 2015

1.1 Company insolvency in England and Wales *(Further information: section 3)*

Figure 1: Company insolvencies in England and Wales¹ (Annual data)



Source: Insolvency Service and Companies House.

Key findings for 2015

Company insolvencies were at the lowest level since 1989

An estimated total of 14,629 companies entered into insolvency in 2015, which was 10% lower than the total in 2014 and the lowest annual total since 1989 (when 10,456 companies entered insolvency). There has been a decreasing annual trend in company insolvency since 2011.

This was mainly driven by a decrease in compulsory liquidations

A total of 2,874 companies were subject to a compulsory winding-up order in 2015, a 23% decrease compared to 2014. This was the lowest annual total since 1981 when 2,771 companies entered into compulsory liquidation.

The number of creditors' voluntary liquidations was at its lowest since 2007

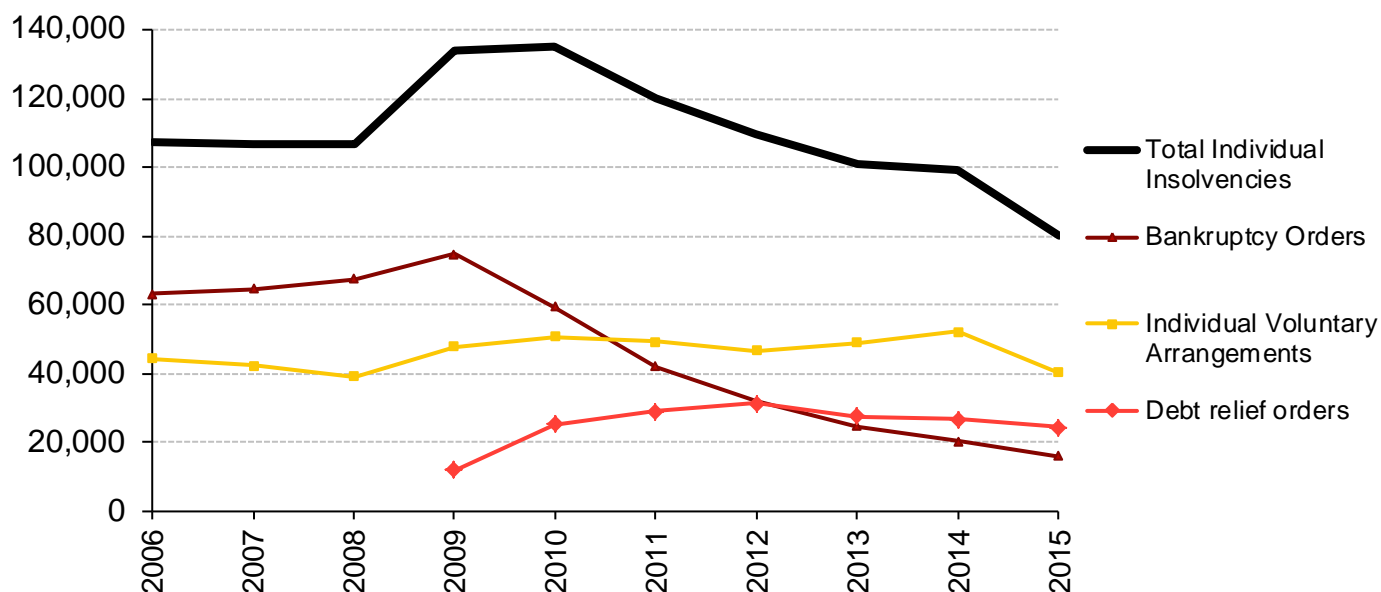
An estimated 9,981 companies entered into creditors' voluntary liquidation in 2015, a 4% decrease compared to the annual total in 2014. This was the lowest annual total since 2007.

Other types of company insolvency continued to fall year on year

There were an estimated 1,406 administrations in 2015, which was 11% lower than in 2014, and at the lowest level since 2003 (when changes to administration resulting from the Enterprise Act 2002 took effect). There were 357 company voluntary arrangements in 2015, a decrease of 35% compared to 2014 and the lowest total since 1994.

1.2 Individual insolvency in England and Wales *(Further information: section 4)*

Figure 2: Individual insolvencies in England and Wales¹ (Annual data)



Source: Insolvency Service.

Key findings for 2015

Individual insolvencies were at the lowest level since 2005

There were a total of 79,965 individual insolvencies in 2015, a 19% decrease compared to 2014 and the lowest annual total since 2005. This was the fifth successive decrease in the annual total.

This was mainly driven by a decrease in individual voluntary arrangements (IVAs)

There were 39,993 IVAs in 2015, which was a 23% decrease on 2014, and the lowest annual total since 2008. This followed increases in the previous two years. IVAs comprised 50% of all individual insolvencies in 2015, compared with 53% in 2014.

The number of bankruptcies was the lowest since 1990

There were a total of 15,797 bankruptcy orders in 2015, 22% lower than in 2014. The number of bankruptcy orders has decreased each year since 2009, and was at its lowest annual level since 1990. However, the introduction of debt relief orders (DROs) in 2009 is likely to have affected the number of bankruptcies.

The number of debt relief orders (DROs) decreased to the lowest level since 2009

There were 24,175 DROs in 2015, which was a 9% decrease compared to 2014 and the lowest annual total since they were introduced in 2009.

1.3 Summary tables: Annual Comparisons

Table 1: New company insolvencies in England and Wales^{1,2}

	Number of insolvencies					% change – 2015 on
	2011	2012	2013	2014	2015e	2014
Total new company insolvencies	20,285	19,349	17,681	16,317	14,629	-10.3
Compulsory liquidations	5,003	4,261	3,632	3,755	2,874	-23.5
Creditors' voluntary liquidations ²	11,947	11,906	11,453	10,401	9,981	-4.0
Administrations	2,539	2,334	2,009	1,587	1,406	-11.4
Company voluntary arrangements	748	816	570	552	357	-35.3
Receivership appointments	48	32	17	22	11	-50.0

Source: Insolvency Service and Companies House.

p = provisional, r = revised, e = estimated.

¹ Longer series back to 2006 are presented in the accompanying detailed tables.

² Excludes creditors' voluntary liquidations following administration (see section 3.1).

Table 2: Individual insolvencies in England and Wales¹

	Number of insolvencies					% change – 2015 on
	2011	2012	2013	2014	2015p	2014
Total Individuals	119,943	109,640	100,998	99,223	79,965	-19.4
Bankruptcy orders	41,876	31,787	24,571	20,345	15,797	-22.4
Debt relief orders	29,009	31,179	27,546	26,688	24,175	-9.4
Individual voluntary arrangements	49,058	46,674	48,881	52,190	39,993	-23.4

Source: Insolvency Service.

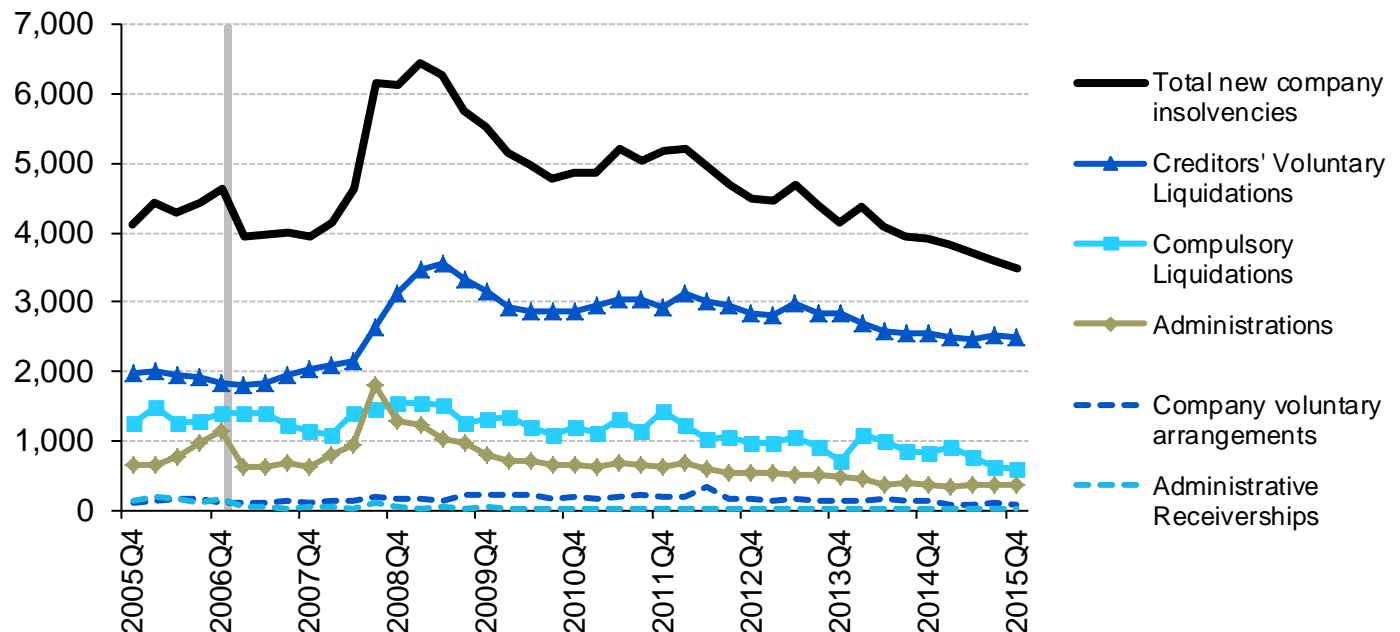
p = provisional, r = revised.

¹ Longer series back to 2006 are presented in the accompanying detailed tables.

2 Summary for Q4 2015

2.1 Company insolvency in England and Wales *(Further information: section 3)*

Figure 3: Company insolvencies in England and Wales (quarterly data, seasonally adjusted)



Source: Insolvency Service and Companies House. Excludes CVLs following administration.

Vertical line indicates discontinuity in methods – data after 2007Q1 not directly comparable with previous data.

Key findings for Q4 2015

Company insolvencies continued to decrease

An estimated total of 3,495 companies entered insolvency in Q4 2015, which was 2.7% less than Q3 2015 and 10.5% lower than Q4 2014.

Compulsory liquidations decreased to the lowest level since Q3 1989

A total of 583 companies were subject to a compulsory winding-up order in Q4 2015, a 5.0% decrease on the previous quarter and 30.0% lower than Q4 2014. This was the main driver of the decrease in total company insolvencies.

Creditors' voluntary liquidations decreased slightly

An estimated 2,484 companies entered creditors' voluntary liquidation in Q4 2015, a 1.2% decrease on the previous quarter and 3.0% lower compared to the same period in 2014.

Administrations and CVAs decreased on the year, with CVAs at the lowest level since Q1 1998.

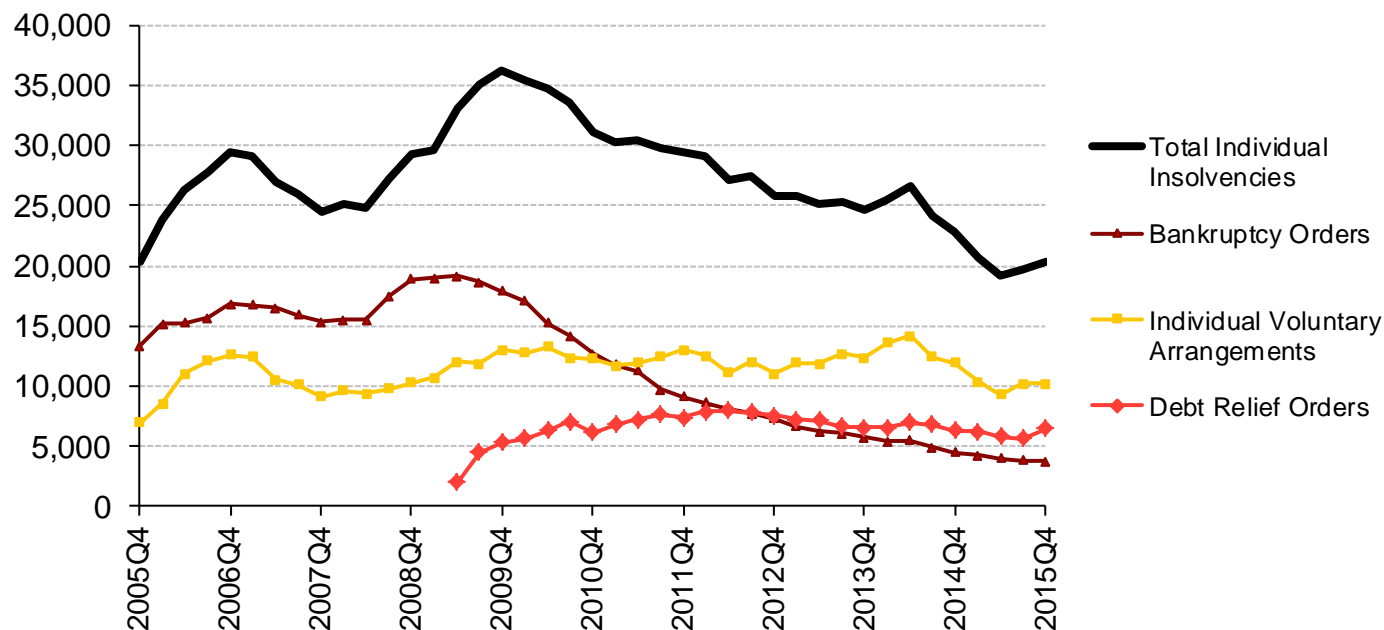
There were an estimated 350 administrations in Q4 2015, a decrease of 1.1% compared to the previous quarter and 5.6% lower than the same quarter in 2014. There were an estimated 76 CVAs in Q4 2015, a decrease of 30.9% on the previous quarter and 44.5% lower than Q4 2014. There were an estimated two administrative receiverships.

The liquidation rate was at its lowest level since comparable records began

The estimated liquidation rate in the 12 months ending Q4 2015 was 0.44% of active companies, the lowest level since comparable records began in Q4 1984.

2.2 Individual insolvency in England and Wales *(Further information: section 4)*

Figure 4: Individual insolvencies in England and Wales¹ (quarterly data, seasonally adjusted)²



Source: Insolvency Service.

Key findings this quarter

Total individual insolvencies increased compared with the previous quarter

The number of people who became insolvent in England and Wales was 20,404 in Q4 2015, a 3.6% increase on the previous quarter, but 10.5% lower than the same quarter in 2014.

This was driven by an increase in DROs

There were 6,501 DROs in Q4 2015, which was a 15.5% increase compared to Q3 2015 and 2.8% higher than Q4 2014. This increase was because of a change to eligibility criteria effective October 2015.

The number of bankruptcies was at the lowest level since Q3 1990

There were 3,711 bankruptcy orders in Q4 2015, a decrease of 4.4% compared with Q3 2015, 17.5% lower than Q4 2014 and the lowest level since Q3 1990. However, the introduction of debt relief orders (DROs) in 2009 is likely to have affected the number of bankruptcies.

The number of IVAs remained stable

There were 10,191 IVAs in Q4 2015, which was unchanged compared to Q3 2015 but 14.9% lower compared to the same period in 2014.

The rate of insolvency decreased

In the 12 months ending Q4 2015, 1 in 570 adults (0.18% of the adult population) became insolvent. This was the lowest rate since the 12 months ending Q4 2005.

2.3 Summary tables

Table 3: New company insolvencies in England and Wales^{1,2} (seasonally adjusted)³

	Number of insolvencies					% change – 2015 Q4 on	
	2014 Q4 r	2015 Q1 p	2015 Q2 p	2015 Q3 p	2015 Q4 e	2015 Q3	2014 Q4
Total company insolvencies	3,904	3,830	3,712	3,593	3,495	-2.7	-10.5
Compulsory liquidations	833	908	769	614	583	-5.0	-30.0
Creditors' voluntary liquidations ²	2,560	2,506	2,477	2,514	2,484	-1.2	-3.0
Administrations	371	329	374	354	350	-1.1	-5.6
Company voluntary arrangements	137	86	85	110	76	-30.9	-44.5
Administrative receiverships	3	1	7	1	2	100	-33.3

Source: Insolvency Service and Companies House.

p = provisional, r = revised, e = estimated.

¹ Longer series back to 2006 are presented in the accompanying detailed tables.

² Excludes creditors' voluntary liquidations following administration (see section 3.1).

³ The series for compulsory liquidations, company voluntary arrangements and receiverships do not require seasonal adjustment.

Table 4: Individual insolvencies in England and Wales (seasonally adjusted)¹

	Number of insolvencies					% change – 2015 Q4 on	
	2014 Q4	2015 Q1 r	2015 Q2 p	2015 Q3 p	2015 Q4 p	2015 Q3	2014 Q4
Total Individuals	22,803	20,730	19,129	19,702	20,404	3.6	-10.5
Bankruptcy orders	4,501	4,210	3,993	3,883	3,711	-4.4	-17.5
Debt relief orders	6,325	6,213	5,832	5,629	6,501	15.5	2.8
Individual voluntary arrangements	11,977	10,306	9,305	10,190	10,191	0.0	-14.9

Source: Insolvency Service

p = provisional, r = revised.

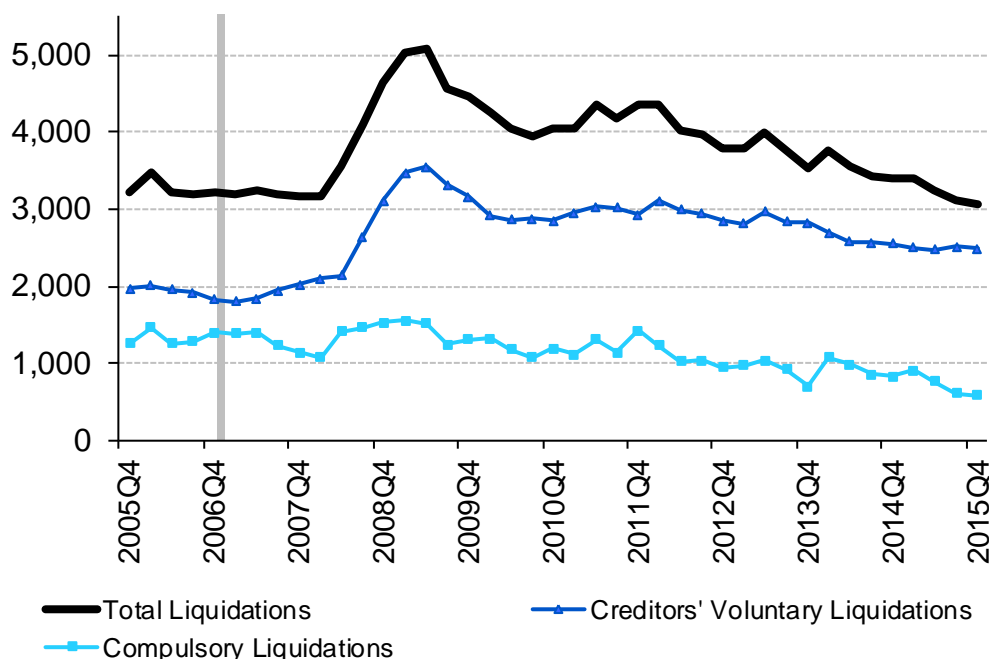
¹ Longer series back to 2006 are presented in the accompanying detailed tables.

3 Company insolvency in England and Wales

These statistics relate to **incorporated companies (including limited liability partnerships)** – a specific legal form of business that is registered at [Companies House](#). Company insolvency (being unable to pay creditors the money they are owed) can be dealt with through a variety of legal processes, including liquidation (section 2.1) which result in the company ceasing to exist; or through company rescue procedures such as administration (section 2.2).

3.1 Company liquidations

Figure 5: Company liquidations in England and Wales¹
(quarterly data, seasonally adjusted)²



Explanation of key terms

Liquidation is a legal process in which a liquidator is appointed to 'wind up' the affairs of a limited company. The purpose of liquidation is to sell the company's assets and distribute the proceeds to its creditors. At the end of the process, the company is dissolved – it ceases to exist.

Compulsory liquidation – a winding-up order obtained from the court by a creditor, shareholder or director.

Creditors' voluntary liquidation (CVL) – shareholders of a company can themselves pass a resolution that the company be wound up voluntarily.

In either case they are said to have been **wound up**.

A third type of winding up, members' voluntary liquidation (MVL), is not included because it does not involve insolvency – all creditors' debts are paid in full. [Companies House](#) produces statistics on MVLs.

Source: Insolvency Service and Companies House.

Vertical line indicates discontinuity in methods – data after 2007Q1 not directly comparable with previous data.

¹ Where the liquidation was the first insolvency procedure entered into.

² Total company liquidations, and creditors' voluntary liquidations, are seasonally adjusted; compulsory liquidations do not require seasonal adjustment.

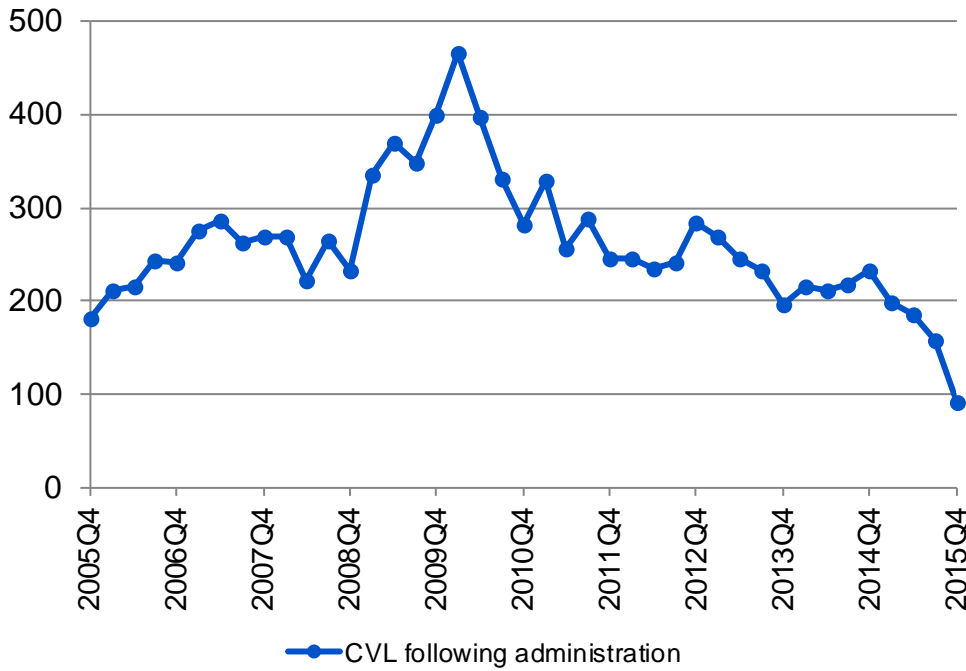
See Table 1a of the accompanying Excel file for more detail.

In the fourth quarter of 2015, there were an estimated 3,067 company liquidations – a 2% decrease on the previous quarter and 9.6% less than in Q4 2014. In 2015 as a whole there were an estimated 12,855 liquidations, a 9.2% decrease compared to 2014.

There were an estimated 2,484 creditors' voluntary liquidations (CVLs) in Q4 2015, a decrease of 1.2% on the last quarter, and 3.0% lower than the same period a year ago. In 2015 as a whole there were an estimated 9,981 CVLs, which was 4% lower than the total in 2014.

In October to December 2015 there were 583 compulsory liquidations, a decrease of 5% on the previous quarter, and down 30% compared with the same quarter in 2014. The number of compulsory liquidations was at the lowest quarterly level since Q3 1989. The annual total of compulsory liquidations in 2015 was 2,874 – 23.5% lower than 2014 and the lowest annual total since 1981.

Figure 6: Creditors' voluntary liquidation following administration in England and Wales (quarterly data, not seasonally adjusted)



Source: Companies House.

See Table 2 of the accompanying Excel file for more detail.

Explanation of key terms

An administration (see section 2.2) can end in a number of ways, one of which is by entering **creditors' voluntary liquidation following administration**.

These are not included in the figures above as they do not represent a new company entering into an insolvency procedure for the first time.

Following administration, companies could alternatively be returned to the control of their directors and management; be dissolved; enter compulsory liquidation; or enter a voluntary agreement. No separate figures are available on these outcomes.

In the fourth quarter of 2015, an estimated 91 companies entered creditors' voluntary liquidation following administration, a decrease of 60.9% on the same quarter of 2014.

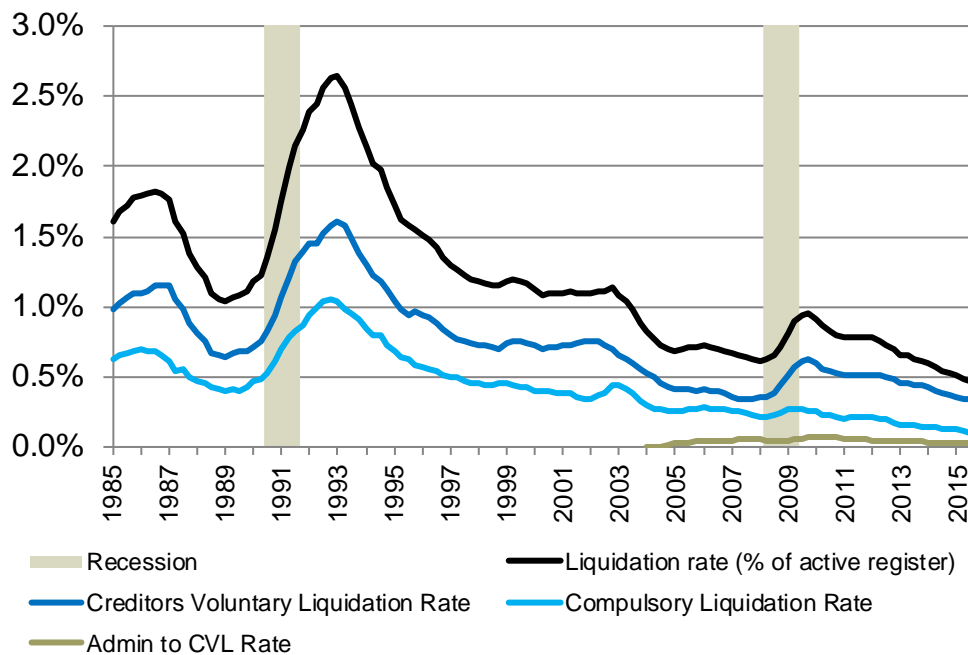
In 2015 as a whole there were an estimated annual total of 631 creditors' voluntary liquidations following administrations – 28.1% lower than the 2014 total. This is the lowest total since 2004, the first year that comparable records began.

The peak in the number of companies entering creditors' voluntary liquidation following administration was seen in early 2010. This is in contrast to the peak of liquidations as a first insolvency procedure, which was in 2009. This is because the usual length of an administration is one year (though it can be extended for a further six months), and the number of administrations peaked in late 2008 / early 2009 (section 2.2).

Longer-term perspective

Company liquidations may be expressed as the percentage of active companies, as this takes into account changes over time in the underlying population. As liquidation is a final procedure, meaning there is no risk of double counting companies, creditors' voluntary liquidations following administration are included in the total liquidation rate.

Figure 7: Company liquidation rate in England and Wales
(rolling 12-month rates)



Explanation of key terms

Liquidation rate – the number of company liquidations in the latest twelve month period divided by the average number of active companies in that period.

Active companies – all companies which are registered at [Companies House](#), minus those in the process of dissolution or liquidation.

The number of active companies has changed considerably over this period: there were 3.1 million active registered companies in Q3 2015; this compares with only about 900,000 in the early 1990s and fewer than 800,000 in 1986.

Source: Insolvency Service and Companies House.
See Table 3 of the accompanying Excel file for more detail.

In the 12 months ending Q4 2015, an estimated 1 in 226 active companies (or 0.44% of all active companies) went into liquidation, down from 1 in 215 in the 12 months ending Q3 2015, and 1 in 188 in the 12 months ending Q4 2014. This continues the downwards trend in the rates from 2011. The liquidation rate was at its lowest level since comparable records began in 1984.¹

Changes in company liquidation rates are related to economic conditions: in periods of economic growth, liquidation rates tend to decrease. The liquidation rate peaked at 2.6% (24,400 companies) in the year ending March 1993, over a year after the end of the 1990s recession. The next sustained increase in the rate coincided with the 2008-09 recession, when 0.9% (20,600 companies) entered liquidation in the year ending December 2009.

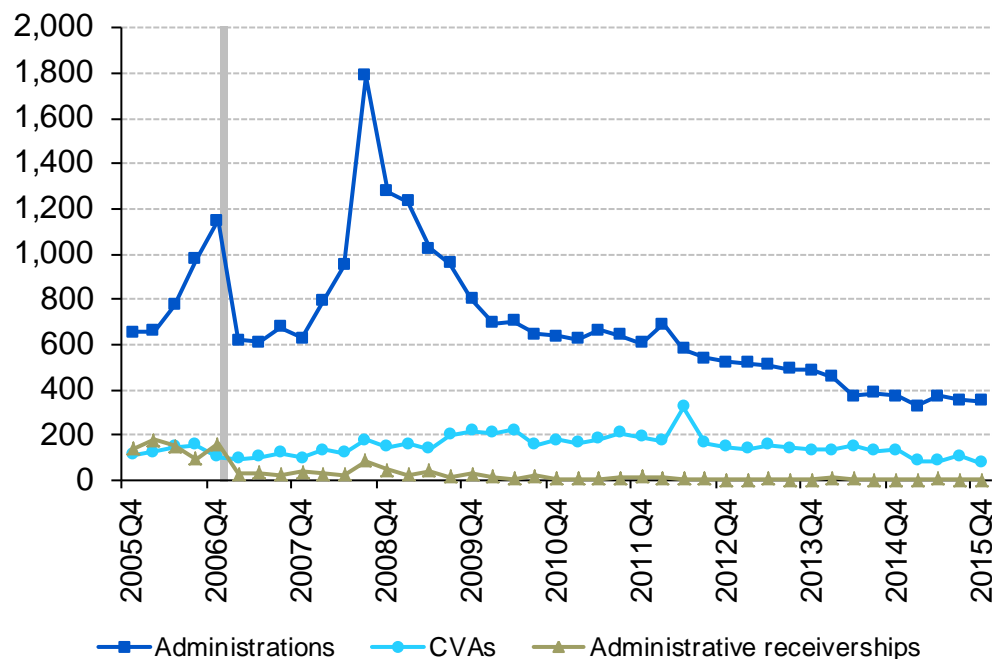
Although the number of liquidations was slightly higher in 1993 than in 2009, the rate of liquidations was substantially higher in 1993. This is because the number of active companies more than doubled over this period, so a much smaller proportion of the total number of companies entered liquidation in 2009.

¹ Counts of creditors' voluntary liquidations are available on a consistent basis back to 2007Q1. On average, historical data from 2007 to 2015 were revised upwards by 1%. It is likely that there would be similar revisions to data before 2007, meaning liquidation rates before 2007 would also be revised upwards and would remain above current levels.

3.2 Administrations, company voluntary arrangements, and receiverships

These statistics relate to other types of company insolvency, where the objective is the rescue of the business rather than its winding up.

Figure 8: Other company insolvencies in England and Wales
(quarterly data, seasonally adjusted)¹



Source: Companies House.

Vertical line indicates discontinuity in methods – data after 2007Q1 not directly comparable with previous data.

¹ Administrations are seasonally adjusted; receiverships and company voluntary arrangements are not seasonally adjusted as the data do not exhibit regular patterns.

See Table 1a of the accompanying Excel file for more detail.

Explanation of key terms

Administration is when a licensed insolvency practitioner, 'the administrator', is appointed to manage a company's affairs, business and property for the benefit of the creditors. The objective of administration is the rescue of the company as a going concern, or if this is not possible then to obtain a better result for creditors than would be likely if the company were to be wound up.

Company voluntary arrangements (CVAs) are also designed as a mechanism for business rescue. They are 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 creditors. CVAs are supervised by licensed insolvency practitioners.

Administrative receivership is where a creditor with a floating charge (often a bank) appoints a licensed insolvency practitioner to recover the money it is owed. Before 2007, receivership appointments also include other, non-insolvency, procedures, for example under the Law of Property Act 1925. It is not currently possible to distinguish between insolvent and non-insolvent receivership appointments before 2007 so these figures should be treated with caution.

In Q4 2015 there were an estimated 350 administrations, 1.1% lower than Q3 2015 and 5.6% lower than the same period in 2014. In 2015 as a whole there were an estimated 1,406 administrations, 11.4% lower than 2014 and the lowest total since 2003, when changes to administration resulting from the Enterprise Act 2002 took effect.

There were an estimated 76 company voluntary arrangements (CVAs) in Q4 2015, 30.9% lower than the previous quarter and 44.5% lower compared to Q4 2014 – though it should be noted that, because numbers of insolvencies are low, any small changes will result in large percentage changes. This was the lowest number of CVAs since Q1 1998. In 2015 as a whole there were an estimated 357 CVAs, 35.3% lower than 2014 and the lowest annual total since 1994.

In Q4 2015 there were two administrative receiverships. Since 2012 there have tended to be fewer than ten cases per quarter, because use of this procedure is restricted to certain types of company or to floating charges created before September 2003.

3.3 Total new company insolvencies by industry

These statistics provide a breakdown of company insolvencies by industry, using the Standard Industrial Classification 2007 (SIC2007) – a harmonised set of industry classifications used in other UK Official Statistics. The Excel file which accompanies this release contains equivalent data broken down by type of company insolvency, and for trading-related bankruptcies, in England and Wales. It also includes industry breakdowns for company insolvencies in Scotland.

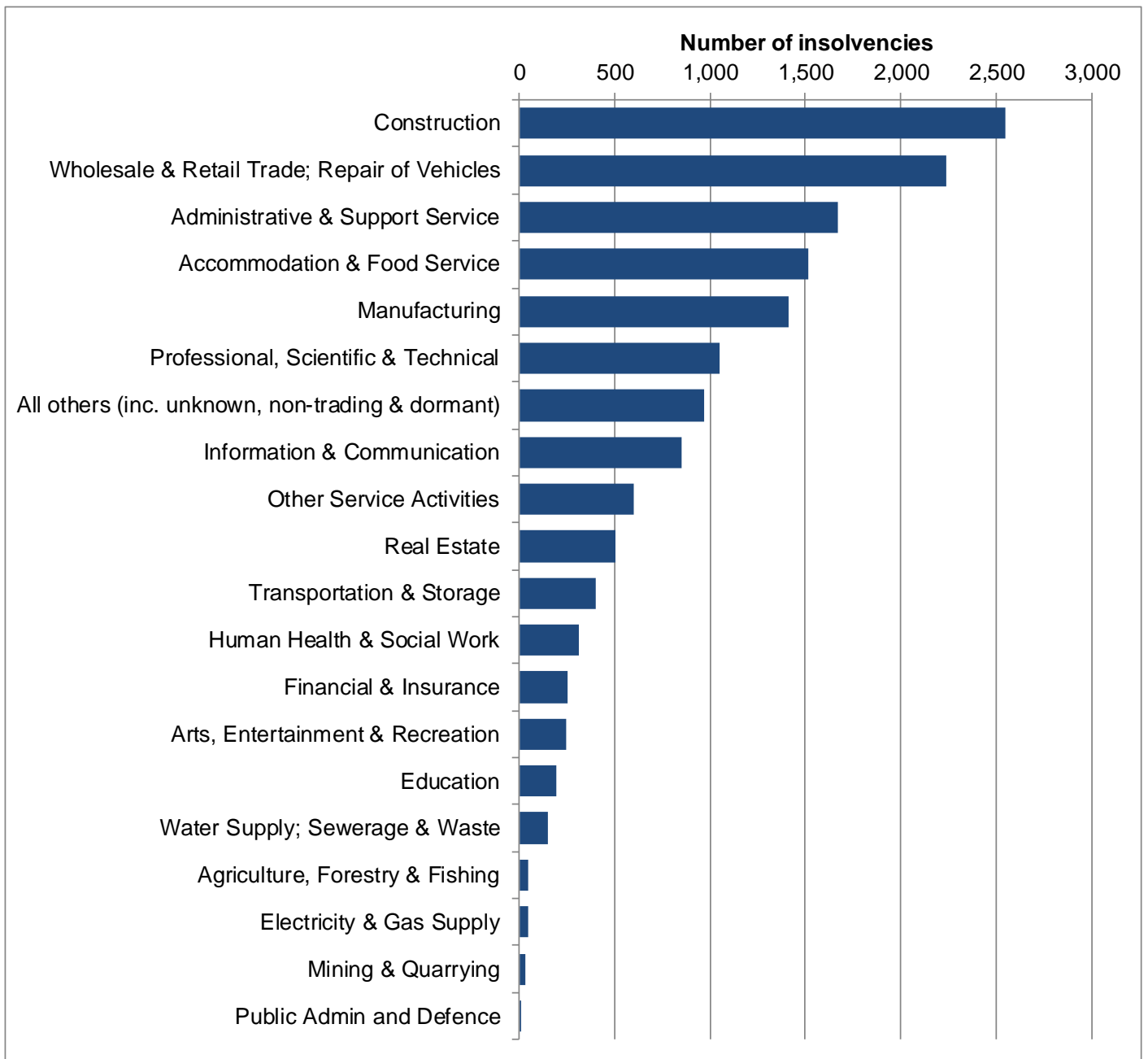
These statistics are presented with a lag of one quarter, because it allows time for more complete data to be collected by industry.

In the twelve months ending Q3 2015, the highest number of new company insolvencies was in the construction sector (2,603 – down 2.2% from the 12 months ending Q2 2015).

The second highest number of new company insolvencies was wholesale and retail trade sector with 2,259 new company insolvencies in Q3 2015, which was a decrease of 1.1% compared to the 12 months ending Q2 2015.

In Q3 2015 the five industry sectors with the highest number of new company insolvencies were 'construction'; 'wholesale and retail trade; repair of motor vehicles and motorcycles'; 'administrative and support service activities'; 'accommodation and food service activities' and 'manufacturing'. These five have had the highest numbers of insolvencies (though sometimes in a different order) each quarter since the 12 months ending Q1 2012.

Figure 9: Total new company insolvencies in England and Wales by broad industry sector, year ending 2015 Q3¹



Source: Insolvency Service and Companies House

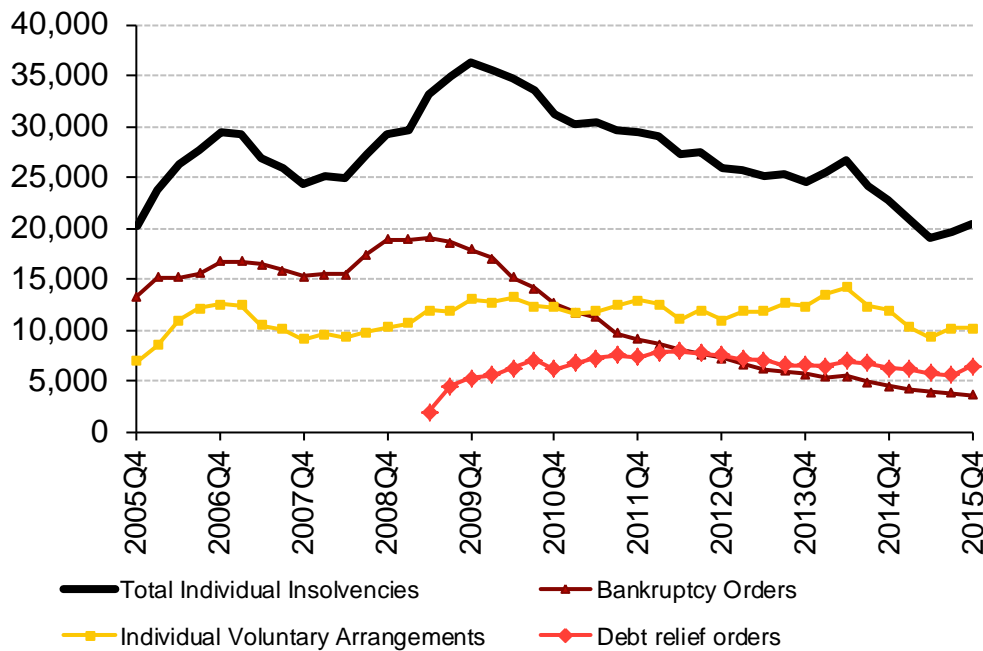
¹ A sector breakdown for company insolvencies is not yet available for 2015 Q4.

4 Individual insolvency in England and Wales

These statistics relate to **people**, rather than companies, who have had problems with debt and have entered a formal insolvency procedure. There are other, informal, means for individuals to deal with their debts, for example debt management plans, but no official statistics are collected regarding these.

4.1 Bankruptcies, debt relief orders and individual voluntary arrangements

Figure 10: Individual insolvencies in England and Wales¹
(quarterly data, seasonally adjusted)²



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 places 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 £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.

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.

All individuals entering these procedures are listed on the [Individual Insolvency Register](#), and remain on the list until three months after their insolvency ends.

Source: Insolvency Service.

¹ Total individual insolvencies for Q2 2009 onwards include Debt Relief Orders, which came into force on 6 April 2009.

² Total individual insolvencies, bankruptcy orders and IVAs are seasonally adjusted. The series for DROs does not require seasonal adjustment.

See Table 4a of the accompanying Excel file for more detail.

On 1 October 2015, [changes to bankruptcy and DRO criteria were implemented](#), which have affected the statistics. The minimum debt a creditor must be owed to petition to make someone bankrupt increased from £750 to £5,000. DROs are now available to people with up to £20,000 debt (up from £15,000) and £1,000 assets (up from £300). The surplus income limit for DROs was unchanged at £50 per month.

There were a total of 20,404 individual insolvencies in England and Wales in Q4 2015, comprising 3,711 bankruptcies, 6,501 debt relief orders (DROs), and 10,191 individual voluntary arrangements (IVAs). Individual insolvencies increased 3.6% compared to the previous quarter, which was the second consecutive increase in individual insolvencies. However, the total was 10.5% lower than in Q4 2014.

The quarter on quarter increase in individual insolvencies was due to the increase in DROs. In Q4 2015 there were 6,501 DROs, which was 15.5% higher than the previous quarter and 2.8% more than Q4 2014. Of these, 1,629 (25%) were for individuals with debts higher than the previous limit of £15,000.

Continued over

IVAs were broadly unchanged in Q4 2015 compared to the previous quarter, but 14.9% lower compared to the same quarter the previous year.

Bankruptcy orders were 4.4% lower than Q3 2015, 17.5% lower than in the same period in 2014 and the lowest level of bankruptcies since Q3 1990. The number of bankruptcy orders has been on a decreasing trend since 2009, and may have been affected by the introduction of DROs in 2009.

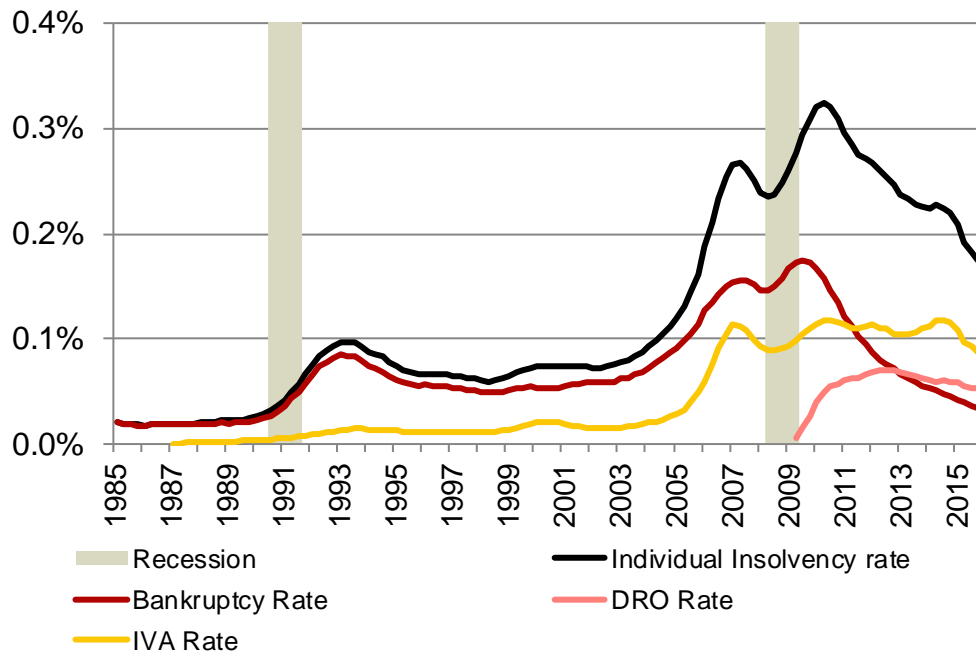
In 2015 as a whole there were:

- 79,965 individual insolvencies, 19.4% lower than the total in 2014 and the lowest total number of individual insolvencies since 2005
- 15,797 bankruptcies, 22.4% lower than 2014 and the lowest number of bankruptcies since 1990.
- 24,175 Debt Relief Orders, which was 9.4% lower than 2014 and lowest total since 2009 (the year that DROs were introduced). DROs comprised 30% of individual insolvencies in 2015, an increase of three percentage points on 2014.
- 39,993 IVAs, 23.4% lower than 2014 and the lowest annual total since 2008. IVAs comprised 50% of individual insolvencies in 2015, a decrease of three percentage points on 2014.

Longer-term perspective

Individual insolvencies can be expressed as a percentage of the adult population, as this takes into account changes over time in the underlying population. In this section, rolling 12-month total individual insolvencies are compared with the estimated adult (18+) population of England and Wales.

Figure 11: Individual insolvency rate in England and Wales
(rolling 12-month rates)



Explanation of key terms

Insolvency rate –the total number of bankruptcies, IVAs and DROs in the latest twelve month period, divided by the average estimated adult (18+) population of England and Wales.

Bankruptcy, IVA and DRO rates are calculated in the same way.

Source: Insolvency Service, Office for National Statistics.
See Table 5 of the accompanying Excel file for more detail.

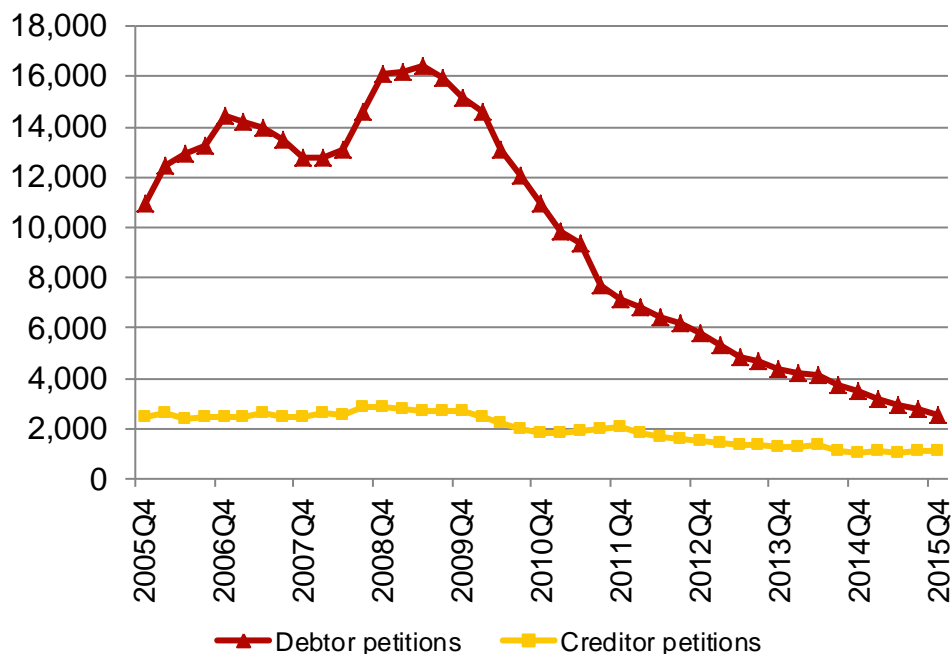
In the 12 months ending Q4 2015, 1 in 570 adults (0.18% of the adult population) became insolvent. This is down from 1 in 552 in the twelve months ending Q3 2015 and the lowest rate since the 12 months ending Q4 2005. With one exception (Q2 2014), the individual insolvency rate has decreased each quarter since mid-2010, but it is still elevated compared with rates of less than 0.1% observed before 2004.

The bankruptcy rate has decreased each quarter since the 12 months ending Q3 2009, while the DRO rate has decreased since early 2015. The IVA rate on a rolling 12-month basis decreased for the sixth consecutive quarter.

The individual insolvency rate is related to levels of household debt, and with economic growth. The expansion of credit in the early- to mid-2000s coincided with a large increase in the individual insolvency rate, which abated following the credit crunch in 2007 before increasing again during the 2008-09 recession.

4.2 Characteristics of bankruptcies

Figure 12: Bankruptcies in England and Wales: petition type
(quarterly data, seasonally adjusted)



Source: Insolvency Service.

See Table 6a of the accompanying Excel file for more detail.

Explanation of key terms

Debtor petition – where the individual is unable to pay their debts, and applies to the court to declare themselves bankrupt.

Creditor petition – if a creditor is owed £750 or more (£5,000 from October 2015), they can apply to the court to make an individual bankrupt.

Not all petitions to court result in a bankruptcy order. These statistics relate to petitions where a court order was made as a result.

The [Ministry of Justice](#) publishes quarterly National Statistics on the total number of bankruptcy petitions presented to court in England and Wales.

For any particular quarter, seasonally adjusted figures for creditor and debtor petition bankruptcies will not sum to the seasonally adjusted figure for total bankruptcies. This is because they have been adjusted separately using different models. Over a calendar year, the totals will match because of the model chosen.

On 1 October 2015, [changes to bankruptcy and DRO criteria were implemented](#), which could affect the statistics. The minimum debt a creditor must be owed to petition to make someone bankrupt increased from £750 to £5,000. It is expected that this change will lead to a decrease in the number of creditor petition bankruptcies, but since there can be a time lag between the petition being presented and an order being made this may not become apparent in the statistics immediately.

DROs are now available to people with up to £20,000 debt (up from £15,000) and £1,000 assets (up from £300). The surplus income limit for DROs was unchanged at £50 per month. It is expected that this change will lead to a decrease in the number of debtor petition bankruptcies.

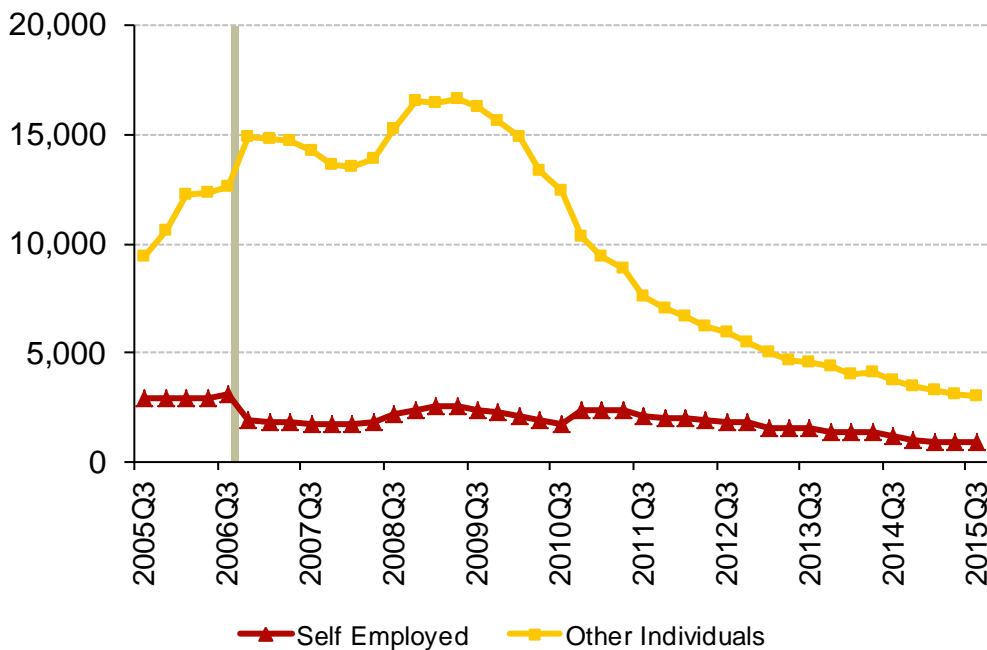
In Q4 2015 there were 2,568 debtor petition bankruptcies, which was 7.2% less than the previous quarter, 25.9% less than the same quarter in 2014 and around 84% lower than the peak in Q2 2009.

There were 1,114 creditor petition bankruptcies, which was 0.4% higher than the last quarter and 7% higher than the same quarter in 2014.

In 2015 there were 4,374 creditor petitions, which was 8.5% lower than 2014. In 2015 there were 11,423 debtor petitions, which was 26.6% lower than 2014.

The number of debtor petition bankruptcies increased until 2006, coinciding with increasing levels of household debt. As the availability of credit decreased in 2007 and 2008, so did the number of these cases, before they increased again during the recession of 2008-09.

Figure 13: Bankruptcies in England and Wales: trading status
(quarterly data, seasonally adjusted)



Source: Insolvency Service.

See Table 7a of the accompanying Excel file for more detail.

Vertical line indicates discontinuity in methods – data after 2006Q4 not directly comparable with previous data.

Explanation of key terms

Self-employed – individuals who have entered bankruptcy, and who have identified themselves as being self-employed.

Other individuals – those who were not self-employed at the point at which they became bankrupt, or where this information is unknown.

Changes have been made to the part of the database used to capture information on trading status and industry codes. This is shown by the vertical line in the graph.

The breakdown by trading status from Q4 2006 should not therefore be considered to be entirely consistent with that for the period before this quarter.

For any particular quarter, seasonally adjusted figures for self employed and other bankruptcies will not sum to the seasonally adjusted figure for total bankruptcies. This is because they have been adjusted separately using different models. Over a calendar year, the totals will match because of the model chosen.

These statistics are presented with a lag of one 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 Q3 2015, there were 870 bankruptcies where the individual was self-employed, 0.4% more than Q2 2015 but 26.9% less than the same quarter the previous year. This was a continuation of a generally decreasing trend since 2011.

There were 3,028 bankruptcies among other individuals, a decrease of 2.9% compared with the previous quarter, and 19.7% lower than the same quarter the previous year, a continuation of the decreasing trend since late 2009.

The rate of decrease in bankruptcy orders has generally been less rapid for self-employed individuals than for others. This means that the proportion of bankruptcy orders where the individual was self-employed is higher than it has been in earlier years.

Figure 14: Percentage of bankruptcies in England and Wales resulting in income payment agreements / orders
(quarterly data, seasonally adjusted)

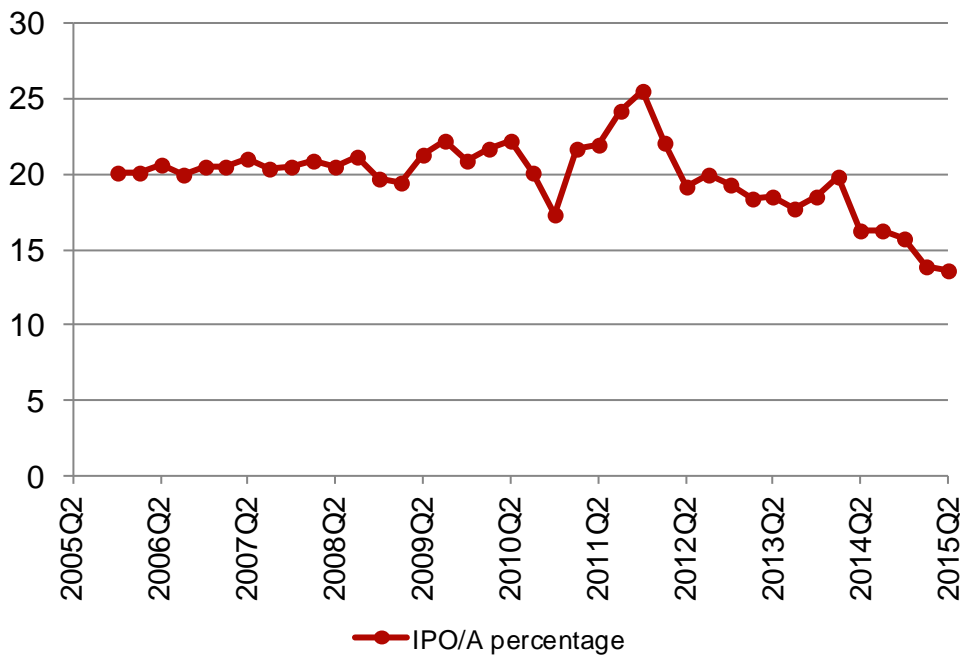
Explanation of key terms

Bankrupts who can make reasonable contributions to their debts are required to do so under an **income payments agreement (IPA)**.

If they do not agree, the official receiver or trustee in the bankruptcy will apply to court for an **income payments order (IPO)**.

IPA or IPO payments come from surplus income – money left over from income after reasonable living expenses have been deducted.

An IPA or IPO will normally be payable for 36 months.



Source: Insolvency Service.

See Table 8a of the accompanying Excel file for more detail.

These statistics are presented with a lag of two quarters on most other statistics in this release, because it can take a number of months for income payment agreements (IPAs) or income payment orders (IPOs) to be made, following the date of the bankruptcy order.

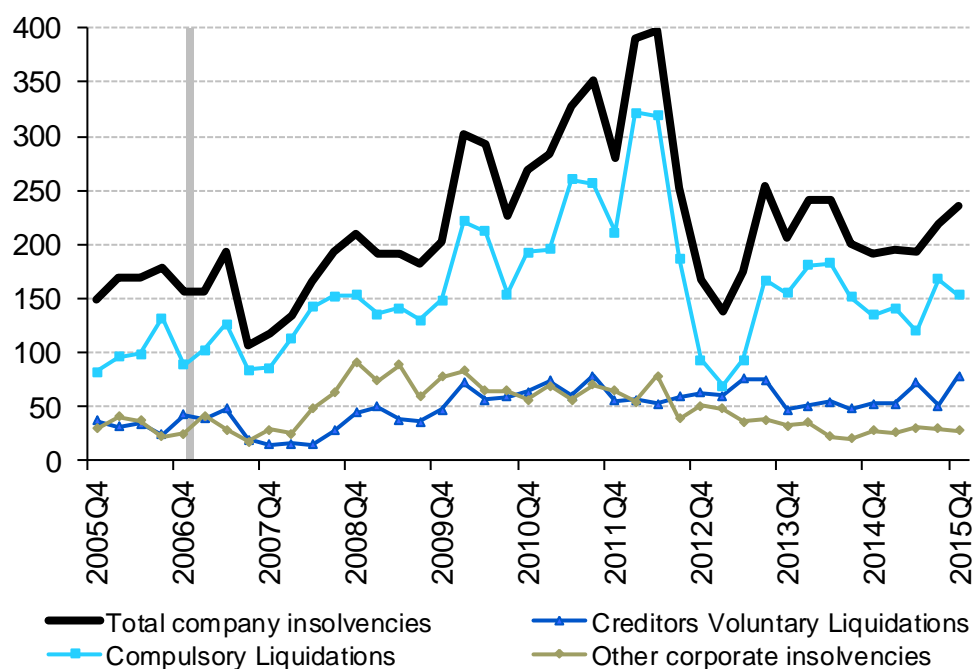
In Q2 2015, 13.6% of bankruptcy orders made resulted in an IPA or IPO, 0.3 percentage points lower than Q1 2015.

5 Insolvency in Scotland

5.1 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 15: Company insolvencies in Scotland
(quarterly data, not seasonally adjusted)



Source: Companies House.

Vertical line indicates discontinuity in methods – data after 2007Q1 not directly comparable with previous data.

Total insolvencies, and creditors' voluntary liquidations, before 2007 includes those companies which had previously been in administration.

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

In the fourth quarter of 2015, there were an estimated 260 total company insolvencies, an increase of 20.4% compared to Q4 2014. Of these, 232 were company liquidations – a 23.4% increase on the same quarter of 2014. Liquidations were fairly stable until 2009, followed by a generally increasing trend until a period of rapid decrease between Q2 2012 and Q1 2013.

The total number of company liquidations in Scotland is driven by the number of compulsory cases. 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 79 CVLs. The number of CVLs has remained largely stable, with between 50 and 100 cases in each quarter since 2010.

There were an estimated 28 other company insolvency procedures in the third quarter of 2015, 24 of which were administrations, two were company voluntary arrangements and two were receivership appointments.

In 2015 as a whole there were an estimated 952 total new company insolvencies, 1.1% lower than 2014.

Explanation of key terms

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

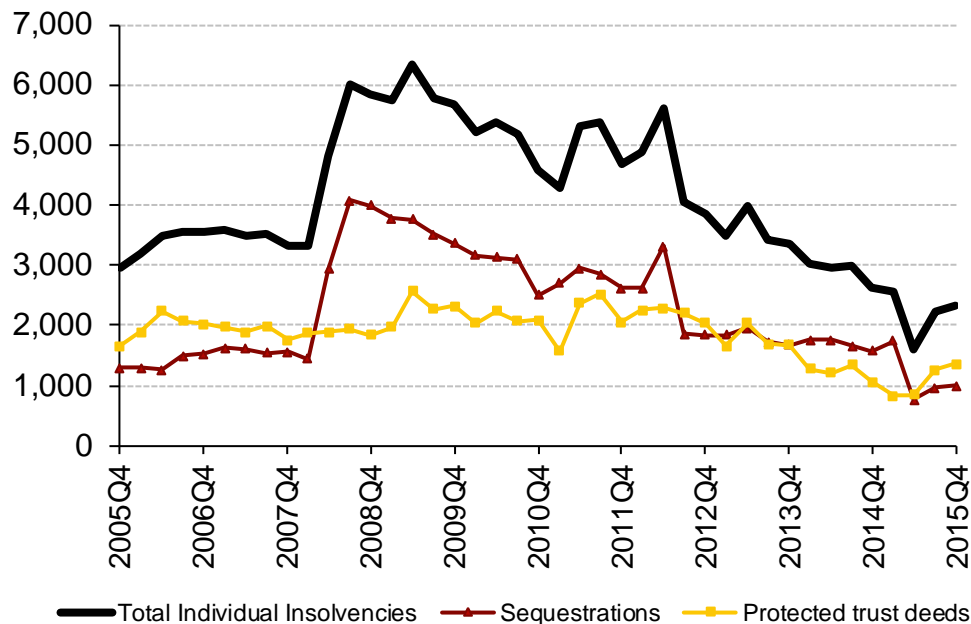
The Excel file which accompanies this release additionally contains statistics on the number of administrations, receiverships and CVAs in Scotland.

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.

5.2 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 16: 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), [AiB Quarterly Statistics – Q2 2015/16](#)

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 Q4 2015, there were 2,345 individual insolvencies in Scotland, 11% lower than the same quarter in 2014.

There were 989 sequestrations in Q4 2015, a decrease of 37.4% compared to Q4 2014. In Q4 2015, 404 people went into sequestration via the Minimal Asset Process route.

In Q4 2015, there were 1,356 PTDs, an increase of 28.7% compared with Q4 2014. 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.

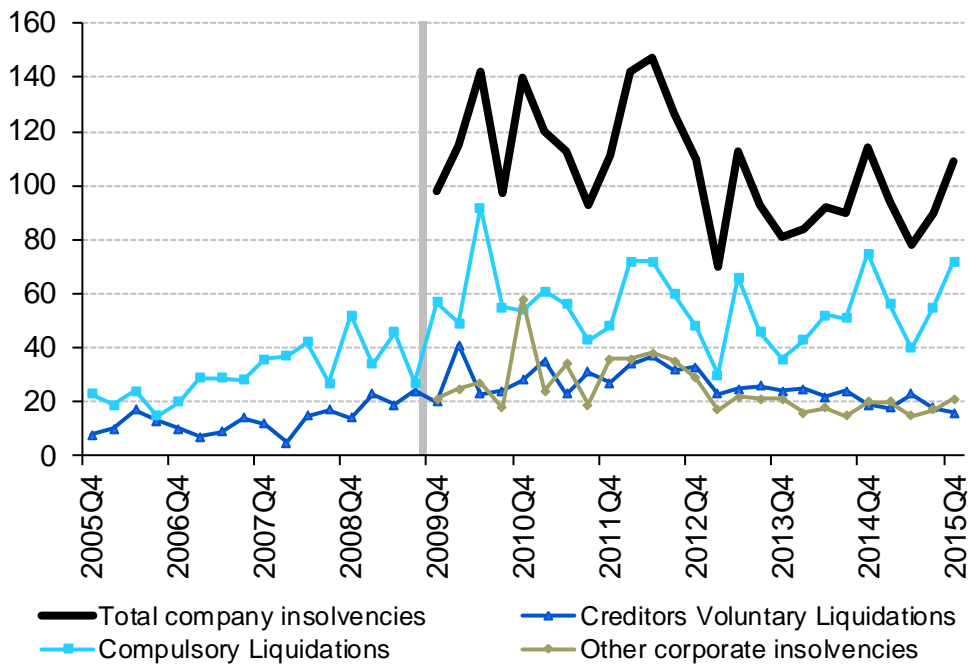
In 2015 as a whole there were 8,755 individual insolvencies, a decrease of 24.7% compared to 2014.

6 Insolvency in Northern Ireland

6.1 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 17: 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 109 company insolvencies in Northern Ireland in Q4 2015, 4.4% less than the same quarter in 2014. Of these, 72 were compulsory liquidations (down 4% on the same quarter last year), and an estimated 16 were creditors' voluntary liquidations (CVLs, down 15.8%).

The number of CVLs in Northern Ireland increased between 2007 and 2010, and has been on a decreasing trend since early 2014. The number of compulsory liquidations has been more volatile.

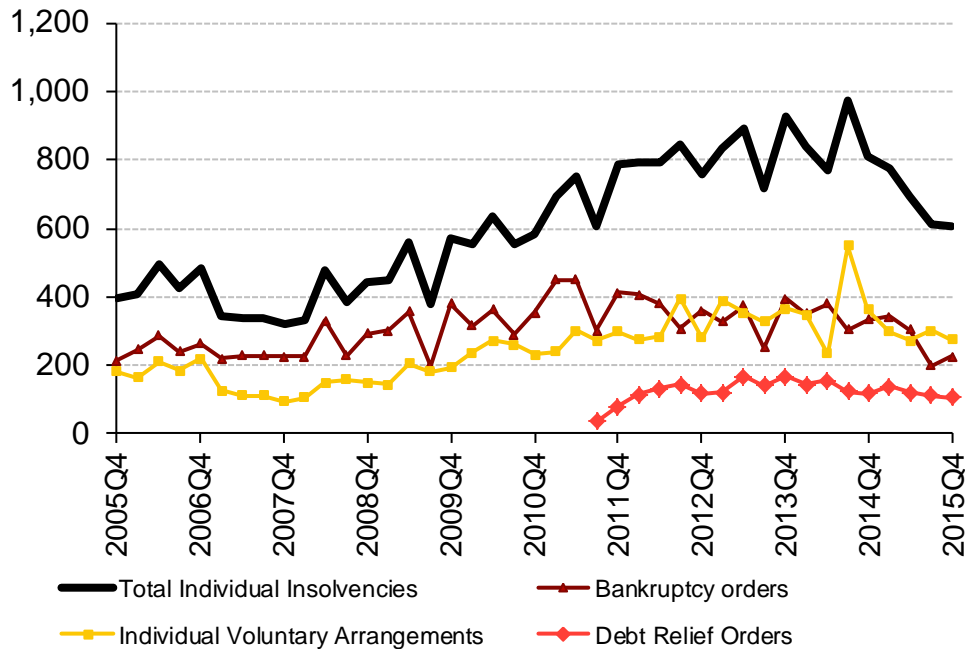
There were an estimated 12 administrations and nine company voluntary arrangements in Q4 2015.

In 2015 as a whole there were an estimated 371 new company insolvencies, which was 2.4% lower than the total in 2014. This consisted of 223 compulsory liquidations (up 0.9%), 75 creditors' voluntary liquidations (down 16.7%), 35 administrations (up 20.7%), 35 company voluntary arrangements (down 5.4%) and three receiverships (unchanged).

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 18: 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 places 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 606 individual insolvencies in Northern Ireland in Q4 2015, 25.3% less than the same quarter in 2014, and the lowest number of individual insolvencies since Q4 2010.

In Q4 2015 there were 226 bankruptcies, down 32.3% on the same quarter last year. There were 274 IVAs, a decrease of 24.1% on the same quarter last year but in line with the medium term trend. There were 106 DROs, down 8.6% 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.

In 2015 as a whole there were 2,690 total individual insolvencies, 20.8% lower than the total in 2014. This consisted of 1,071 bankruptcies (down 21.7%), 472 Debt Relief Orders (down 11.9%) and 1,147 Individual Voluntary Arrangements (down 23.1%).

7 Background notes

Further information can be found in the [Guide to Insolvency Statistics](#), including high-level descriptions of the types of insolvency which apply to companies and people; the data recorded and any associated data quality issues; and legislation coming into effect in the period covered by the statistics, which may affect comparisons over time.

Data sources and methodology

More details may be found in Insolvency Statistics Methodology, the Statement of Administrative Sources, the Revisions Policy, and Data Quality Assurance and Audit Arrangements, on the [policy and procedures](#) section of the Insolvency Service website.

Data sources

The statistics for England and Wales are derived from administrative records of the Insolvency Service and Companies House, both of which are Executive Agencies of the Department for Business, Innovation and Skills (BIS). For Scotland, the company insolvency statistics are derived from administrative records at Companies House, while figures for individual insolvencies in Scotland are sourced from the Office of the Accountant in Bankruptcy (AiB). The Northern Ireland statistics are derived from administrative records of the DETI Insolvency Service and from Companies House. The adult (18+) population data for England and Wales (used in the calculation of individual insolvency rates) are created using annual mid-year population estimates by single year of age sourced from the [Office for National Statistics](#)

Methodology

The statistics are produced via tabulation of raw data collected from the various sources. More information is available in a separate [methodology](#) document.

The methods used to produce breakdowns by industry are described in more detail in the accompanying Excel file.

Seasonal adjustment is performed on certain data series. The X13-ARIMA-SEATS program (developed by the US Census Bureau) is used for the seasonal adjustment of the *Insolvency Statistics*, this being the recommended program within UK National Statistics. Seasonal adjustment models are reviewed annually: the most recent review was completed in April 2015 with the outcome published on the [policy and procedures](#) section of the Insolvency Service website.

Revisions

These statistics are subject to scheduled revisions, as set out in the published [revisions policy](#). The latest quarter's data sourced from Companies House are adjusted to predict late registrations, then revised the following quarter to reflect cases being entered on to the administrative system at a later date. The size of such revisions will vary. More information can be found in the [analysis of estimation accuracy](#).

Other revisions tend to be made as a result of data being entered onto administrative systems after the cut-off date for data being extracted to produce the statistics. Such revisions tend to be small in the context of overall totals; nonetheless all figures in this release that have been revised since the previous edition have been highlighted in the relevant tables.

A new method for producing statistics on company insolvencies was introduced in 2015. A revised historical time series using the new method was provided back to 2007Q1 for England and Wales, and for Scotland. For Northern Ireland, the data required were only available back to 2009Q4. However, it should also be noted that because the revised counts have been run against a live database, which includes subsequent corrections, they may not exactly reflect the original numbers of new cases that would have been reported at the time. More information can be found in the [analysis of historical revisions](#).

Quality

This section provides information on the quality of the *Insolvency Statistics*, to enable users to judge whether or not the data are of sufficient quality for their intended use. The section is structured in terms of the six quality dimensions of the [European Statistical System](#). Further information can be found in the [statement on quality strategy, principles and processes](#), which cover all Official Statistics outputs from the Insolvency Service.

Relevance *(the degree to which the statistical product meets user needs for both coverage and content)*

The *Insolvency Statistics* are the most comprehensive record of the number of corporate and individual insolvencies in England and Wales. They include all formal types of insolvency procedure currently available. Insolvencies in Scotland and Northern Ireland are also included, but are shown separately as they are covered by separate legislation. There are some differences in definition, and policy responsibility for them lies within the devolved administrations. The Statistics Release itself covers the most recent 10 years of annual and quarterly figures; while historic data series are also available (back to 1960 in some cases), as are related sets of Official Statistics on insolvency.

Key users of the *Insolvency Statistics* include the Insolvency Service itself, which has policy responsibility for insolvency in England and Wales and for the non-devolved areas within Scotland and Northern Ireland; other government departments; parliament; the insolvency profession; debt advice agencies; media organisations; academics; the financial sector; the business community and the general public. The headline quarterly statistics are widely reported in national, regional and specialist media on the day of release.

The statistical production team welcomes feedback from users of the *Insolvency Statistics* (current contact details are provided at the end of these Notes). More formal engagement with users has recently included a user feedback survey on Insolvency Service Official Statistics, the results of which will be published soon.

Accuracy and Completeness *(including the closeness between an estimated or stated result and the [unknown] true value)*

All formal insolvency procedures entered into by a company, a partnership or an individual are required by law to be reported to the appropriate body, so the statistics should be a complete record of insolvency in the United Kingdom.

Generally speaking, numbers of cases are based on the date of the order or agreement of the insolvency procedure, not on the date it was registered on the administrative recording system. The implication of this is that the published figures will be influenced by, for example, the late reporting of orders made leading to missing data. The exceptions for England and Wales are: compulsory liquidations and bankruptcy orders before Q2 2011; individual voluntary arrangements; and corporate insolvencies before Q1 2007 (when the methodology changed). This should be noted when making comparisons of trends over time. Checks are in place to identify and remove duplication of cases, to ensure that returns cover all reporting areas, and to check consistency within tables and between related tables.

Coherence *(the degree to which data which are derived from different sources or methods, but which refer to the same phenomenon, are similar)*

The Insolvency Service also publishes individual insolvency statistics by location, age and gender, and outcome statistics for individual voluntary arrangements, both as Official Statistics. These report figures on an annual basis, and they differ from the headline quarterly *Insolvency Statistics* in that there are some differences in the case selection criteria and/or the database from which they are sourced; this means that the totals are not identical between different outputs.

[Companies House](#) produces monthly official statistics on company insolvencies registered each week, and totals for the period covered by the publication (either four or five weeks). These are not consistent with the *Insolvency Statistics*, which cover calendar quarters. There are also differences in counting rules.

The [Accountant in Bankruptcy](#) (AiB) is required to be notified of all company liquidations and receiverships in Scotland, and publishes quarterly official statistics based on its own administrative records. These differ

from the *Insolvency Statistics*, which use data from Companies House as the source. Differences are due to the Accountant in Bankruptcy using its own administrative system's date rather than the start date of the insolvency. AiB does not publish information on the number of company voluntary arrangements or administrations, which are a reserved matter for the UK government.

AiB also publishes quarterly statistics on the number of individual insolvencies, which are reproduced in the *Insolvency Statistics*.

The [Office for National Statistics](#) produces annual statistics on business "deaths" in its [Business Demography](#) publication. These statistics relate to all registered businesses, whereas the *Insolvency Statistics* relate to companies on the Companies House register. Not all business deaths are because of insolvency.

Timeliness and Punctuality (*Timeliness refers to the elapsed time between publication and the period to which the data refer. Punctuality refers to the time lag between the actual and planned dates of publication.*)

The *Insolvency Statistics* are usually published on the 29th of the month following the end of the quarter being reported on; this is the earliest publication date which ensures receipt of all the data inputs, and allows sufficient time for liaising with data suppliers and completing all the steps between this and compilation of the statistical release in its final form ready for publication. The exception to this is where the 29th falls on a weekend or a Monday, when the statistics will be delayed until the following Tuesday, or brought forward to an earlier date if possible.

There is a publication schedule for a year ahead available on the [UK National Statistics Publication Hub](#) and the statistics have always been published on target.

Accessibility and Clarity (*Accessibility is the ease with which users are able to access the data. It also relates to the format in which the data are available and the availability of supporting information. Clarity refers to the quality and sufficiency of metadata, illustrations and accompanying advice*)

The *Insolvency Statistics* are available free of charge to the end user on the [Insolvency Service website](#). They are released via the [Publication Hub](#) and they meet the standards required under the [Code of Practice for Official Statistics](#).

Historic data are also published for the key series, on the [National Archives website](#).

Views on the clarity of the publication are welcomed via the contact details on the cover page of this release.

Comparability (*the degree to which data can be compared over time and domain*)

Changes in legislation and policy can affect the extent to which comparisons can be made over time for individual data series. Where such changes are known, they have been highlighted in explanatory notes at the bottom of the tables in the accompanying Excel file.

Company insolvency statistics after 2007 Q1 (England and Wales, and Scotland) and 2010 Q1 (Northern Ireland) are not directly comparable with earlier periods because of a change to methods.

The series for bankruptcy orders will have been impacted by the introduction (with effect from 6 April 2009) of debt relief orders (DROs). DROs comprise some of those individuals who would have otherwise been declared bankrupt (a subset of DRO-eligible cases, who were advised of the DRO route and chose to take it) and other individuals who, perhaps, could not have afforded the fee to enter into bankruptcy and who may have otherwise been in an informal debt management process, or been unable to access any form of debt resolution. It is not possible to quantify exactly the impact of the introduction of DROs on the number of bankruptcy orders. The series for DROs is currently not long enough to formally seasonally adjust. Table 2 therefore only shows bankruptcy orders and IVAs on a seasonally adjusted basis.

See also the [Guide to Insolvency Statistics](#) for additional specific aspects relevant to comparability.

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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