

# Insolvency Statistics – October to December 2018 (Q4 2018)

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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

29 January 2019

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

30 April 2019

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## Main messages for England and Wales

### Companies in 2018

- The underlying number of company insolvencies increased in 2018 to 16,090, the highest level since 2014
- All types of company insolvency increased in 2018 compared with 2017 except administrative receivership.

### People in 2018

- Total insolvencies increased for the third consecutive year to 115,299, the highest since 2011.
- This was primarily driven by increases in individual voluntary arrangements (IVAs) which reached their highest annual total on record.

### Latest quarter (Q4 2018)

- Total individual insolvencies increased to their highest level since Q2 2010 due to IVAs rising to a record high quarterly level.
- Company insolvencies increased due to a bulk insolvency event; excluding these bulk insolvencies, the underlying number of company insolvencies in Q4 2018 decreased from the previous quarter.

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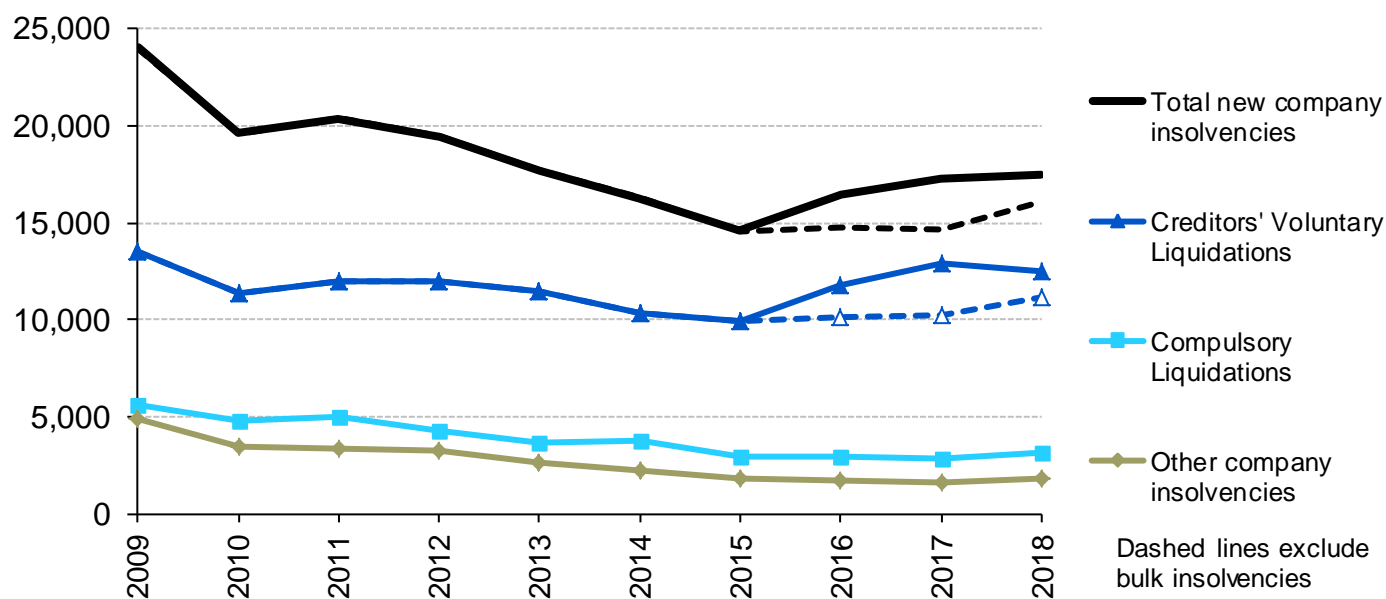
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# 1 Summary for 2018

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

**Figure 1: Company insolvencies in England and Wales** (annual data)

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



Source: Insolvency Service and Companies House.

### Key findings for 2018

#### Company insolvencies increased slightly

17,439 companies entered insolvency in 2018, a rise of 0.7% on 2017. Total liquidations fell by 0.5% to 15,618; this consisted of an increase of 11.1% in compulsory liquidations to 3,117 and a decrease in creditors voluntary liquidations (CVLs) of 3.0% to 12,501.

#### These statistics continued to be affected by bulk insolvencies

There were 1,349 bulk insolvencies in 2018, roughly half as many as in 2017. Excluding bulk insolvencies, there were 16,090 insolvencies in 2018, a 10.0% increase on 2017.

#### CVLs remained the most common form company insolvency

Excluding bulk insolvencies there were 11,152 CVLs (69.3% of total company insolvencies), 3,117 compulsory liquidations (19.4%), 1,464 administrations (9.1%), 356 company voluntary arrangements (CVAs, 2.2%) and 1 receivership.

#### The underlying number of company liquidations increased

Excluding bulk insolvencies, underlying company liquidations increased by 9.7% to 14,269 with CVLs increasing by 9.3%. This was the highest yearly total for company liquidations since 2013.

#### CVAs and administrations also increased on 2017

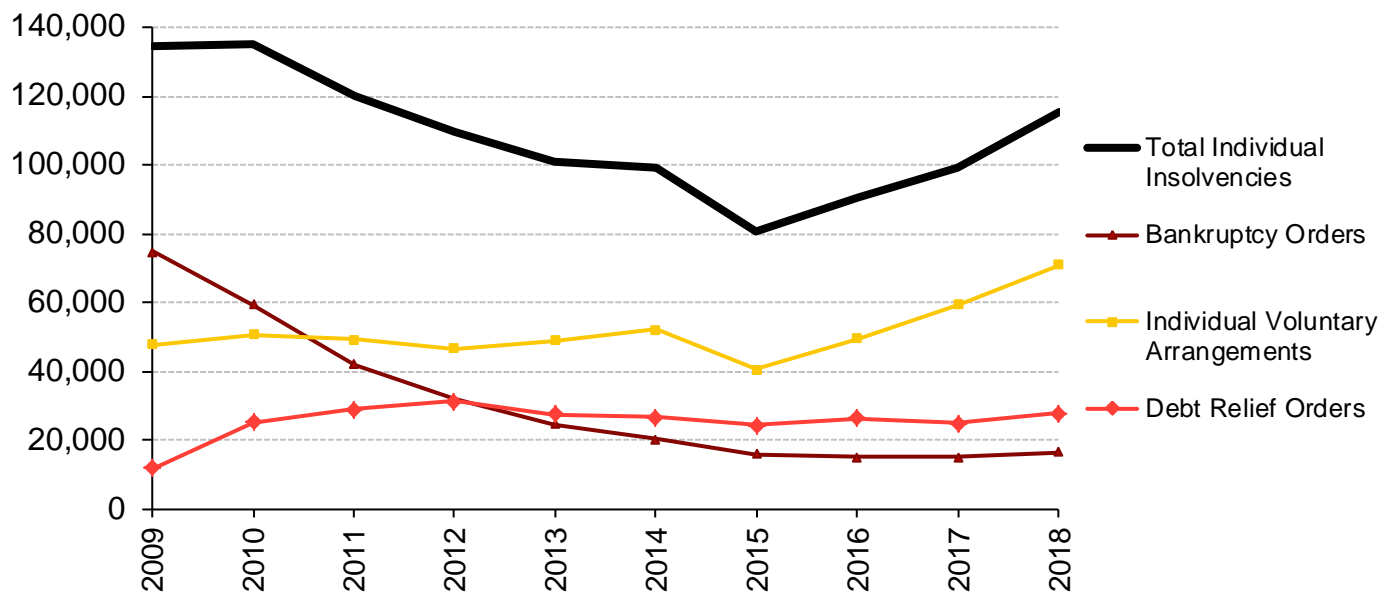
Compared with 2017, administrations in 2018 increased by 11.2%, and CVAs increased by 16.0%.

#### The liquidation rate rose in 2018

The estimated underlying liquidation rate in 2018 was 1 company liquidation per 249 of active companies, up from 1 in 264 in 2017.

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

Figure 2: Individual insolvencies in England and Wales<sup>1</sup> (annual data)



Source: Insolvency Service.

### Key findings for 2018

#### All types of individual insolvency increased

The number of people who became insolvent in England and Wales in 2018 was 115,299, a 16.2% rise on 2017 and the highest annual level of individual insolvencies since 2011.

#### IVAs reached a record high

There were 71,034 IVAs in 2018, an increase of 19.9% on 2017 and the highest annual level recorded.

#### Debt relief orders (DROs) increased in 2018

There were 27,683 DROs in 2018, which was an increase of 11.2% compared with 2017.

#### Bankruptcies also increased on 2017

There were 16,582 bankruptcy orders in 2018, a 9.8% increase on 2017. Orders on the application of the debtor increased by 10.0%, while those on the petition of the creditor increased 9.1%.

#### IVAs were the most common insolvency procedure

Of the 115,299 people who became insolvent in 2018, 61.6% used an IVA, 24.0% used a DROs and 14.4% entered bankruptcy.

#### The year-end insolvency rate increased

1 in 401 adults became insolvent in 2018, up from 1 in 466 in 2017.

### 1.3 Summary tables: annual comparisons

**Table 1: New company insolvencies in England and Wales<sup>1, 2</sup>**

	Number of insolvencies					% change – 2017 to 2018
	2014	2015	2016	2017	2018p	
<b>Total new company insolvencies</b>	<b>16,293</b>	<b>14,588</b>	<b>16,420</b>	<b>17,317</b>	<b>17,439</b>	<b>0.7</b>
<b><i>Underlying total insolvencies</i></b>	<b>16,293</b>	<b>14,588</b>	<b>14,716</b>	<b>14,631</b>	<b>16,090</b>	<b>10.0</b>
Compulsory liquidations	3,755	2,889	2,930	2,806	3,117	11.1
Creditors' voluntary liquidations <sup>2</sup>	10,356	9,904	11,794	12,886	12,501	-3.0
<i>Underlying CVLs</i>	<i>10,356</i>	<i>9,904</i>	<i>10,090</i>	<i>10,200</i>	<i>11,152</i>	<i>9.3</i>
Administrations	1,601	1,412	1,346	1,316	1,464	11.2
Company voluntary arrangements	559	372	345	307	356	16.0
Receiverships	22	11	5	2	1	-50.0

Source: Insolvency Service and Companies House

p = provisional, r = revised, e = estimated, n.a. = not applicable

<sup>1</sup> Longer series back to 2008 are presented in the accompanying detailed tables.

<sup>2</sup> Excludes creditors' voluntary liquidation following administration.

**Table 2: Individual insolvencies in England and Wales<sup>1</sup>**

	Number of insolvencies					% change – 2017 to 2018
	2014	2015	2016	2017	2018p	
<b>Total individual insolvencies</b>	<b>99,223</b>	<b>80,404</b>	<b>90,657</b>	<b>99,219</b>	<b>115,299</b>	<b>16.2</b>
Bankruptcy orders	20,345	15,845	15,044	15,105	16,582	9.8
Debt relief orders	26,688	24,175	26,196	24,894	27,683	11.2
Individual voluntary arrangements	52,190	40,384	49,417	59,220	71,034	19.9

Source: Insolvency Service

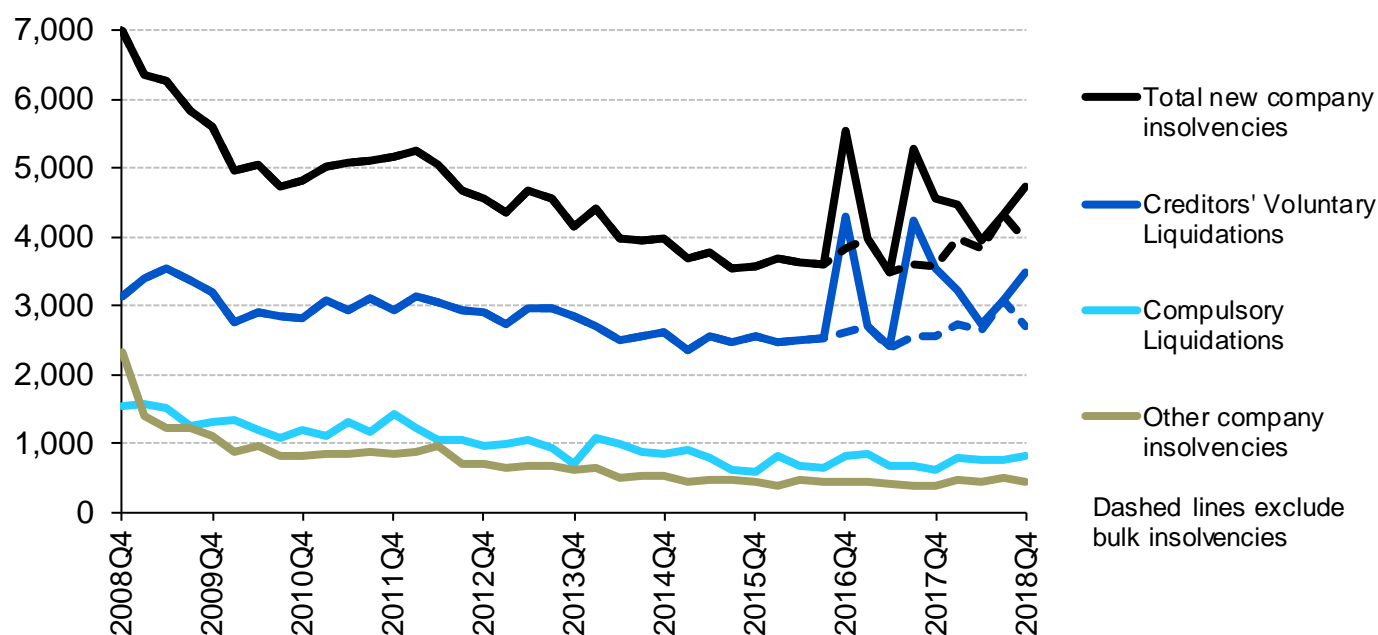
p = provisional, r = revised

<sup>1</sup> Longer series back to 2005 are presented in the accompanying detailed tables.

# Summary for Q4 2018

## 2.1 Company insolvency in England and Wales *(Further information: section 2)*

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



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

### Key findings

#### Company Insolvencies increased in the last quarter due to bulk insolvencies in CVLs

A total of 4,725 companies entered insolvency in Q4 2018, an increase of 9.3% compared to Q3 2018; however, this figure was affected by 776 CVL bulk insolvencies. .

#### Underlying company insolvencies fell on last quarter

Excluding bulk insolvencies, there were 3,949 company insolvencies, a decrease of 8.6% from the previous quarter. CVLs fell by 12.7% on the previous quarter while compulsory liquidations increased by 9.3%. Administrations and CVAs both fell compared to Q3 2018. There were no receiverships in Q4 2018.

#### The majority of company insolvencies were CVLs

Underlying company insolvencies consisted of 2,694 CVLs (68.2% of all company insolvencies), 822 compulsory liquidations (20.8%) and 433 (11.0%) other types of company insolvencies.

#### Company insolvency by industry

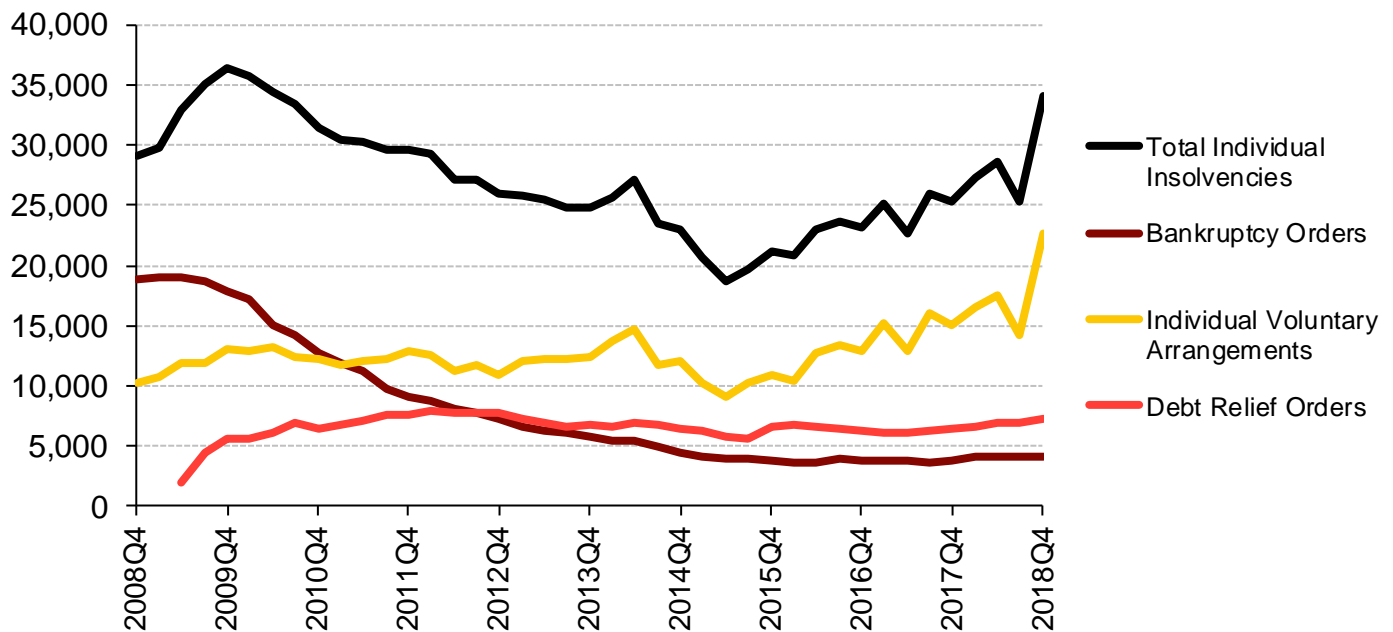
The construction industry had the highest number of insolvencies in the 12 months ending Q4 2018, followed by the wholesale and retail trade & repair of vehicles industrial grouping.

#### The company liquidation rate remained broadly flat compared to Q3 2018

Excluding bulk insolvencies, 1 in 242 companies entered liquidation in Q4 2018, which is slightly up from 1 in 244 in Q3.

## 2.2 Individual insolvency in England and Wales *(Further information: section 3)*

**Figure 4: Individual insolvencies in England and Wales** (quarterly data, seasonally adjusted)



Source: Insolvency Service.

### Key findings

**Total individual insolvencies reached their highest level since Q4 2010**

There were 34,108 individual insolvencies in Q4 2018, an increase of 34.8% on Q3 2018.

**This was largely due to a record level of IVAs...**

Individual voluntary arrangement increased sharply to a record level of 22,717, an increase of 60.5% on Q3 2018.

**... while DROs and bankruptcies also increased compared to Q3 2018**

DROs increased by 2.9% to 7,196 compared with Q3 2018 while bankruptcies increased by 1.0% to 4,196.

**IVAs made up the majority of individual insolvencies**

IVAs comprised 66.6% of all individual insolvencies in the latest quarter, while DROs made up 21.1% and bankruptcies 12.3%.

**The insolvency rate increased**

In the 12 months ending Q4 2018, the rate of insolvency was 1 in 401 adults (24.9 per 10,000 adults).

## 2.3 Summary tables

**Table 3: New company insolvencies in England and Wales<sup>1,2</sup> (seasonally adjusted)<sup>3</sup>**

	Number of insolvencies					% change – 2018 Q4 on:	
	2017 Q4	2018 Q1	2018 Q2 p	2018 Q3 p	2018 Q4 p	2018 Q3	2017 Q4
<b>Total new company insolvencies</b>	<b>4,547</b>	<b>4,458</b>	<b>3,936</b>	<b>4,321</b>	<b>4,725</b>	<b>9.3</b>	<b>3.9</b>
<b><i>Underlying total insolvencies</i></b>	<b>3,559</b>	<b>3,977</b>	<b>3,844</b>	<b>4,321</b>	<b>3,949</b>	<b>-8.6</b>	<b>11.0</b>
Compulsory liquidations	620	783	760	752	822	9.3	32.6
Creditors' voluntary liquidations <sup>2</sup>	3,553	3,206	2,738	3,087	3,470	12.4	-2.3
<i>Underlying CVLs</i>	<i>2,565</i>	<i>2,725</i>	<i>2,646</i>	<i>3,087</i>	<i>2,694</i>	<i>-12.7</i>	<i>5.0</i>
Administrations	318	365	344	388	367	-5.6	15.1
Company voluntary arrangements	55	102	94	94	66	-29.8	20.0
Receiverships	0	1	0	0	0	n.a.	n.a.

Source: Insolvency Service and Companies House.

p = provisional, r = revised, e = estimated, n.a. = not applicable

1 Longer series back to 2008 are presented in the accompanying detailed tables.

2 Excludes creditors' voluntary liquidations following administration (see section 2.1).

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)<sup>1,2</sup>**

	Number of insolvencies					% change – 2018 Q4 on:	
	2017 Q4	2018 Q1	2018 Q2 p	2018 Q3 p	2018 Q4 p	2018 Q3	2017 Q4
<b>Total individual insolvencies</b>	<b>25,325</b>	<b>27,274</b>	<b>28,608</b>	<b>25,309</b>	<b>34,108</b>	<b>34.8</b>	<b>34.7</b>
Bankruptcy orders	3,806	4,160	4,071	4,156	4,196	1.0	10.2
Debt relief orders	6,431	6,560	6,931	6,996	7,196	2.9	11.9
Individual voluntary arrangements	15,088	16,554	17,606	14,157	22,717	60.5	50.6

Source: Insolvency Service

p = provisional, r = revised

<sup>1</sup> Longer series back to 2008 are presented in the accompanying detailed tables.

<sup>2</sup> Excludes creditors' voluntary liquidation following administration.



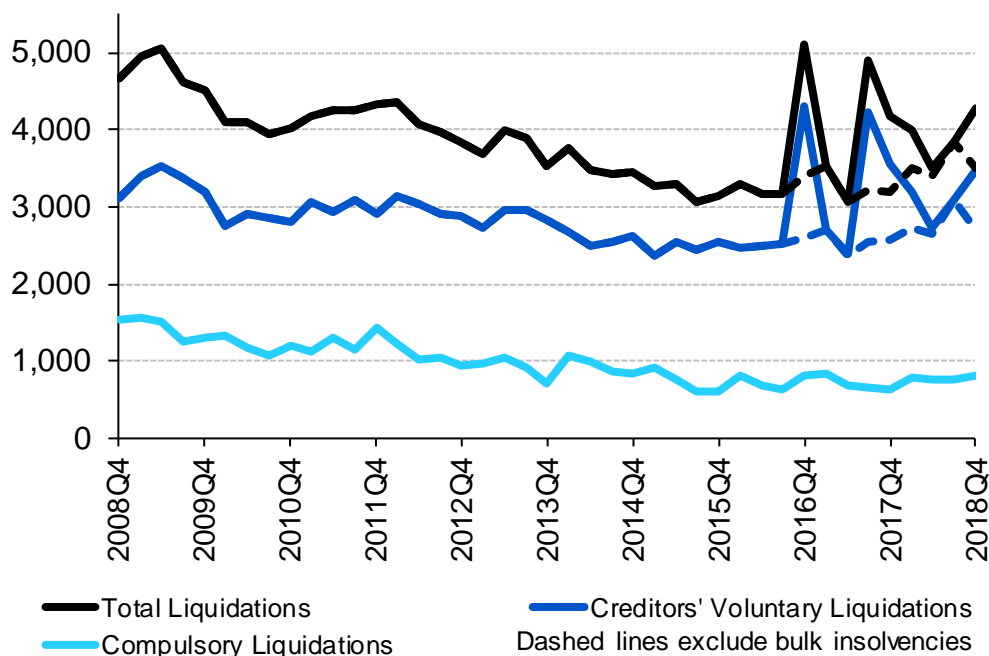
## 3 Company insolvency in England and Wales

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. This includes liquidation (section 2.1) which results in the company ceasing to exist; or through company rescue procedures such as administration (section 2.2).

**Bulk Insolvencies and underlying numbers-** IR35' rules are intended to prevent the avoidance of tax and National Insurance Contributions (NICs) using personal service companies (PSC) and partnerships. From April 2016, following changes to the IR35 rules and/or changes in VAT flat rate, some directors of PSCs have cited these changes as the primary reason that their company's activities have become unviable, therefore leading to liquidation of large numbers of these companies (or "bulk insolvencies"). Underlying numbers exclude these bulk insolvencies to enable comparison between quarters.

### 3.1 Company liquidations

**Figure 5: Company liquidations in England and Wales<sup>1</sup>**  
(quarterly data, seasonally adjusted)<sup>2</sup>



#### 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.

<sup>1</sup> Where the liquidation was the first insolvency procedure entered into.

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

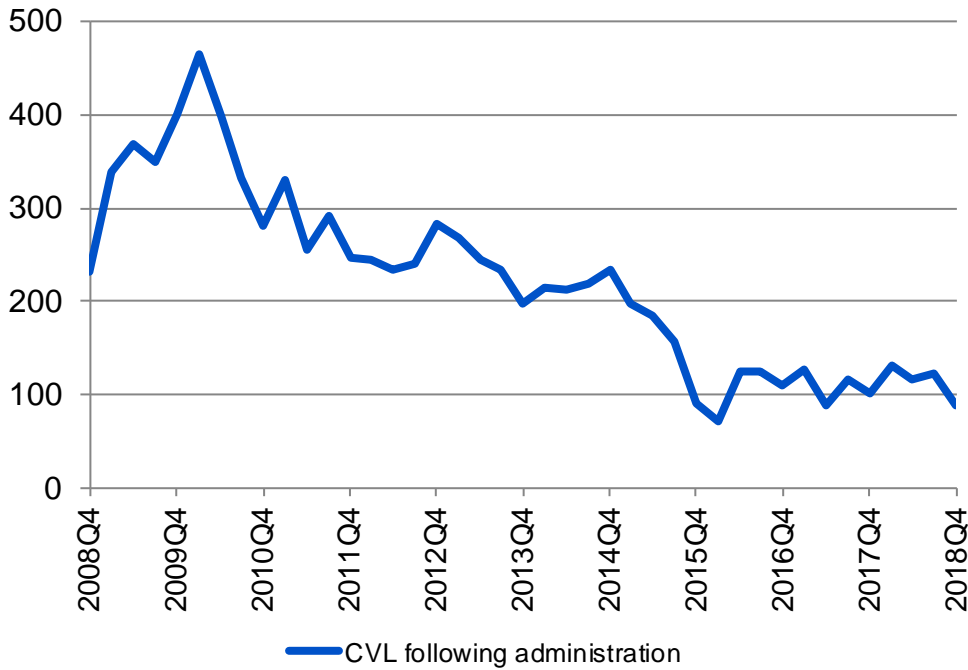
See Table 1a of the accompanying Excel file for more detail.

There were 776 new bulk insolvencies recorded for CVLs in Q4 2018. Excluding bulk insolvencies there were 3,516 company liquidations in this quarter, comprising 2,694 creditor voluntary liquidations (CVLs, 76.6% of total insolvent company liquidations) and 822 compulsory liquidations (23.4% of the total)

In comparison to Q3 2018, underlying company liquidations fell by 8.6%; this was driven by a fall in CVLs of 12.7%, while compulsory liquidations increased by 9.3%.

Underlying CVLs and compulsory liquidations have both risen against the same quarter in 2017; CVLs by 5.0% and compulsory liquidations by 32.6%. This has led to an 11% increase in total liquidations on Q4 2017.

**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, 1 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.

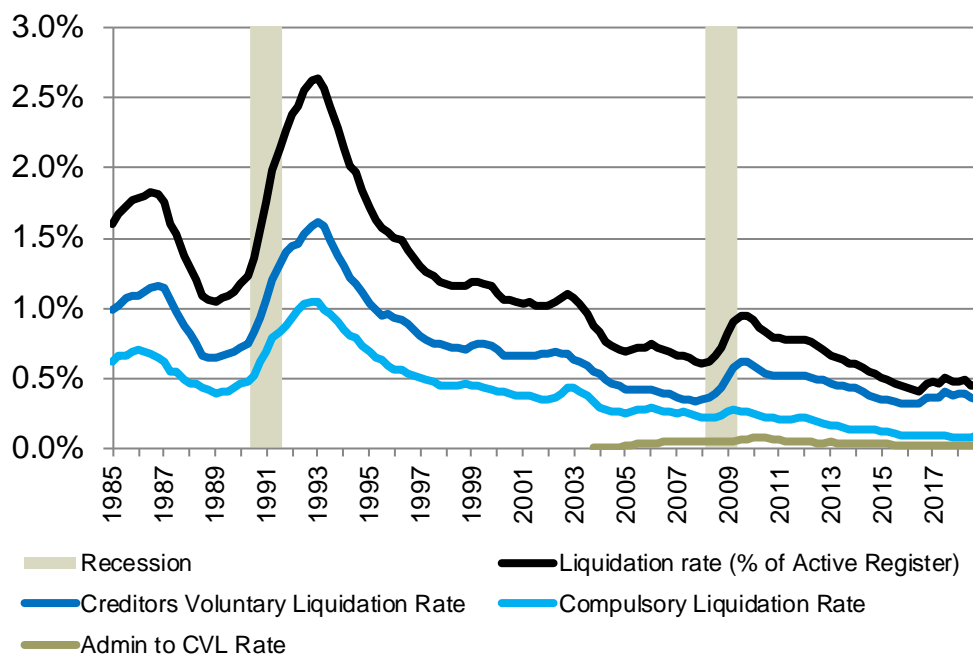
In Q4 2018, 89 companies entered creditors' voluntary liquidation following administration, a decrease of 12.7% on the same quarter of 2017.

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 1 year (though it can be extended for a further 6 months), and the number of administrations peaked in late 2008 / early 2009 (section 2.2).

## Longer-term perspective

Company liquidations may be expressed as a 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 2018, 1 in 221 (0.45%) of all active companies entered liquidation. This rate remains flat in comparison to the 12 months ending Q3 2018, in which 1 in 220 of active companies (also 0.45%) entered liquidation. Excluding bulk insolvencies, the liquidation rates also remain broadly flat compared to the twelve months ending Q3 2018.

Up until Q3 2016, there had been a downward trend in the rates from 2011, with the lowest liquidation rate recorded in Q3 2016 since comparable records began in 1984.<sup>1</sup> Since Q4 2016 there has been a small increase in the company liquidation rate which was largely driven by bulk insolvencies.

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% (24,328 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% of companies (19,134) entered liquidation in the year ending December 2009.

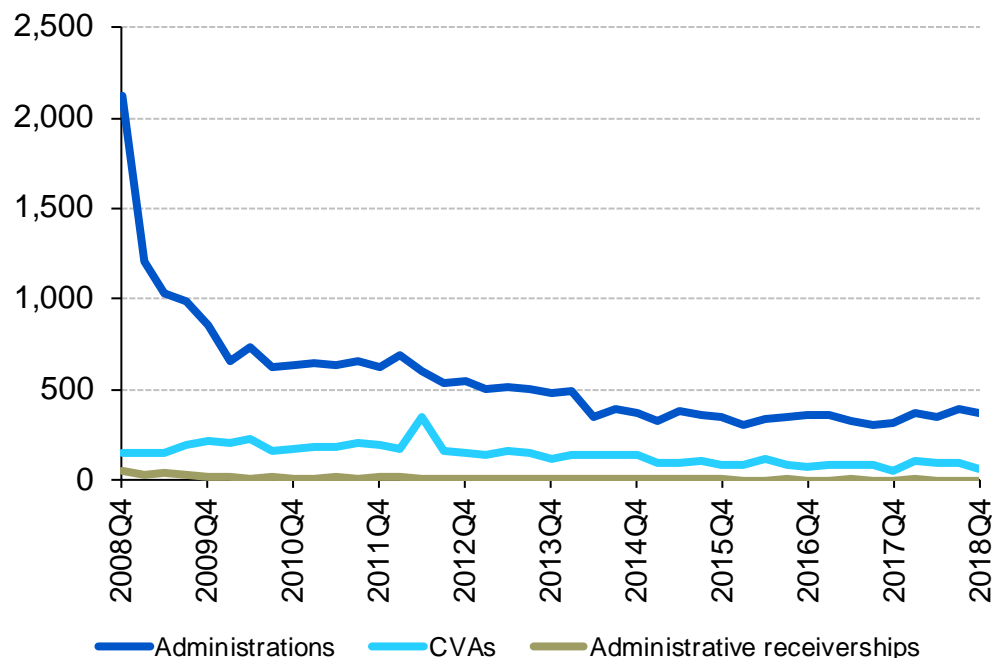
Although the number of liquidations was slightly higher in 1993 than in 2009, the rate of liquidations was substantially higher in 1993. This is because the number of active companies more than doubled over this period, so a much smaller proportion of the total number of companies entered liquidation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

<sup>1</sup> Counts of creditors' voluntary liquidations are available on a consistent basis back to 2000Q1. On average, historical data from 2000 to 2015 were revised downwards by 0.5%. It is unlikely that revisions to data before 2000 would bring liquidation rates below 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 it's winding up.

**Figure 8: Other company insolvencies in England and Wales**  
(quarterly data, seasonally adjusted)<sup>1</sup>



Source: Companies House.

<sup>1</sup> 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 2000, receivership appointments also include other, non-insolvency, procedures, for example under the Law of Property Act 1925.

In Q4 2018 there were 367 administrations, 5.6% lower than in Q3 2018. Q3 2018 had seen the highest quarterly number of administrations recorded for almost 4 years. Administrations have risen by 15.1% in comparison to Q4 2017.

There were 66 CVAs in Q4 2018, the second lowest number of CVAs recorded in any quarter since Q1 1998; this represented a fall of 29.8% from Q3 2018. In comparison to Q4 2017, the period in which the lowest number of CVAs were recorded since Q1 1998, there has been a 20% increase.

In Q4 2018 there were no administrative receiverships. Since 2012 there has tended to be fewer than 10 cases per quarter. This is because use of this procedure is restricted to certain types of company or to floating charges created before September 2003. Any small changes will result in large percentage changes.

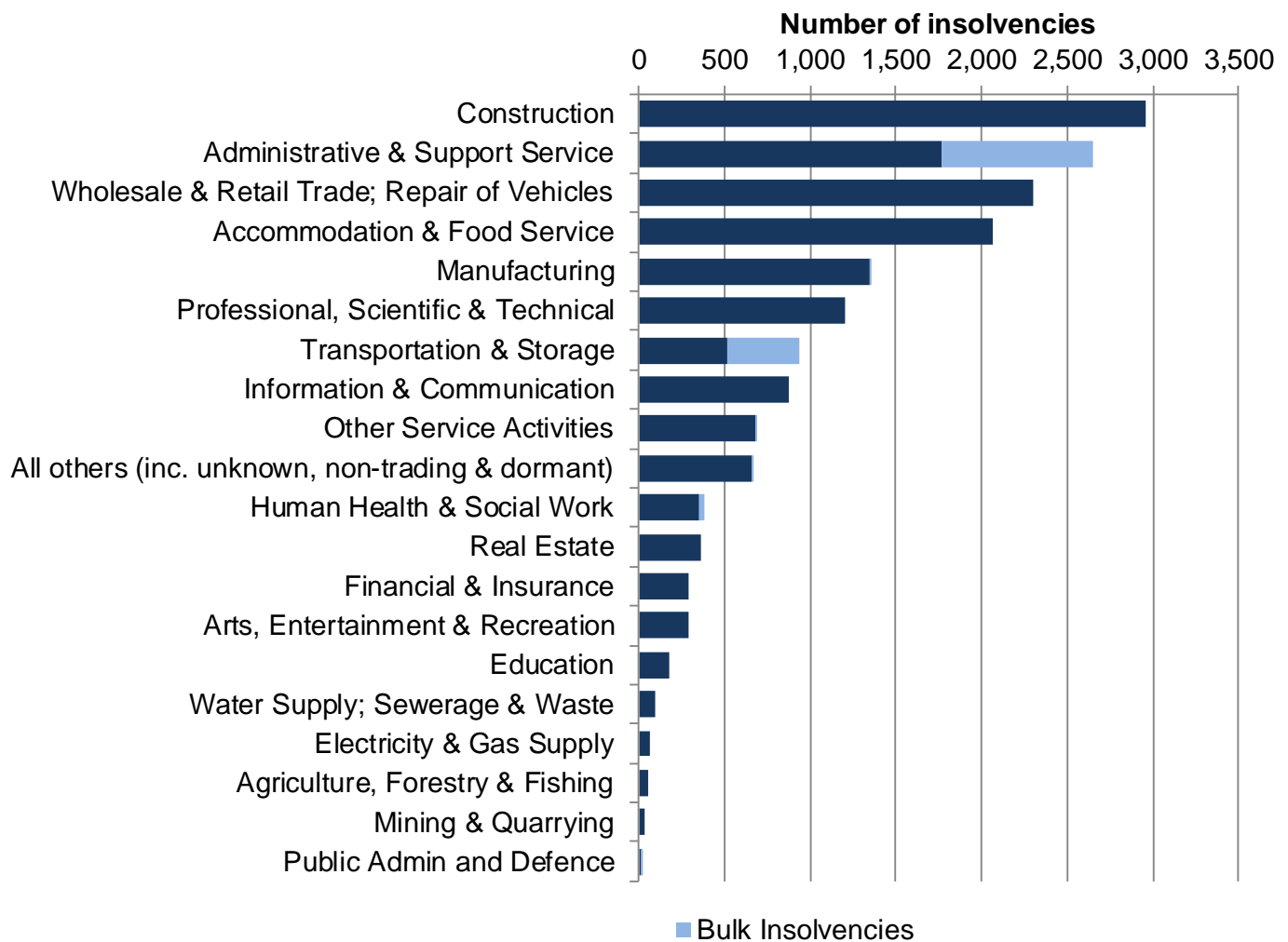
### 3.3 Company insolvencies by industry

Excluding bulk insolvencies, in the twelve months ending Q4 2018, the highest number of new company insolvencies was in the construction industry with 2,954 insolvencies – down 0.5% from the 12 months ending Q3 2018.

The second highest underlying number of new company insolvencies was the wholesale and retail trade; repair of vehicles industrial grouping with 2,303 new company insolvencies in the 12 months ending Q3 2018. This was up 0.6% compared to the 12 months ending Q3 2018.

Bulk insolvencies have had the greatest effect on the administrative & support service, in the 12 months ending Q4 2018, bulk insolvencies accounted for 33.4% of all insolvencies in this grouping.

**Figure 9: Total new company insolvencies in England and Wales by broad industry grouping, 12 months ending Q4 2018**



Source: Insolvency Service and Companies House.

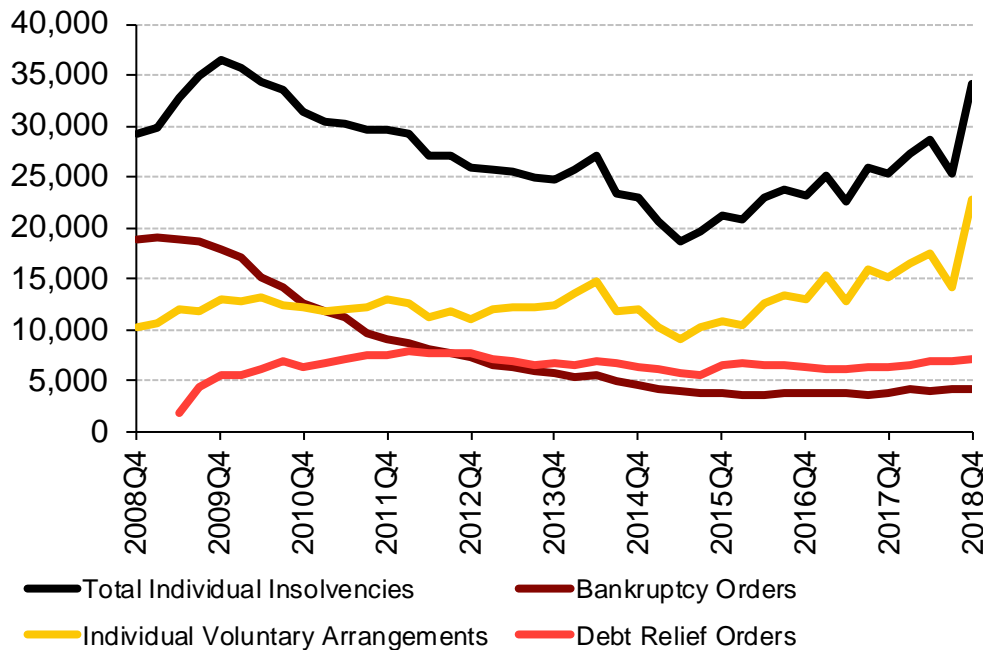
These statistics provide a breakdown of company insolvencies by industry, using the Standard Industrial Classification 2007 (SIC2007) – a harmonised set of industry classifications used in other UK Official Statistics and internationally. The Excel file which accompanies this release contains equivalent 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.

## 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 Wales<sup>1</sup>**  
(quarterly data, seasonally adjusted)



#### 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 £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 3 months after their insolvency ends.

Source: Insolvency Service.

<sup>1</sup> Total individual insolvencies for Q2 2009 onwards include Debt Relief Orders, which were introduced on 6 April 2009.

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

There were 34,108 individual insolvencies in England and Wales in Q4 2018; this was the highest level of individual insolvencies since Q2 2010. Q4 2018 saw 22,717 individual voluntary arrangements (IVAs), a record high. They were the most common form of individual insolvency in Q4 2018 (66.6% of all individual insolvencies) followed by debt relief orders 7,196 (DROs, 21.1% of the total) and bankruptcies 4,196 (12.3% of the total).

Individual insolvencies have risen by 34.7% compared with the previous quarter. This was driven by an increase in IVAs, which increased by 60.5% from Q3 2018.

Many IVAs are supervised by licensed insolvency practitioners working for firms that specialise in this area. Since 2015 between 51% and 61% of all IVAs have been accounted for by the largest 3 such firms in any year, and changes in volumes in these firms in particular may be due in part to changes in how these firms acquire new customers. For more information on IVAs providers see our [IVA outcome statistics](#) release.

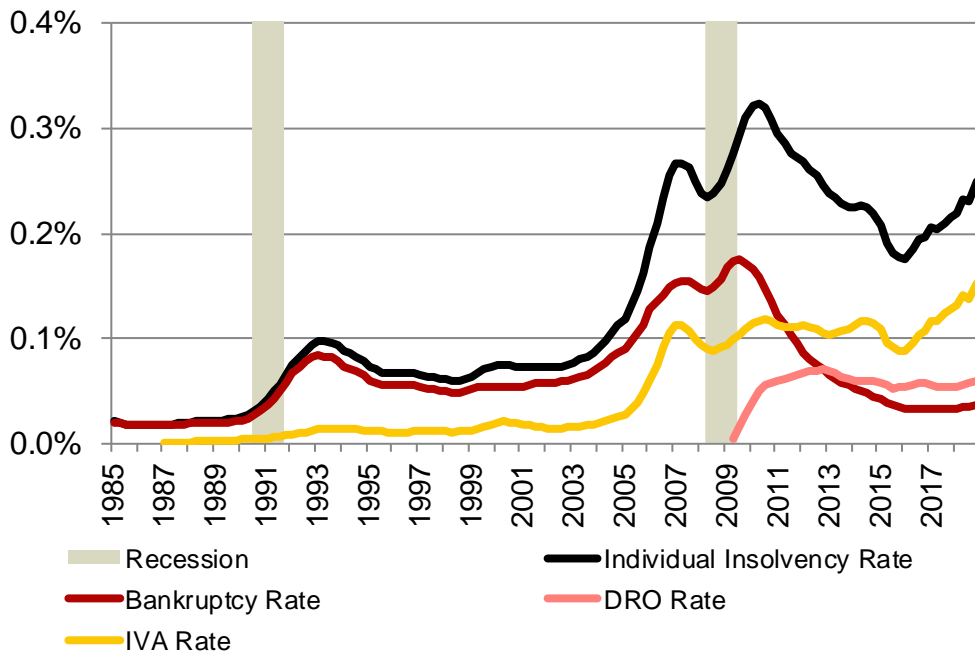
These figures are seasonally adjusted to remove natural, cyclical changes. Before adjustment, IVAs are usually highest in Q3 each year and so are adjusted downwards. In 2018 however, the unadjusted number of IVAs in Q3 was lower than in Q2 and Q4, and the disparity between Q3 and Q4 has been increased through the normal process of seasonal adjustment.

In addition to the rise in IVAs, both DROs and bankruptcies increased in comparison to Q3 2018, by 2.9% and 1.0% respectively. There has been a general increasing trend in IVA registrations since Q2 2015, while DROs increased for the sixth consecutive quarter.

*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.

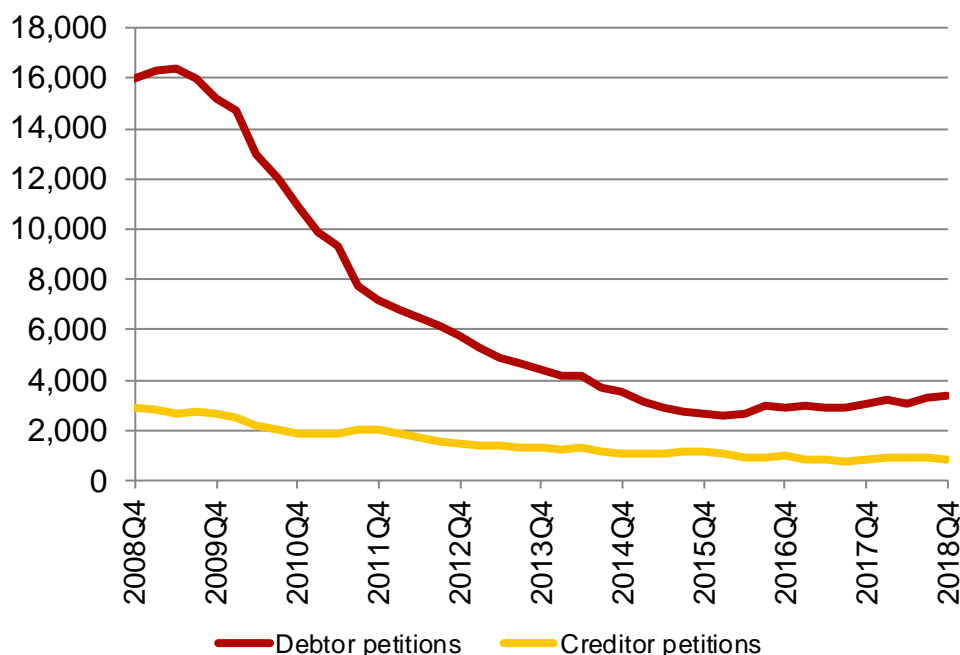
In the 12 months ending Q4 2018, 1 in 401 adults entered insolvency (24.9 insolvencies per 10,000 adults). This was up from 1 in 434 adults who entered insolvency (23.0 insolvencies per 10,000 adults) in the 12 months ending Q3 2018 and also up from 1 in 466 adults entering insolvency (21.5 insolvencies per 10,000 adults) in the 12 months end Q4 2017.

The bankruptcy and DRO rate had been broadly stable since Q1 2016 but have slightly increased throughout 2018 and into the final quarter of the year.

The individual insolvency rate is related to levels of household debt, and economic growth. 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.

## 4.2 Characteristics of bankruptcies

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



Source: Insolvency Service.

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

### Explanation of key terms

**Debtor application** – where the individual is unable to pay their debts, and applies online to make themselves bankrupt.

**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.

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.

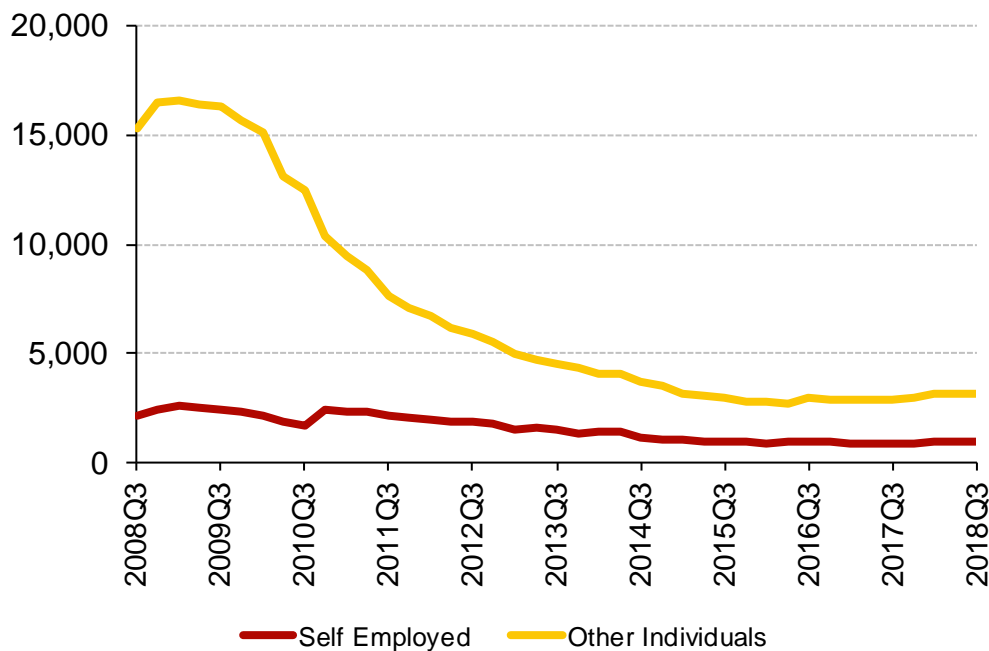
For any particular quarter, seasonally adjusted figures for creditor and debtor petition bankruptcies will not sum to the seasonally adjusted figure for total bankruptcies. This is because they have been adjusted separately using different models. Over a calendar year, the totals will match because of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

In Q4 2018, 3,394 bankruptcies were made on the application of the debtor, which was 3.4% higher than the previous quarter and 12.4% higher than the same quarter in 2017. From 6 April 2016 there was [a change to the process for people making themselves bankrupt](#), which has removed the courts' involvement. Applications must be submitted online via the central UK Government website, <https://www.gov.uk/>, to the adjudicator within the Insolvency Service. The process also allows the costs of the application to be paid in instalments.

There were 801 creditor petition bankruptcies in Q3 2018, which was 13.4% lower than the previous quarter and 4.4% lower than the same quarter in 2017. In 2015 there was [a change in the minimum debt a creditor must be owed to make someone bankrupt](#), which increased from £750 to £5,000 for petitions presented from 1 October 2015. This change has led to a decrease in the number of creditor petition bankruptcies.



**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.

### 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.

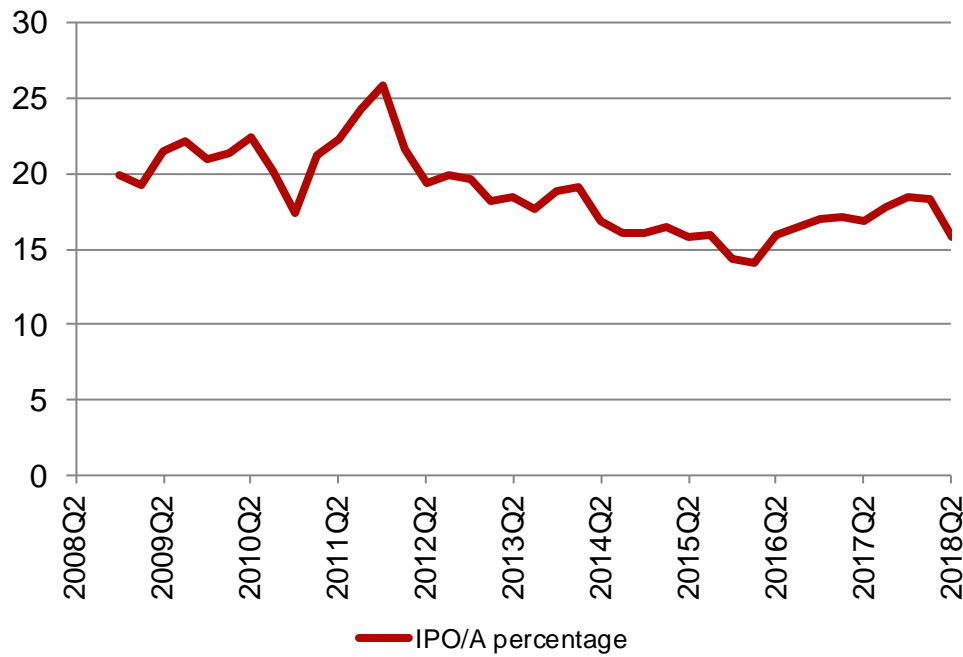
For any particular quarter, seasonally adjusted figures for self employed and other bankruptcies will not sum to the seasonally adjusted figure for total bankruptcies. This is because they have been adjusted separately using different models. Over a calendar year, the totals will match because of the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

These statistics are presented with a lag of 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 Q3 2018, there were 990 bankruptcies where the individual was self-employed, which was 5.5% higher than Q2 2018 and also 17.7% higher than Q3 2017. Self-employed bankruptcies reached their highest quarterly level since Q1 2015.

There were 3,178 bankruptcies among other individuals in Q3 2018, a increase of 0.7% compared with the previous quarter and 11.0% higher than the same quarter of the previous year.

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



Source: Insolvency Service.

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

**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.

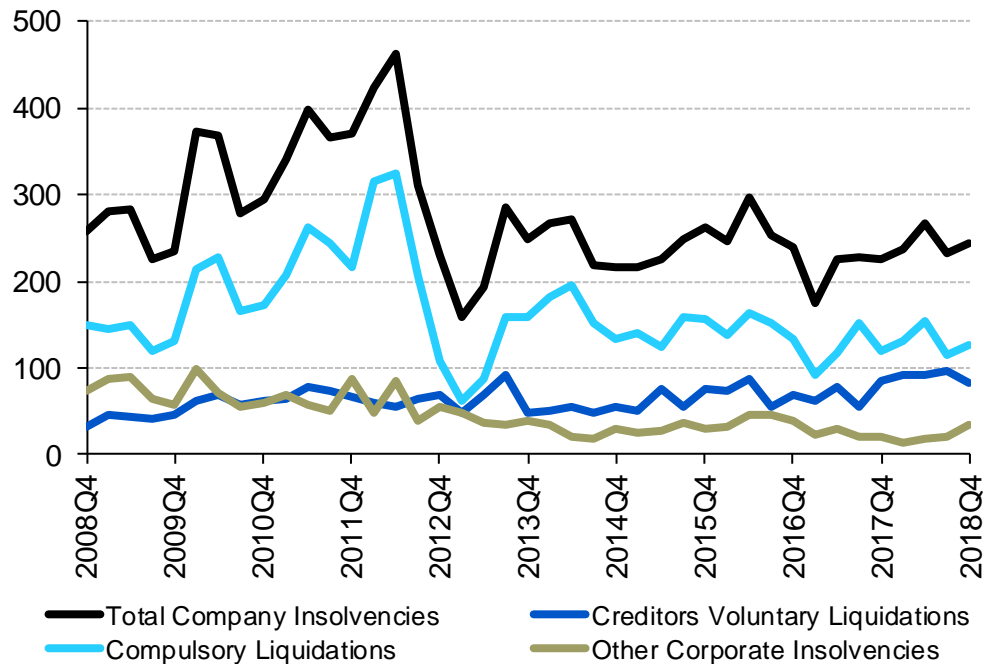
These statistics are presented with a lag of 2 quarters on most other statistics in this release, because it can take a number of months for income payment agreements (IPAs) or income payment orders (IPOs) to be made. In Q2 2018, 641 bankruptcy orders made resulted in an IPA or IPO (15.7% of total bankruptcies), decreasing from 764 in Q1 2018. There has been a steady rising trend in IPAs since Q1 2016 with this being only the second fall in absolute numbers since then.

## 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.

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

#### 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.

In Q4 2018, there were 245 total company insolvencies, an increase of 8.4% compared to Q4 2017. Of these, 210 were company liquidations, which was a 1.9% increase on the same quarter of 2017.

In Q4 2018, there were 127 compulsory liquidations, a 5.8% increase since Q4 2017.

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.

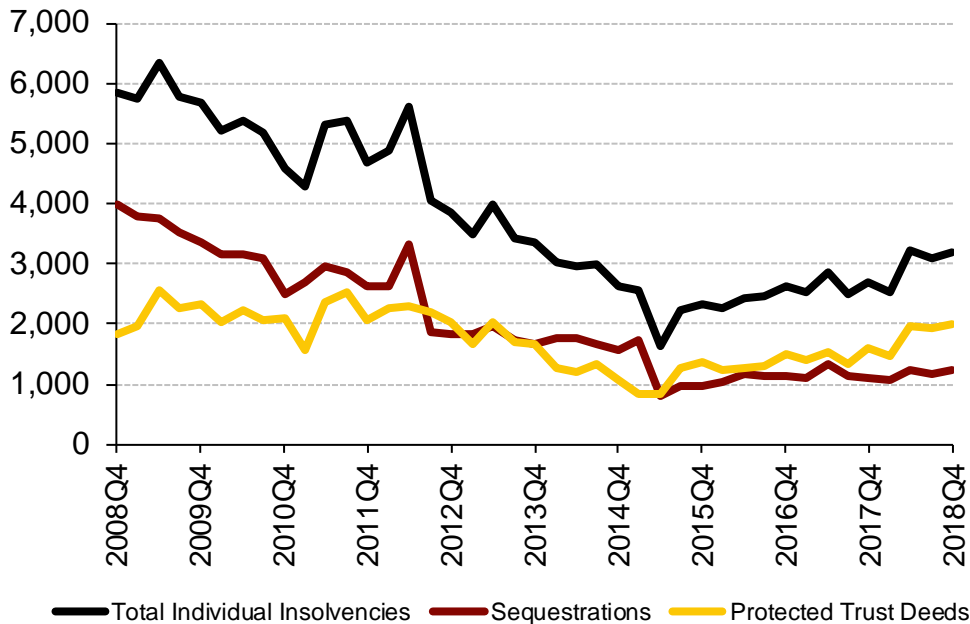
There were 83 CVLs in Q4 2018; this was a decrease of 3.5% on Q4 2017.

There were 33 administrations, 1 company voluntary arrangement and 1 receivership appointment during Q4 2018.

## 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)



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.

### 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.

In Q4 2018, there were 3,198 individual insolvencies in Scotland, which was 18.1% higher than in Q4 2017.

There were 1,217 sequestrations in Q4 2018, an increase of 9.9% compared to Q4 2017. Of these, 562 people went into sequestration via the Minimal Asset Process route.

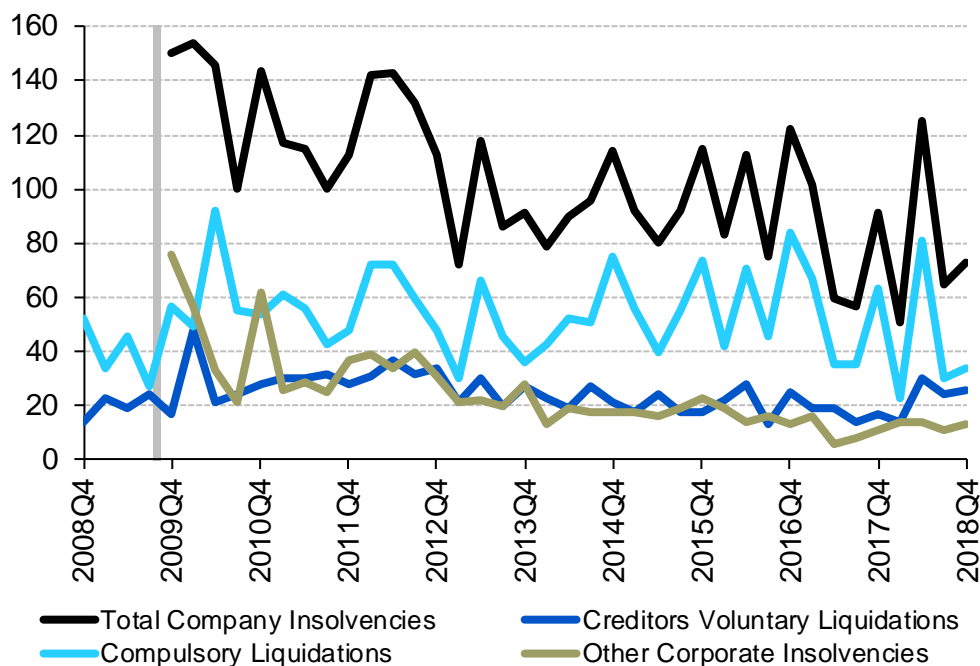
In Q4 2018, there were 1,981 Protected Trust Deeds (PTDs), an increase of 23.8% compared with Q4 2017.

## 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 the Economy, 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.

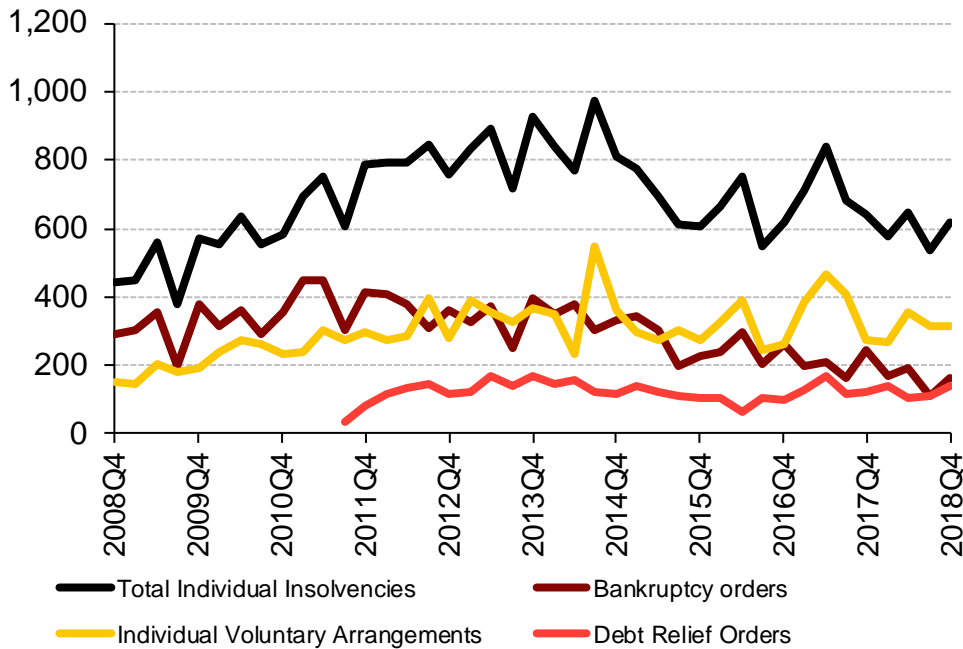
See Table 12 of the accompanying Excel file for more detail.

There were 73 company insolvencies in Northern Ireland in Q4 2018, 19.8% lower than the same quarter in 2017. Of these, 34 were compulsory liquidations (down from 63 in Q4 2017), and 26 were creditors' voluntary liquidations (CVLs, up from 17 in Q4 2017). There were 8 administrations, 5 company voluntary arrangements, and no administrative receiverships in Q4 2018.

## 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 the Economy, 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 £20,000 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 615 individual insolvencies in Northern Ireland in Q4 2018, a decrease of 3.9% compared with the same quarter in 2017.

In Q4 2018 there were 163 bankruptcies, down 33.5% on the same quarter last year. There has been a general downward trend in the number of bankruptcies per quarter since Q4 2016. This coincided with a change in the minimum debt a creditor must be owed to make someone bankrupt, which increased from £750 to £5,000 for petitions presented from 30 November 2016.

There were 312 IVAs, an increase of 13.0% on the same quarter last year.

There were 140 DROs, up 17.6% on the same quarter last year. A change to eligibility criteria was introduced on 30 November 2016 with DROs becoming available to people with up to £20,000 debt (up from £15,000) and £1,000 assets (up from £300).

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 in volumes will result in large percentage changes.

## 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, Energy and Industrial Strategy (BEIS). 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 Department for the Economy's 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 and projections 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 2017 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](#). 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 April 2018. A revised historical time series using the new method was provided back to 2000Q1 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 statistics for 2000 to 2015 were sourced from 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.

## 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 6 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 can be found here:

[Summary of User Feedback on Insolvency Statistics](#)

### **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 it was registered on the administrative recording system, not on the date of the order or agreement of the insolvency procedure. The implication of this is that the published figures will not 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 after Q2 2011; and debt relief orders. 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 quarterly official statistics on company insolvencies registered. These are not consistent with the *Insolvency Statistics*, because of 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, and in the [Guide to Insolvency Statistics](#).

Company insolvency statistics after 2000 Q1 (England and Wales, and Scotland) and 2009 Q4 (Northern Ireland) are not directly comparable with earlier periods because of a change to methods.

## 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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