



# Individual insolvency statistics, Q3 July to September 2019

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## We are seeking feedback

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

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

Additionally, we are modernising our production processes.

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

Specifically, for individual voluntary arrangements we are exploring changing our data source. This will mean some revisions to our back series. The revisions will be published when the changes are implemented.

Feedback on these proposals is welcomed at [statistics@insolvency.gov.uk](mailto:statistics@insolvency.gov.uk).

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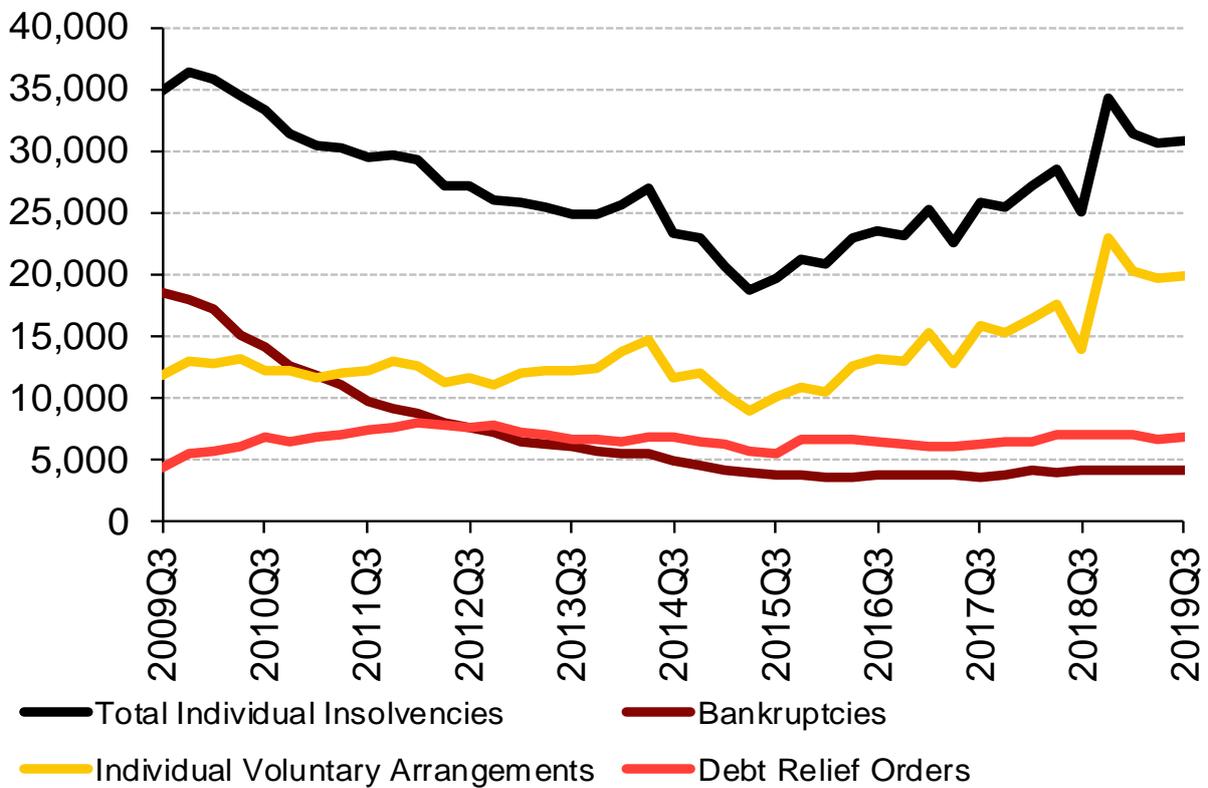
## 1. Main messages for England and Wales

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

- Total individual insolvencies increased slightly in Q3 2019.
- This was mainly driven by an increase in individual voluntary arrangements.
- Individual insolvencies remain elevated due to increased volumes of individual voluntary arrangements. The last 4 quarters have been the highest since Q4 2010.
- Bankruptcies fell both in comparison to the previous quarter and the same quarter last year.

**Figure 1: Total individual insolvencies remain at their highest quarterly levels since 2010**

England and Wales, seasonally adjusted.





## 2. Things you need to know about this release

This statistics release contains the latest data on individual insolvency (people who are unable to pay debts and enter formal procedures).

### Coverage

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

### Methodology and key terms

**Table 1: Key terms used in the publication**

<b>Individual voluntary arrangements (IVAs)</b>	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.
<b>Debt relief orders (DROs)</b>	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.
<b>Bankruptcy</b>	A form of debt relief available for anyone who is unable to pay their debts. Assets owned will vest in a trustee in bankruptcy, who will sell them and distribute the proceeds to creditors. Discharge from debts usually takes place 12 months after the bankruptcy order is granted. Bankruptcies result from either <b>Debtor application</b> – where the individual is unable to pay their debts, and applies online to make themselves bankrupt, or <b>Creditor petition</b> – if a creditor is owed £5,000 or more (£750 before October 2015), they can apply to the court to make an individual bankrupt. These statistics relate to petitions where a court order was made as a result, although not all petitions to court result in a bankruptcy order.
<b>Sequestration</b>	Fulfils much the same role in Scotland as bankruptcy in England and Wales.
<b>Protected trust deeds</b>	Protected trust deeds are voluntary arrangements in Scotland and fulfil much the same role as IVAs in England and Wales. However, there are differences in the way they are set up and administered, meaning the figures shown here are not consistent with those provided for England and Wales or Northern Ireland.



### **Seasonal adjustment**

To aid analysis between quarters the figures are seasonally adjusted to minimise the effect of the time of year and provide a true picture of the trends in insolvency. *Insolvency Statistics Seasonal Adjustment Review – April 2019* provides more information on seasonal adjustment which can be found [here](#).

### **Detailed information**

Detailed methodology and quality information for all insolvency service statistical releases are available [here](#).

### 3. Total individual insolvencies remain elevated

There were 30,879 individual insolvencies in Q3 2019, 0.6% higher than in Q2 2019. In comparison to the same quarter in 2018 there has been an increase of 22.7%.

The slight rise in individual insolvencies in Q3 2019 was driven by increases in IVAs and DROs but was partially offset by a decrease in the number of bankruptcies. IVAs increased by 1.4% to 19,973, DROs increased by 0.3% to 6,784, and bankruptcies decreased by 2.6% to 4,122.

When analysing seasonally adjusted figures, we compare quarters with the previous quarter and with the same quarter of the previous year for a more complete picture of change. In Q3 2018, there were 14,000 IVAs, unusually low for Q3, both in general, and compared to the trend at the time. Comparing Q3 2018 with Q3 2019, IVAs increased by 42.7%. IVAs have been on an increasing trend since Q2 2015 and reached a peak in Q4 2018. Since then they have fallen back a little but remain elevated compared to previous years.

DROs have decreased by 3.0% on the same quarter as last year and bankruptcies also decreased by 1.2%.

IVAs were the most common type of individual insolvency, accounting for 64.7% of cases. They were followed by DROs (22.0%) and bankruptcies (13.3%). Since Q2 2011, IVAs have been the most common individual insolvency type. This contrasts with bankruptcies (in particular, bankruptcies resulting from a debtor application) which decreased following the financial crisis and the introduction of DROs in 2009.

**Table 2: The increase in total individual insolvencies was driven by individual voluntary arrangements<sup>1</sup>**

England and Wales, seasonally adjusted

	Total individual insolvencies	Bankruptcies	Debt relief orders	Individual voluntary arrangements
2018Q1	27,160	4,158	6,563	16,439
2018Q2	28,625	4,057	6,988	17,581
2018Q3	25,169	4,174	6,995	14,000
2018Q4	34,365	4,213	7,137	23,014
2019Q1	31,473	4,189	6,979	20,305
2019Q2	30,690	4,234	6,764	19,692
2019Q3	30,879	4,122	6,784	19,973
2018	115,319	16,602	27,683	71,034
2019YTD <sup>2</sup>	93,042	12,545	20,527	59,970

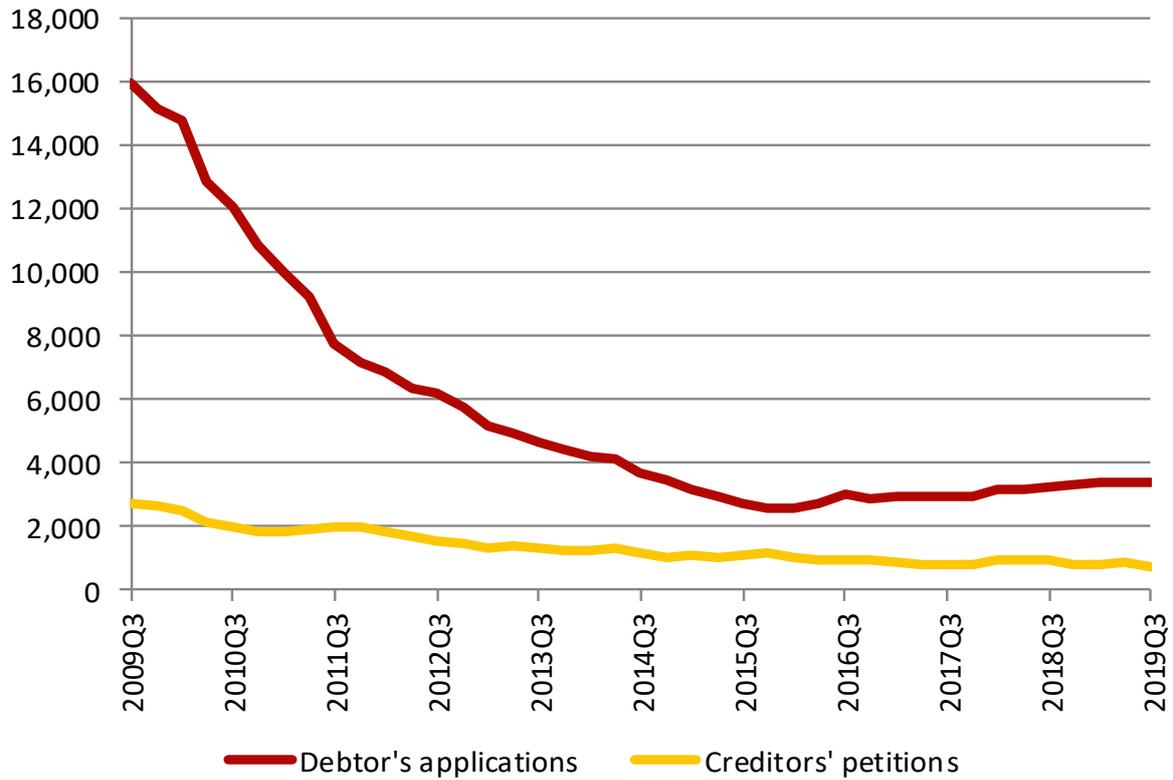
1. Components may not sum to totals due to rounding of seasonally adjusted figures.
2. Year-to-date

There were decreases in both bankruptcies made on the application of the debtor and creditors' petitions, down 0.4% and 16.6% respectively, from Q2 2019. There were 3,395

debtor petitions in Q3 2019, and this was 3.6% higher than the same period in 2018. Bankruptcies made by creditors' petition decreased to 711 in Q3 2019, 23.9% lower than the same quarter in 2018.

**Figure 2: Bankruptcies made by debtor's application increased to a recent high but remain historically low**

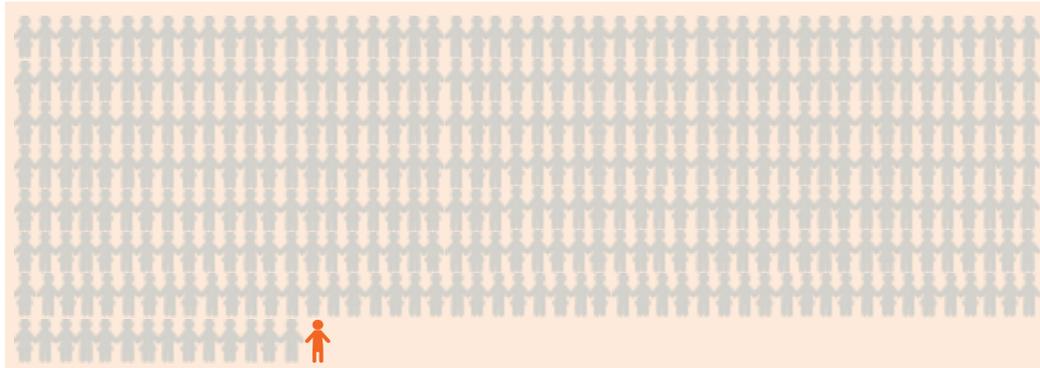
England and Wales, seasonally adjusted



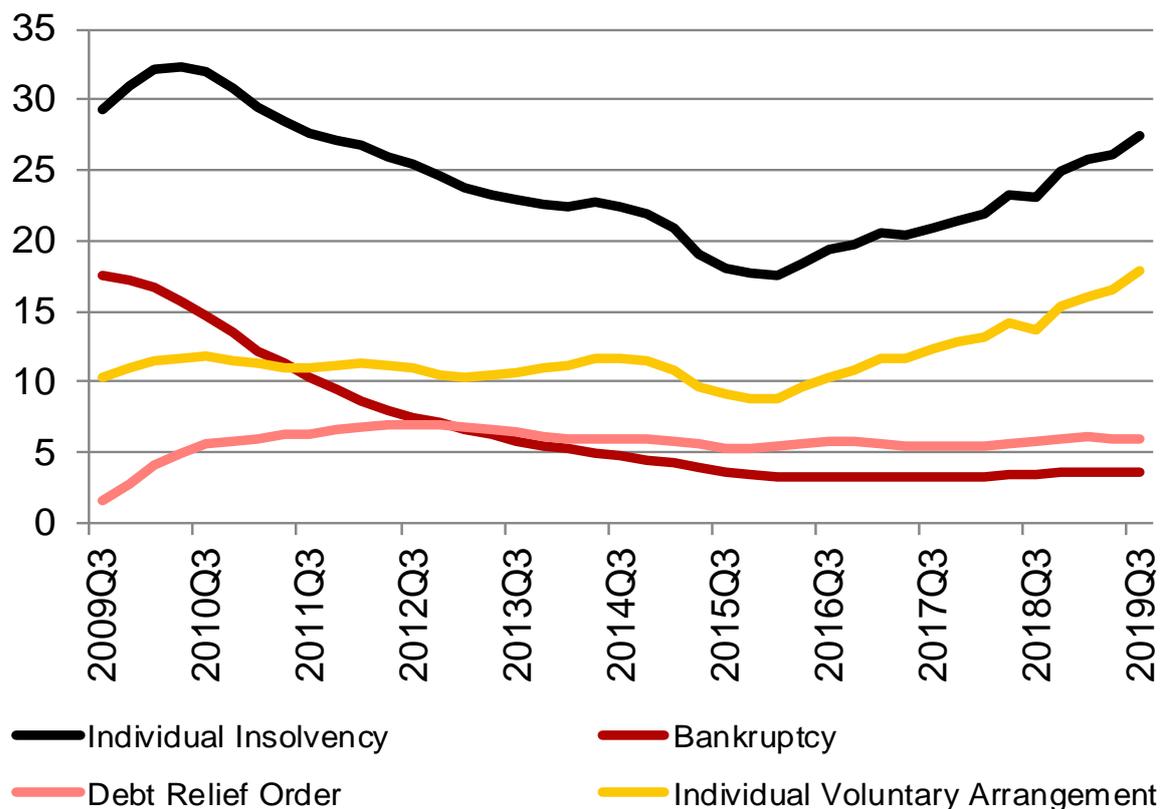
#### 4. The insolvency rate increased in Q3 2019

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

**Figure 3: In the 12 months ending Q2 2019, 1 in 365 adults became insolvent**  
England and Wales, 4-quarter rolling rate



**Figure 4: The individual insolvency rate continues to rise**  
England and Wales, 4 quarter rolling rate per 10,000 adults



In the 12 months ending Q3 2019, for every 10,000 adults in England and Wales, 27.4 entered insolvency. This was up from 26.2 per 10,000 in the 12 months ending Q2 2019. The insolvency rate has increased for four consecutive quarters and is at the highest level since Q3 2011.



The IVA insolvency rate increased to 17.9 per 10,000 in the 12 months ending Q3 2019 from 16.5 per 10,000 in the 12 months ending Q2 2019. Bankruptcy rates remained the same while DROs were broadly flat, decreasing from 6.0 per 10,000 to 5.9 per 10,000.

The current individual insolvency rate remains elevated compared with rates of less than 10 per 10,000 adults before 2004. In the early-to-mid-2000s, there was a large expansion of credit which coincided with a large increase in the individual insolvency rate. Since 2015, the insolvency rate has increasing to due an increase in the IVA insolvency rate. More information on long term trends can be found in the csv file accompanying [this release](#).

## 5. Bankruptcies decreased for the self employed in Q2 2019

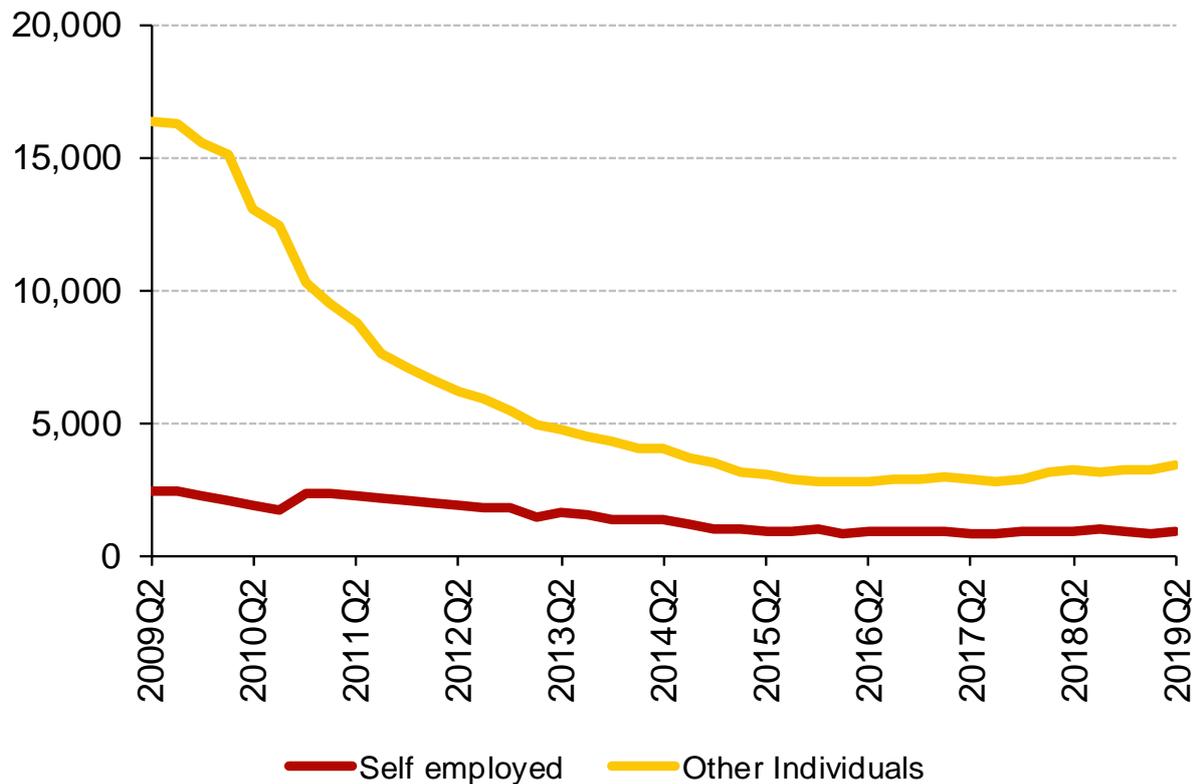
Bankruptcies by self-employment status are presented with a lag of 1 quarter on most other statistics in this release, because it can take several weeks for trading status to be recorded following the date of the bankruptcy order.

In Q2 2019, there were 902 bankruptcies where the individual was self-employed, an increase of 3.3% on Q1 2019 but 3.1% lower than the same period last year.

There were 3,437 bankruptcies among other individuals in Q2 2019, an increase of 4.8% compared with the previous quarter and 6.8% higher than the same quarter of the previous year.

**Figure 5: Bankruptcies increased for both the self employed and other individuals in Q2 2019**

England and Wales, seasonally adjusted



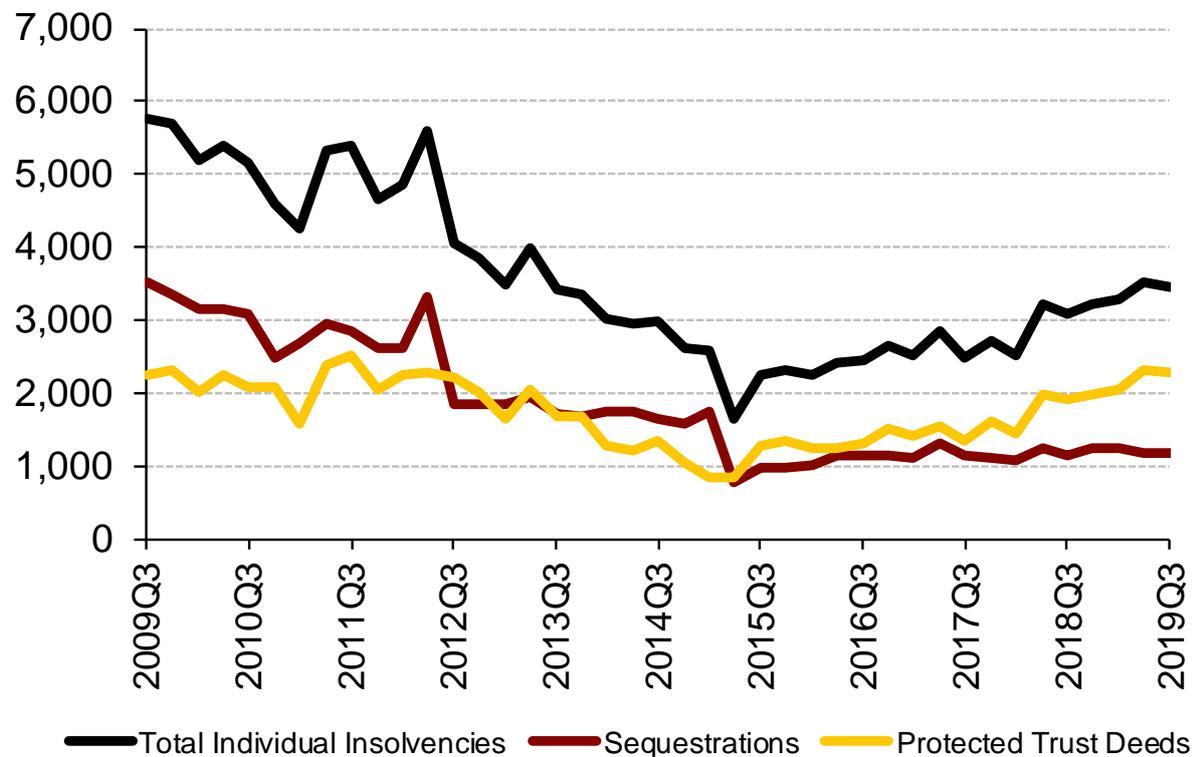
## 6. Individual insolvency in Scotland

Legislation relating to individual insolvency in Scotland is devolved. The **Accountant in Bankruptcy**, Scotland's Insolvency Service, administers individual insolvency in Scotland.

- There were 3,466 individual insolvencies in Scotland Q3 2019.
- This was an increase of 12.6% compared to the same quarter of the previous year.

**Figure 6: Total individual insolvencies increased in Q3 2019 compared to Q3 2018**

Scotland, non-seasonally adjusted



In Q3 2019, there were 3,466 total insolvencies in Scotland, a 12.6% increase on the same quarter of 2018. This comprised 1,178 sequestrations (of which 510 went into sequestration via the minimal asset process route) and 2,288 protected trust deeds.

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

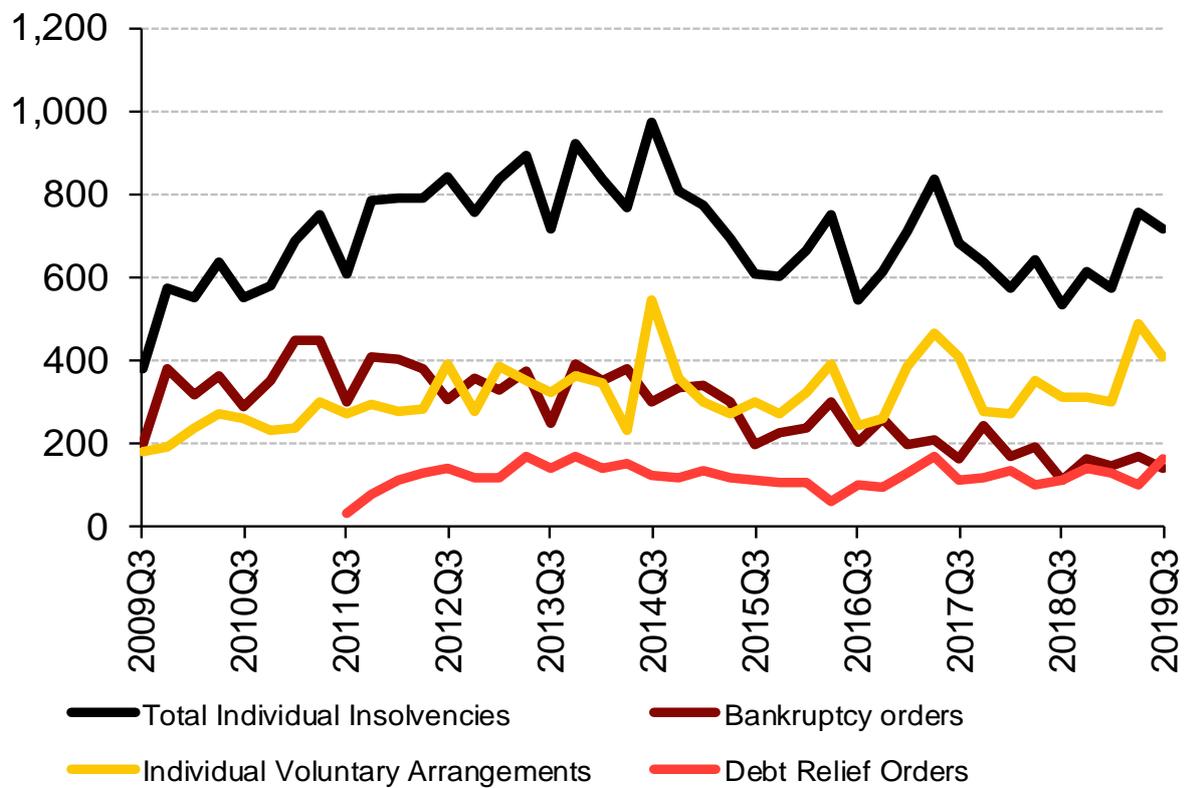
## 7. Individual insolvency in Northern Ireland

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

- There were 718 individual insolvencies in Northern Ireland in Q3 2019
- This was an increase of 34.0% compared with the same quarter of the previous year.

**Figure 7: Total individual insolvencies increased in Q3 2019 compared to Q3 2018**

Northern Ireland, non-seasonally adjusted



In Q2 2019 there were 718 insolvencies, up 34.0% on the same quarter of 2018. This comprised 410 IVAs, 143 bankruptcies and 163 DROs.



## 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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