



## Individual Voluntary Arrangements: Outcome Status of New Cases Registered Between 1990 and 2014, England & Wales

### Coverage

England and Wales

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Annual

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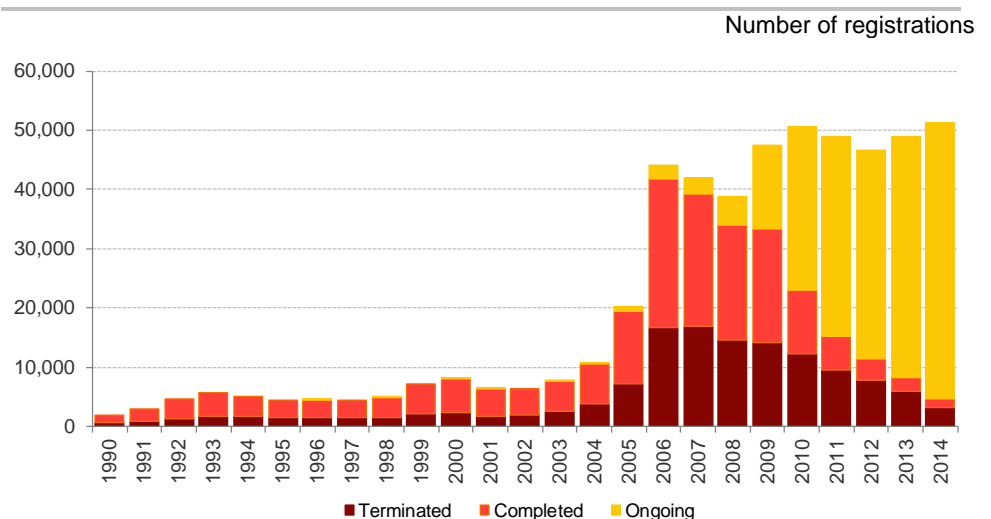
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This statistical release shows the outcome status of Individual Voluntary Arrangements (IVAs) registered between 1990 and 2014 in England and Wales.

### Main messages

- The percentage of IVAs failing within the first three years decreased for IVAs registered since 2011, compared with those registered before 2008.
- Over 12% of IVAs registered in 2008 and 6% in 2007 were still ongoing, having started around 7 to 8 years earlier.
- IVA failure rates increased for IVAs registered between 2001 and 2007. Failure rates for 2008 and later registrations are uncertain as many are still ongoing.

Figure 1: IVAs by year of registration and outcome status as at October 2015, England & Wales<sup>1</sup>



Source: Insolvency Service, October 2015.

<sup>1</sup> Excludes IVAs which were subsequently revoked or suspended (see notes).

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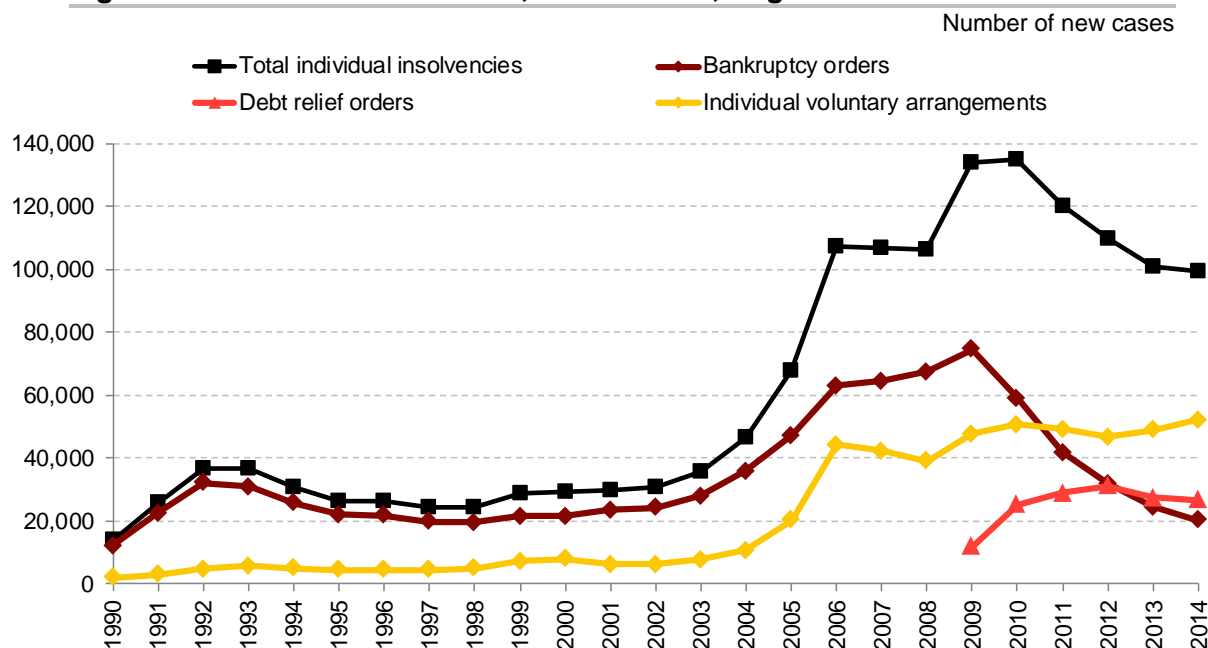
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### 1. Definitions

<b>Individual voluntary arrangement (IVA)</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>Completion</b>	Where the supervisor has issued a certificate (“the completion certificate”) stating that the debtor has complied with their obligations under the arrangement.
<b>Termination (failed)</b>	Where the supervisor has issued a certificate (“Certificate of Termination”) ending the arrangement because of the debtor’s failure to keep to the terms of the arrangement.
<b>Ongoing (Current)</b>	Where the arrangement is continuing.
<b>Revoked or suspended</b>	Where an application has been made to challenge the decision of a meeting approving an IVA, the court may revoke or suspend the approval or call for further meetings to be held. Notification of such action should be forwarded to the Secretary of State within 7 days of the making of the order.

## 2. Trends in IVAs registered since 1990

**Figure 2. Individual insolvencies, 1990 to 2014, England & Wales**



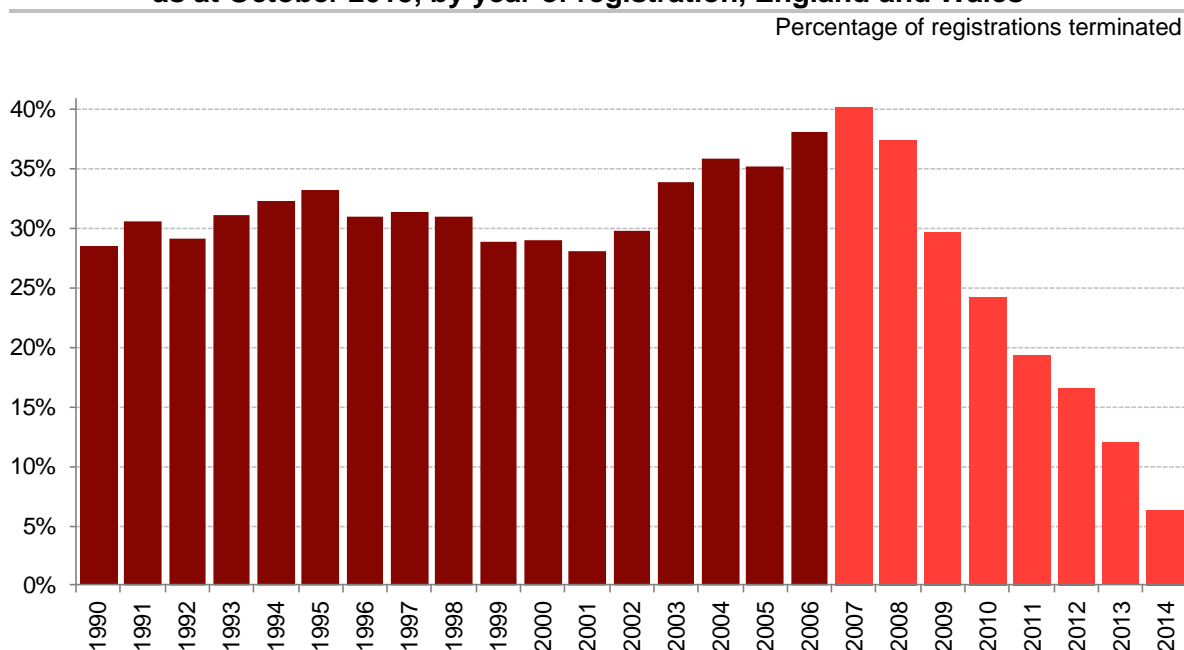
Source: Insolvency Service. Latest release: [Insolvency Statistics, July to September 2015](#).

The number of new IVAs registered each year has increased substantially over the period covered, from fewer than 10,000 annually up to 2003, to over 50,000 in 2010, with a particularly rapid increase between 2004 and 2006. From 2009 to 2013 the level of cases was between 46,700 to 50,700, and in 2014 reached the highest annual total of 52,200. IVAs comprised 53% of total individual insolvencies in 2014, a much higher proportion than the period prior to 2004 (typically less than 25%).

The increase in IVAs between 2004 and 2006 coincided with high levels of advertising by companies which manage these arrangements. The reduction in 2007 and 2008 could be because of creditors rejecting IVAs with low repayment rates. In response to concerns raised, the Insolvency Service led the development of a voluntary agreement aimed at encouraging best practice and streamlining the process for straightforward consumer IVAs. This "[IVA Protocol](#)" has been in effect since February 2008 and was updated in January 2014.

### 3. Termination of IVAs

**Figure 3. Percentage of Individual Voluntary Arrangements resulting in termination as at October 2015, by year of registration, England and Wales<sup>1,2</sup>**



Source: Insolvency Service, October 2015.

<sup>1</sup> The lighter shaded bars, from 2007 onwards, represent years where the number of IVAs still ongoing exceeds 5% of registrations for that year. The percentage of terminations is expected to increase for the lighter shaded period, particularly for the most recent years, as ongoing IVAs either terminate or complete going forward; therefore trends should be interpreted with caution.

<sup>2</sup> Calculations exclude IVAs which were subsequently revoked or suspended (see the notes).

Between the years 1990 and 2002, inclusive, the percentage of IVAs registered each year that eventually resulted in termination was around 30% (the lowest figure in this period being 28% for 2001 registrations and the highest 33% for 1995 registrations).

The percentage of terminations has since followed a generally upward trend from 30% for 2002 to the level for 2007 registrations, which currently stands at 40%. As at October 2015, 30% of IVAs registered in 2009 were still ongoing (Table 1 below), so the percentage of IVAs registered this year which result in termination is likely to increase going forward.

It is not possible to make direct comparisons between termination rates for IVAs registered from 2010 onwards, and those registered before, as over half of IVAs are still ongoing for more recent registrations.

It is usual practice for IVAs to last for five or six years. However, as at October 2015 over 6% of IVAs registered in 2007 were still ongoing, having started around eight years earlier; and over 12% of IVAs registered in 2008 were still ongoing, having started around seven years earlier. There are a number of reasons why IVAs could last for this length of time, such as:

- the individual originally agreeing to an IVA that would last for this length of time;
- payment holidays or other variation of an IVA agreement which has lengthened its original duration;
- IVAs being kept open pending the outcome of a claim for compensation in relation to mis-sold payment protection insurance.

#### 4. Percentage of IVAs failing within one to three years of registration

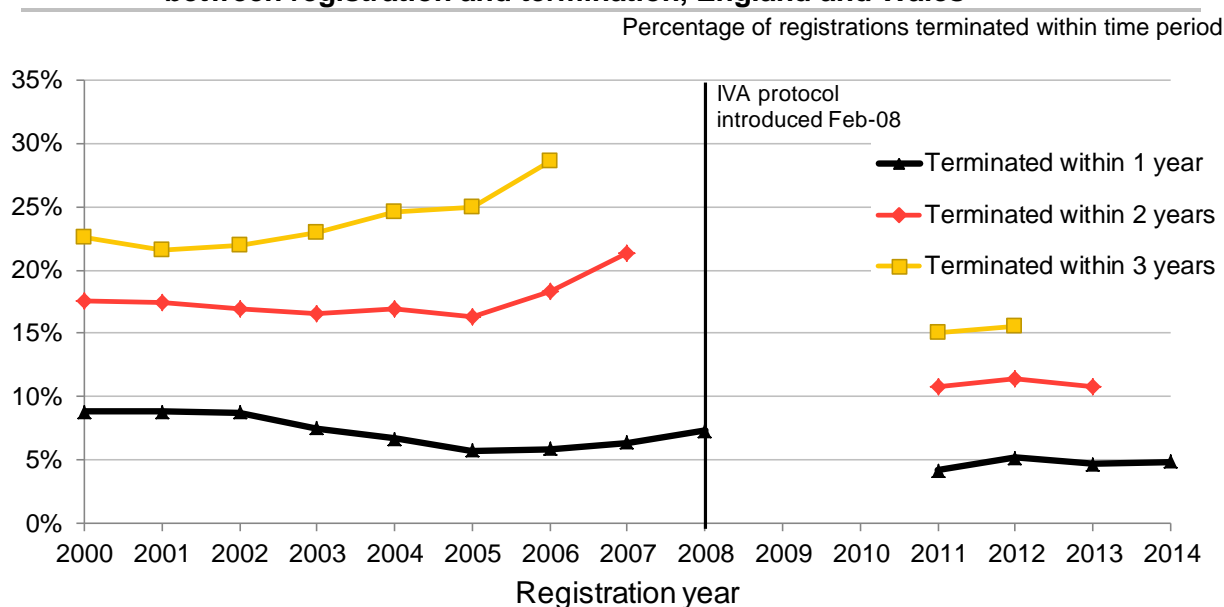
Looking at the percentage of IVAs that failed within one, two or three years of registration, comparisons can be made on a more consistent basis between registration years. However, a discontinuity in the data means that data for 2009 and 2010 are unavailable (see the notes which accompany this release).

From 2000 to 2005, the percentage of IVAs that failed within one year decreased from 9% to 6%, and the percentage that failed within two years decreased from 18% to 16%.

The percentage that failed within three years, however, increased from 22% to 25% over this period, and in 2006 increased to 29% - or nearly one in three IVAs registered that year.

Over one fifth (21%) of IVAs registered in 2007 failed within the first two years. For 2011 registrations, this fell to 11%, and has been stable for 2012 and 2013.

**Figure 4. Percentage of Individual Voluntary Arrangements resulting in termination as at October 2015, by year of registration and time elapsed between registration and termination, England and Wales<sup>1</sup>**



Source: Insolvency Service, October 2015.

<sup>1</sup> Data for 2009 and 2010 registrations are not available because of unreliable data (see the notes). This unreliable data also limits analysis for 2008 to one year, 2007 to two years, and so on.

## 5. Summary table

**Table 1: Individual Voluntary Arrangements by year of registration and outcome status as at October 2015, England & Wales<sup>1 2</sup>**

YEAR	COMPLETED		ONGOING		TERMINATED		TOTAL <sup>3</sup>
	Number of Cases	% of Total	Number of Cases	% of Total	Number of Cases	% of Total	Number of Cases
1990	1,379	71.5%	0	0.0%	549	28.5%	1,928
1991	2,128	69.4%	0	0.0%	937	30.6%	3,065
1992	3,326	70.9%	0	0.0%	1,364	29.1%	4,690
1993	3,879	68.8%	0	0.0%	1,755	31.2%	5,634
1994	3,442	67.7%	0	0.0%	1,639	32.3%	5,081
1995	2,917	66.8%	0	0.0%	1,453	33.2%	4,370
1996	3,082	68.9%	1	0.0%	1,387	31.0%	4,470
1997	3,091	68.6%	0	0.0%	1,416	31.4%	4,507
1998	3,373	68.9%	5	0.1%	1,515	31.0%	4,893
1999	5,108	71.1%	0	0.0%	2,074	28.9%	7,182
2000	5,642	71.0%	1	0.0%	2,308	29.0%	7,951
2001	4,510	71.9%	3	0.0%	1,761	28.1%	6,274
2002	4,408	70.2%	0	0.0%	1,873	29.8%	6,281
2003	4,981	65.8%	26	0.3%	2,567	33.9%	7,574
2004	6,641	61.9%	229	2.1%	3,854	35.9%	10,724
2005	12,274	60.6%	847	4.2%	7,135	35.2%	20,256
2006	25,093	56.9%	2,200	5.0%	16,786	38.1%	44,079
2007	22,358	53.3%	2,718	6.5%	16,854	40.2%	41,930
2008	19,377	49.9%	4,909	12.6%	14,573	37.5%	38,859
2009	19,235	40.4%	14,185	29.8%	14,144	29.7%	47,564
2010	10,834	21.4%	27,543	54.4%	12,262	24.2%	50,639
2011	5,674	11.6%	33,859	69.1%	9,500	19.4%	49,033
2012	3,738	8.0%	35,123	75.3%	7,768	16.7%	46,629
2013	2,414	4.9%	40,586	83.1%	5,863	12.0%	48,863
2014	1,293	2.5%	46,751	91.1%	3,261	6.4%	51,305

Source: Insolvency Service, October 2015.

<sup>1</sup> For years where there are still cases ongoing, the percentages of completed and terminated cases will change and trends should, therefore, be interpreted with caution (see the notes).

<sup>2</sup> Registrations in 2015 will be included in the next release.

<sup>3</sup> Numbers are exclusive of IVA registrations that are subsequently revoked or suspended (see the notes).

## 6. Notes to accompany this release

For general notes on individual insolvency statistics in England and Wales please see the quarterly *Insolvency Statistics* publication, which is the definitive source of the number of new cases each year in England and Wales, and the rate per 10,000 adults. The latest publication is at <https://www.gov.uk/government/publications/insolvency-statistics-july-to-september-2015>.

### Data sources and methodology

Details of individual voluntary arrangements are sourced from administrative records held by the Insolvency Service. Extracts from these records, including registration date, current status, and the date of status change, are taken to derive the statistics. The statistics are produced from simple tabulations of the year of registration against: IVA status, and the difference (in whole quarters) between registration date and termination date.

### Quality

This section provides information on the quality of the *Individual voluntary arrangement outcomes 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](#).

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

The Insolvency Service has policy responsibility for individual insolvency in England and Wales only; the extent of the coverage of these statistics reflects this.

Individual insolvency figures at national (England and Wales) level are published quarterly by the Insolvency Service as a National Statistics release. The most recent such figures relate to Q3 2015, published on 29 October 2015 at <https://www.gov.uk/government/publications/insolvency-statistics-july-to-september-2015>. The annual statistics in this publication provide breakdowns of the status of IVAs by year of registration.

The Insolvency Service first published these figures in 2010, implementing a recommendation from the Insolvency Practices Council (IPC) to publish annual statistics showing the current status of IVAs set up since their introduction.

Users of these 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 views of users have been taken into account when making changes to this publication. In October 2014, the Insolvency Service launched a user feedback survey to obtain the views of users on the usefulness of the statistics, and where improvements could be made. The survey closed in December 2014 and was followed by a meeting with users and the publication of a [summary of user feedback](#).

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

The latest data relate to IVAs registered in the calendar year 2014. National-level statistics covering this period were published on 29 January 2015 as part of the quarterly *Insolvency Statistics* publication – though the *Individual voluntary arrangement outcomes statistics* is not consistent with the quarterly publication (see Coherence, below).

The duration of an IVA will vary, although it is common for an arrangement to be for a 5-year period. Failure rates for IVAs registered since 2007 are not complete, because a large proportion of these IVAs have not reached their full term and are still ongoing. This means that for the most recent years, failure rates should be interpreted with caution, as should trends in these over time.

**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 latest data relate to IVAs registered in the calendar year 2014. National-level statistics covering this period were published on 29 January 2015 as part of the quarterly *Insolvency Statistics* publication – though the *Individual voluntary arrangement outcomes statistics* is not consistent with the quarterly publication (see Coherence, below).

The key statistics in this publication relate to completion and failure rates at a point in time. The statistics are correct as at 2 October 2015, the date that data were extracted from the Insolvency Service's administrative records. The data could have been extracted at any other time, but waiting until October meant that early termination rates for IVAs registered in 2014 could be analysed.

The date of publication was announced on the National Statistics [Publication Hub](#) with a provisional date of November-December 2015. The final release date of 29 October 2015 was announced on the Hub on 28 September 2015.

**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 GOV.UK website. They are also linked via the Publication Hub and they meet the standards required under the Code of Practice for Official Statistics and the Insolvency Service's own website accessibility policy. Related data are available at the same GOV.UK location.

This publication consists of a statistics release, which contains key results and commentary to help interpret the data, and detailed data tables in Excel format.

If you have any queries about the publication or would like it in a different format, please email [statistics@insolvency.gsi.gov.uk](mailto:statistics@insolvency.gsi.gov.uk)



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

These statistics were not published in 2011 due to data quality issues following a major refresh to the Insolvency Service's IT systems. IVAs registered in 2010 and earlier years have unreliable data relating to the date of "status change" – that is, the date an IVA changed its status from "ongoing" to: "completed", "terminated", "suspended" or "revoked". This has caused a discontinuity in the statistics showing termination rates by the amount of time elapsed since registration (Figure 4); data for 2009 and 2010 are not available on this basis. Status change dates for IVAs registered in 2011 and later years have been sourced from the current IT system, with equivalent data for IVAs registered in 2008 and earlier sourced from archived data.

In 2008, the Straightforward Consumer IVA Protocol was introduced. The latest version can be found on the Insolvency Service website here: [The Straightforward Consumer IVA Protocol](#). This may have had an effect on termination rates of IVAs, because the Protocol discouraged IVA providers from setting up IVAs where a different debt solution was more appropriate.

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

Numbers of new cases presented in these tables are not consistent with the official, headline quarterly National Statistics. This is because the IVA outcome figures have been compiled using a bespoke extract from a live database. Additionally, some IVA registrations will have subsequently been revoked or suspended, or found to have been registered in error; these are not included here.



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