# Insolvency Market Trends

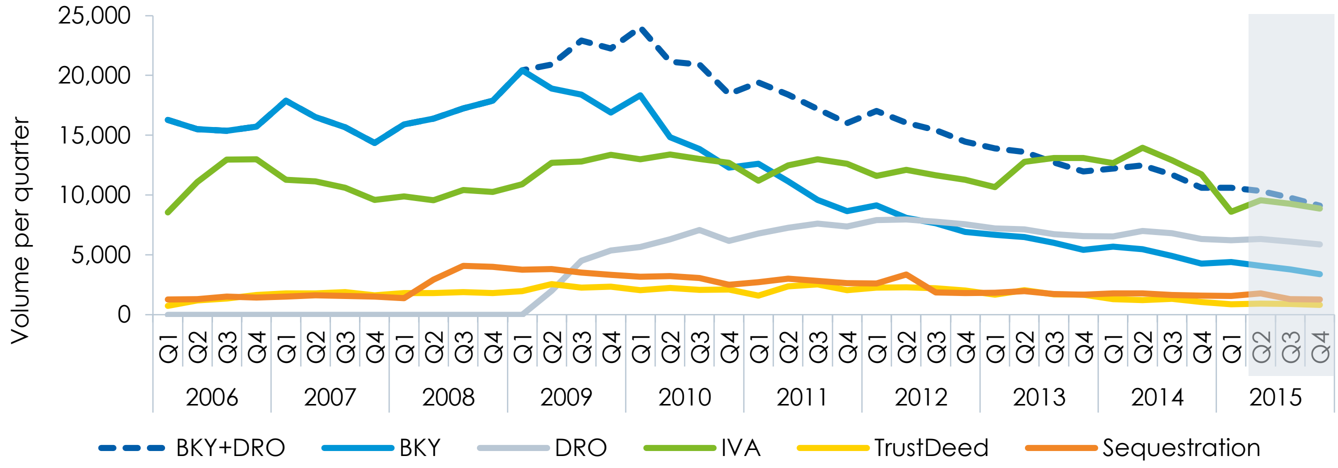
The latest data on insolvency market trends brought to you by TDX Group

## Summary

Insolvency volumes have continued to decline in Q1 2015 (Figure 1). Whilst the first quarter usually sees a seasonal reduction in volumes, the drop off in 2015 is more pronounced than in previous years, down 23% on 2014. We typically see a lag of 24-36 months from initial lending to a consumer entering an insolvency solution, so believe this ongoing trend is largely driven by a reduction in consumer lending throughout 2012 and 2013.

It is interesting to note that, based on Bank of England figures (Bankstat A5.2 figures released March 2015 and historic), consumer lending is increasing (Figure 2). While we believe there will be some inevitable ‘knock-on’ effect, over time, on personal insolvency volumes, we believe it is unlikely that figures will return to historic highs as volumes will be tempered in an FCA regulated lending environment.

Figure 1a. Insolvency volumes by quarter



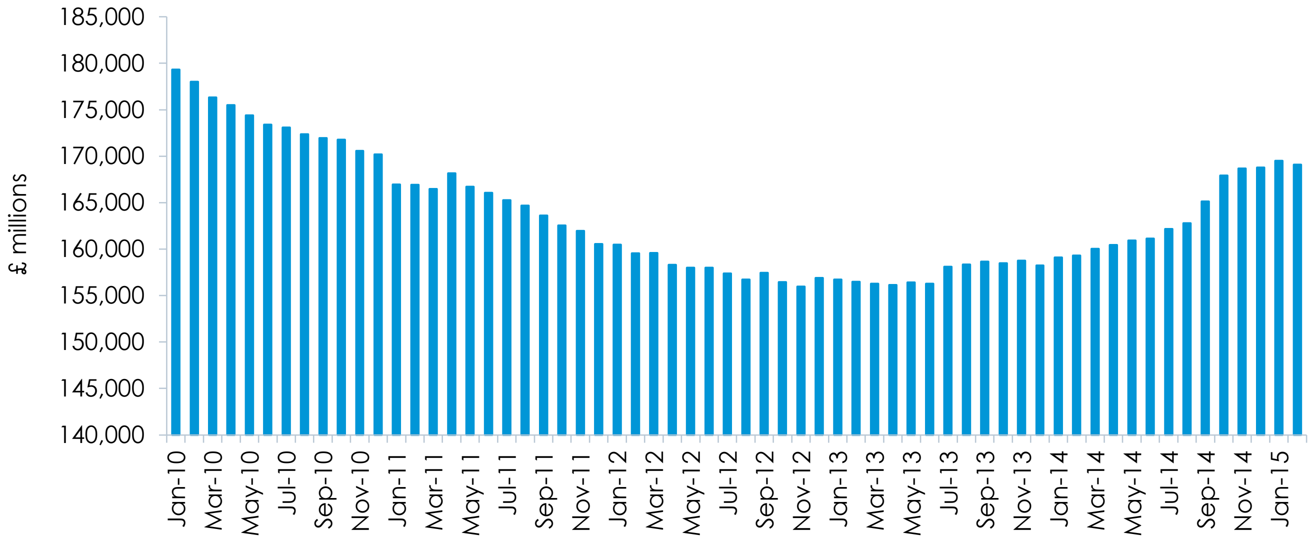

Source: TDX Group, The Insolvency Exchange (TIX)

Figure 1b. Insolvency volumes – figures

| March 2015 | All Insolvencies | IVA | Bankruptcy | DRO | Trust Deed | Sequestration |
|---|---|---|---|---|---|---|
| Percentage **change from last month** (Total number of insolvencies in March 2015) | **-1%** (7034) | **-24%** (2511) | **19%** (1638) | **14%** (2273) | **19%** (254) | **1%** (628) |
| **Three month rolling trend** (Number of insolvencies in last three months) | **-13%** (21629) | **-27%** (8594) | **3%** (4389) | **-2%** (6214) | **-17%** (876) | **2%** (1556) |
| **12 month rolling trend** (Number of insolvencies in last 12 months) | **-11%** (103631) | **9%** (47183) | **-32%** (16027) | **-18%** (22093) | **-33%** (4484) | **-8%** (6573) |
| Percentage change **year to date vs. 2014** (Number of insolvencies YTD) | **-23%** (21629) | **-32%** (8594) | **-23%** (4389) | **-5%** (6214) | **-32%** (876) | **-12%** (1556) |

Source: TDX Group, The Insolvency Exchange (TIX)

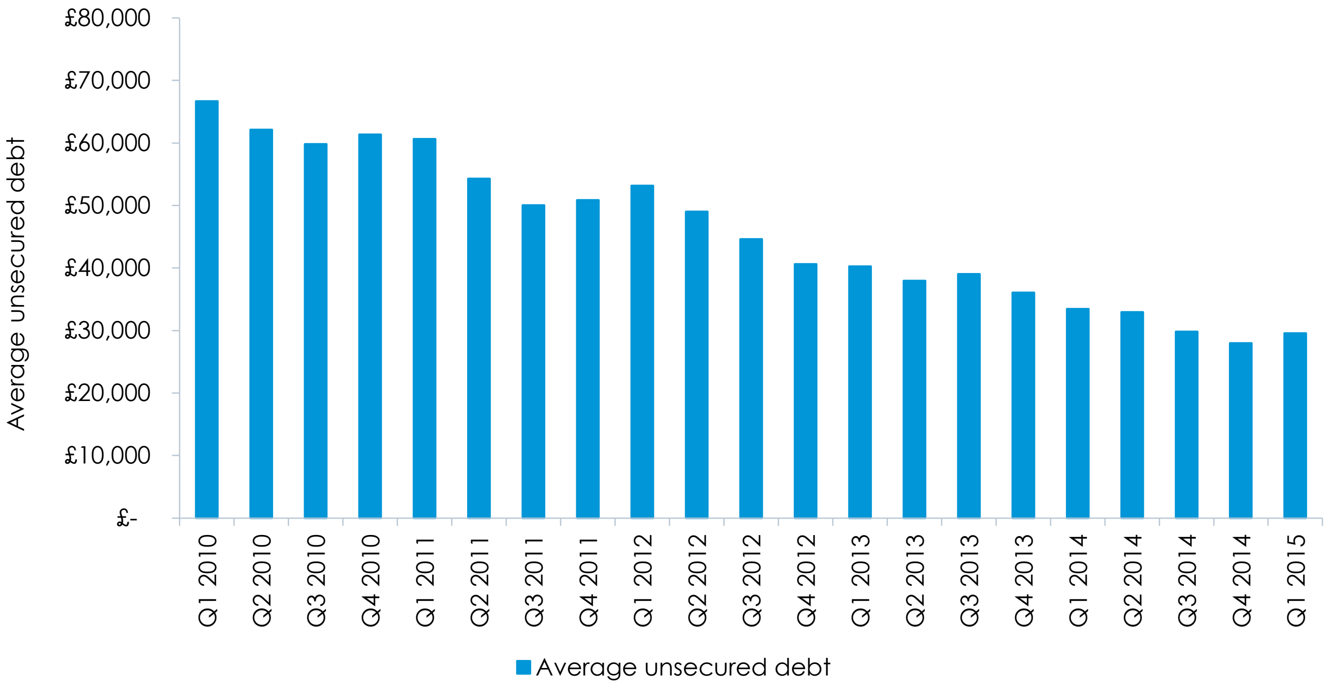
Figure 2. Bank of England unsecured consumer lending (excluding student loans)




Source: www.bankofengland.co.uk

The downward trend in volumes is also reflected in the IVA and Trust Deed solutions. However, as previously noted in earlier editions of Insolvency Market Trends, it has been accompanied by an increase in those entering an IVA with lower levels of debt. The decline in average unsecured debt levels entering arrangements is now showing signs of levelling off, implying the consumer and debt mix entering insolvency is beginning to stabilise (fig 3).

Figure 3. The Insolvency Exchange – average unsecured debt levels




Source: TDX Group, The Insolvency Exchange (TIX)

Similarly, Step Change, in its 2014 Statistics Yearbook (released 31 March 2015), also reports a reduction in unsecured debt levels, despite seeing an increase in people seeking debt advice. Consumers are experiencing greater levels of debts associated with household arrears such as rent (private and council), council tax, water and utilities. Typically these debts are outside the scope of IVAs and Trust Deeds, and as a result, Step Change reports an increase of 34% in their set up of new DMPs between 2013 and 2014.

**About us**

Since 2004, TDX Group has helped creditors across many industry sectors maximise the value of their unpaid debts. We are a data-driven business that has developed the Platforms, Tools and Services to enable our clients to build bespoke solutions to optimise their returns. For more information, please click here to visit our website.

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