

Legal UPDATE

Insolvencies on the rise, but the message is mixed.

It's no surprise that mired in recession as we are, insolvencies are on the rise. The Insolvency Service has released its latest figures showing an increase in personal



insolvencies from 30,145 in the first quarter of the year to 30,513 in the second. The latest figures cover the period up to June.

According to the Insolvency Service, personal insolvency for the purposes of these statistics includes bankruptcy, Debt Relief Orders (DRO) and Individual Voluntary Arrangements (IVA). The latest figures also showed a decline in the number of bankruptcies but this was coupled with an increase in DROs and IVAs.

Rachel Hughes, a solicitor in Davies Parsons Allchurch says: " The overall message is quite mixed. In a more positive statistic, personal insolvencies have decreased, year on year, by 12% from this time in 2010. This comes against a backdrop of consistent decline in the personal insolvency figures over the previous three quarters, which may mean that even taking into account the last quarter, the year end total could be at its lowest since 2008."



The figures for companies looked promising, with those entering administration falling from 782 to 695, which represents a drop of almost 11% on the previous year. However, company liquidations have continued to rise. There were 4,233 in the latest quarter which represents an increase of 112 on the previous one, a rise of 4.4% on the same period last year.

Rachel comments: “We can be fairly sure these statistics reflect what’s really going on out there. The Insolvency Service is an executive agency of the Department of Business Innovation and Skills. Among its many purposes, it administers and investigates the estates of bankrupts, those subject to DROs and companies and partnerships wound up by the court.”



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