

Debt Free Direct Sees Mixed Results As Q1 Insolvency Figures Are Released By The Insolvency Service



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Author: [Debt Free Direct](#)

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The latest insolvency figures released show personal debt is continuing to rise in the UK, with Q1 of 2010 the fifth consecutive quarter to do so. Official figures declared for the first three months of 2010 saw a 17.9% increase in the number of personal insolvencies in England and Wales compared with the same period last year. Company insolvencies however were down 17.8% on the same period last year, rounding off a mixed year for the nation's debt.

There were 35,682 personal insolvencies and 4,082 company insolvencies in the first quarter of 2010, however Derek Oakley, Insolvency Director at Debt Free Direct has warned of the trends of previous downturns; "In previous downturns the UK has experienced a double spike in formal insolvencies: the first representing the actual downturn itself and the second coming during the recovery of the downturn as under capitalised and weakened businesses struggle to cope with increased activity levels."

The figure for company insolvencies, 4,082, equalled out at a decrease of 8.4% on the previous quarter. The figure can be converted to 1 in 120 active companies going into formal insolvency (or 0.8%), which is a decrease from the previous quarter, when the figure stood at 1 in every 114 countries (0.9%).

The official figures on insolvencies are released by The Insolvency Service and are compiled from administrative records of the Department for Business, Innovation and Skills. The records show that the 35,682 personal insolvencies consisted of a variety of different types. The traditional way of dealing with unmanageable debt; Bankruptcy was at 18,256, which was down 10.7% on the same quarter last year, but up 7.3% on the previous quarter.

There were 11,782 Individual Voluntary Arrangements ([IVA](#)), up 20.1% on last year but at the lowest level since the first quarter of 2009. An IVA is a legally binding agreement between debtor and creditor in which a reduced payment plan is committed to. Introduced in 1986, the agreement typically lasts for around 5 years and the consumer has the potential to settle a portion of their debt.

Debt Relief Orders (DROs), a relatively new individual insolvency procedure introduced in April 2009 and which provides an alternative route into personal insolvency for certain categories of over-indebted individuals grew in popularity and stands at 5,644 cases.

Debt Free Direct recommends the best course of action for anyone struggling financially to seek quality and impartial debt advice from a reliable, trusted source. Unfortunately, a significant number of people may not be aware of what debt solutions are available to them, but asking for the initial help is the first step toward becoming debt-free.

They state: "Our aim is to suggest effective debt solutions using our sophisticated Best Advice Model (BAM) – BAM quickly and accurately analyses the information on each person's individual situation and recommends the most appropriate, least drastic solution."

Debt Free Direct is the UK's leading insolvency practitioner company and receives hundreds of insolvency enquiries each day. Established in 1997, the company specialise in providing free, impartial debt advice for individuals in financial hardship. Debt Free Direct has a commitment to helping vulnerable consumers struggling with large amounts of debt, the company has also been active in campaigning for tighter regulations within the debt industry.

For more information about Debt Free Direct, visit <http://www.debtfreedirect.co.uk>

Contact Details: Debt Free Direct
Fairclough House,
Church Street,
Adlington,
Lancashire
PR7 4EX

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