

# Insolvency Market Trends

The latest insolvency market trends, data and insight brought to you by TDX Group

Welcome to Insolvency Market Trends from TDX Group, bringing you the latest in the world of insolvency analysis and featuring insight from our expert, Richard Haymes, Head of Financial Difficulties.



## Expert commentary

It's a period of significant change in the personal insolvency market. FCA regulation has increased the requirements on debt solution providers, the profile of consumers accessing debt solutions continues to change and since the turn of the year we have seen consolidation in the IVA market, a trend we expect to see continue through 2016.

In January 2016, the overall number of new insolvency solutions fell 14% continuing the downward trend seen since the 2009 peak. With an uncertain macro-economic environment and increasing levels of unsecured lending we would expect to see a natural increase in the number of consumers using insolvency debt solutions to manage their problem debt but it may take time for this to be seen in the numbers.

The impact of FCA regulation has had a positive impact with consumers more likely to receive appropriate debt advice. A change that is starting to be seen in an increase in new IVAs which grew 3% in January.

The access to Debt Relief Orders (DROs) continues to be limited by supply. For organisations providing DROs it's an expensive proposition. Charitable organisations like Citizens Advice, National Debt Line and StepChange Debt Charity, who provide the majority of DROs, fund this activity from their overall charitable activities. It is therefore positive to see a 15% increase in DROs as a result of changes to DRO eligibility criteria which were introduced on 01 October 2015.

The removal of Low Income Low Asset (LILA) in late 2015 has significantly increase Trust Deed volumes, which grew 103% in January against the same period last year (423 cases in 2015 vs 888 in Jan 2016). It will be interesting to see if this is an ongoing trend or a result of the change.

Figure 1. Insolvency volumes by quarter

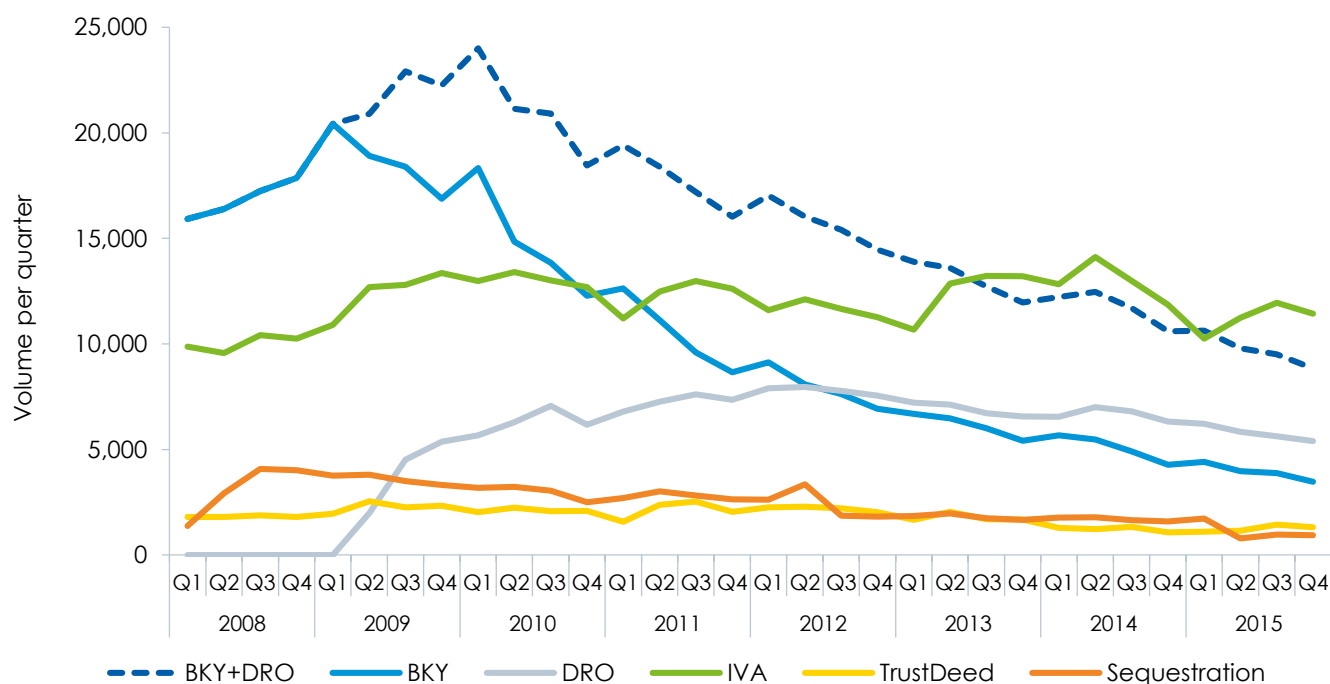


Figure 2. Insolvency volumes by number

	All Insolvencies	IVA	Bankruptcy	DRO	Trust Deed	Sequestration
<b>Percentage change from last month</b> (Total number of insolvencies in January 2016)	-5% (7,135)	-14% (3,055)	8% (1,086)	-11% (1,834)	53% (888)	-18% (272)
<b>Three month rolling trend</b> (Number of insolvencies in last three months)	-4% (23,538)	-8% (11,253)	-11% (3,385)	4% (6,041)	14% (1,936)	-8% (923)
<b>12 month rolling trend</b> (Number of insolvencies in last 12 months)	-12% (95,695)	-10% (46,039)	-27% (14,435)	-17% (22,220)	24% (5,811)	-37% (4,270)
<b>Percentage change year to date vs. 2015</b> (Number of insolvencies YTD)	2% (7,135)	11% (3,055)	-21% (1,086)	-6% (1,834)	103% (888)	-40% (272)

Source: TDX Group TIX Analyst data as at January 2016

If you'd like to discuss any of the topics covered, please feel free to contact:

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