

# Insolvency Market Trends

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



## 2018 half year view

We're seeing the highest volumes on record

Combined IVA and Trust Deed volumes in the first half of 2018 represent the highest volumes on record and our forecasting predicts further quarter on quarter growth through the rest of 2018.

As reported previously drivers continue to be: consumer demand (best evidenced in the current record levels of consumer borrowing), ongoing marketing by insolvency providers, and limited capacity in the debt advice sector.

## Nine organisations make up over 80% of the market

140 different providers generated a new IVA or Trust Deed in the first half of 2018, however nine larger organisations now make up over 80% of the market.

## Predictions for the second half of 2018

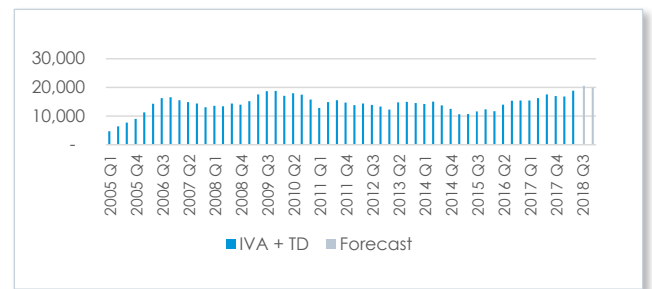
We expect volumes to continue to rise

We expect new IVA and Trust Deeds volumes to be in-line or slightly ahead of our 2018 forecast. By year end we expect 2018 annual volumes to be c17% higher than 2017.

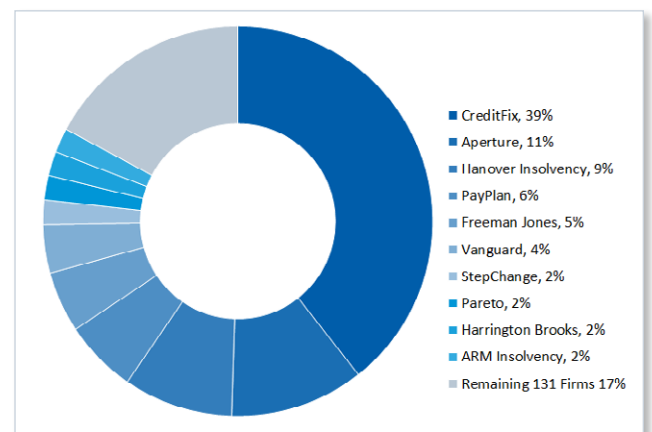
Further market consolidation is unlikely in the short term.

Further interest rate rises, rising inflation and limited wage growth, particularly for people living on lower incomes, will continue to place stress.

Volumes and forecast (fig. 1)



IVA market share H1 2018 (fig. 2)



## Longer-term trends in consumer profile

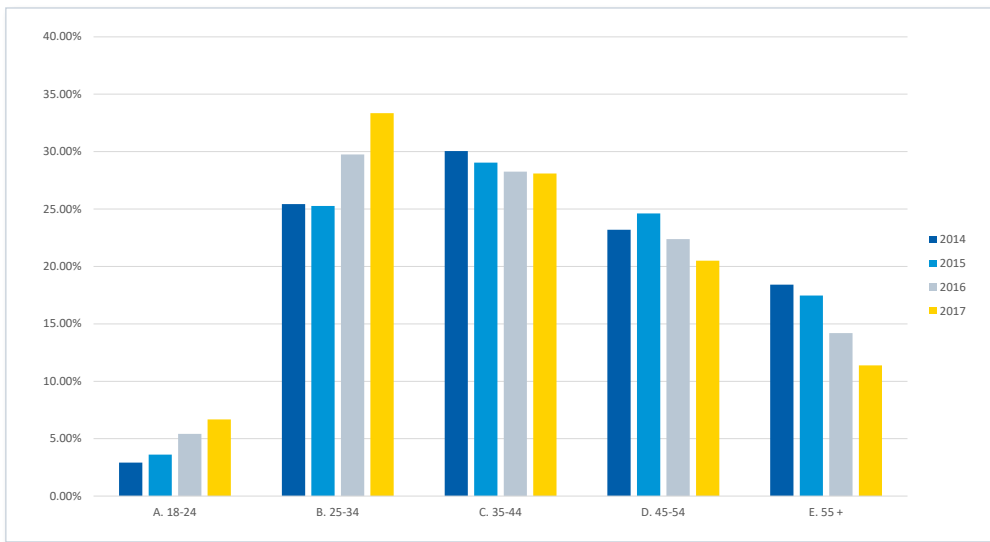
Value of money owed remains broadly the same, but consumers in insolvency are earning less, can afford to pay less and are younger

The profile of people using personal insolvency to actively manage their debts remains fluid. Since last year (2017), average incomes have fallen to £1,899; average contributions (the amount the person can afford to pay towards unsecured debts each month after living expenses) has reduced to £145; and average total unsecured debt included in IVAs and Trust Deeds remains consistent at between £24 – 26k.

Our data also highlights a fundamental shift in the age profile of people entering personal insolvency. Under 35s now make up 40% of all new IVAs compared to just 27% in 2014. This is being driven by cost of living pressures, with under 35s more likely to live in private or social rental properties and have an element of income coming from welfare benefits. Other contributing factors may be the number of individuals finding themselves limited to higher cost credit products, limited wage growth and higher risk of unemployment. In contrast, over the same period, there was a 33% drop in people over 55 managing their debts through an IVA, largely due to factors such as the lower cost of servicing mortgages.

In terms of problem debt, we are seeing the development of a two-tier economy, with those benefiting from low interest rates, cheap mortgages and reasonably low inflation able to manage their debts, while those in rental properties experiencing higher living costs becoming more likely to see credit transition into problem debt.

Age profile of people entering insolvency by year (fig. 3)

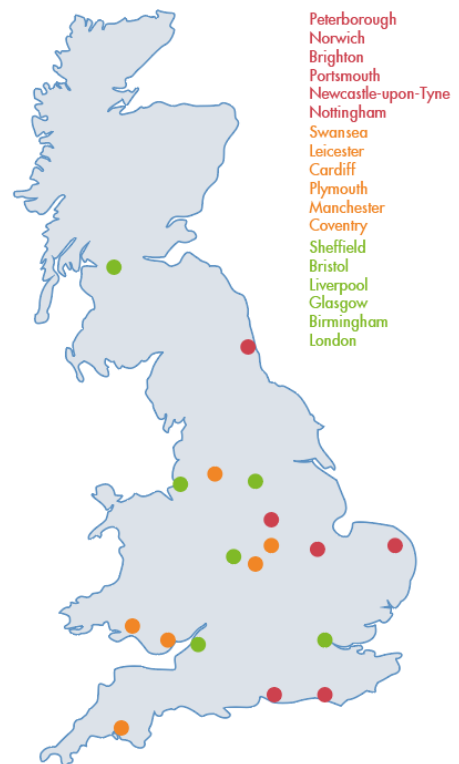


### Postcode hotspots

One in 239 people in Peterborough and one in 273 people in Norwich entered an Individual Voluntary Agreement (IVA) in 2017. Other insolvency hot spots included Brighton (one in 323), Portsmouth (one in 333) and Newcastle (one in 358). People living in the major metropolitan areas of Liverpool (one in 814), Glasgow (one in 842), Birmingham (one in 1020) and London (one in 3478) are much less likely to enter into personal insolvency.

Consumers entering an Individual Voluntary Arrangement (IVA) or Trust Deed (TD) in 2017 as proportion of region population (fig. 4)

UK region	One person entering insolvency in every	UK region	One person entering insolvency in every
Peterborough	239	Plymouth	553
Norwich	273	Manchester	596
Brighton	323	Coventry	632
Portsmouth	333	Sheffield	654
Newcastle-upon-Tyne	358	Bristol	739
Nottingham	383	Liverpool	814
Swansea	489	Glasgow	842
Leicester	515	Birmingham	1020
Cardiff	544	London	3478



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