

Newman & Partners

Licensed Insolvency Practitioners

RECOVERY & REVIVAL BULLETIN

Welcome to the latest issue of our Recovery and Revival Bulletin, designed to keep you up-to-date on insolvency matters that may be of interest to you. If you have any feedback on this bulletin, or would like to know more about our services or how we can help you, please contact us on **020 8357 2727** or at insolvency@newmanandpartners.co.uk

Restaurant and hospitality sector businesses fear financial woes

Businesses in the restaurant and hospitality sectors could be at a greater risk of insolvency, a new report seems to suggest. The findings follow a comprehensive monthly tracking report, which sheds light on regional and cross-sector insolvency trends.

The report, put together using Bureau van Dijk's Fame database, suggests that as many as 30 per cent of tourism and hospitality companies operating in the West Midlands are at an above average risk of insolvency. Meanwhile, it adds that more than one in three (36.5 per cent) restaurants in the East Midlands region are running a similar risk of business failure.

Further north, the hospitality sector has a brighter outlook, with hotels and tourism businesses at the lowest risk of failure out of any sector in North West England. However, in this region, more than a third (34 per cent) of transport and haulage firms have been identified as being 'at serious risk', while 32 per cent of IT companies are also living in fear of insolvency.

Across all regions of the UK, the monthly tracking report, commissioned by R3, points to a "mixed commercial picture," but suggests that "there is certainly no room for complacency," according to commentators. This is particularly true with the new tax year upon us, which began on 6 April and brought with it a number of setbacks for struggling firms.

For example, the first reforms to business rates in seven years were phased in at the beginning of this month, pushing up costs for an estimated 510,000 UK firms. A survey carried out amongst London businesses shortly before the changes took effect found



that 70,000 City businesses alone were 'ill-prepared', and entered the new tax year in a state of 'financial distress', against a backdrop of Brexit uncertainties.

Providing the right advice to your clients

during a period of economic uncertainty is crucial, and concerns regarding bankruptcy or insolvency are always best explored sooner rather than later. To find out more about our proactive services, please contact us.

30 per cent rise in personal insolvencies expected this year, report reveals

A troubling new analysis of the UK's insolvency landscape suggests that personal insolvencies will rise by as much as 30 per cent by the end of 2017. The research, recently highlighted by smallbusiness.co.uk, claims that Individual Voluntary Arrangements (IVAs) and Trust Deed (TD) applications are rapidly on the rise – and are likely to spike significantly by the end of the year.

According to a separate report published by insolvency trade body R3 at the beginning of April, a significant proportion of British adults are fully aware that their financial wellbeing is slipping. R3's research, which assessed British attitudes toward personal finance since the EU Referendum, found that one in five UK adults expect their financial situation to deteriorate over the next six months, against a backdrop of rising inflation and falling wage growth.

The trade body has branded this alarming sense of self-awareness as "the first signs

of a shift in attitudes towards personal finances". It adds that on the eve of the Referendum, so-called "personal finance pessimism" fell to an all-time low – and has recovered relatively little over the course of the past nine months.

A similar sentiment was echoed by research carried out by consumer magazine Which? in March, which found that mounting debt, rising mortgage and rental costs and the spiralling cost of living in the UK are all taking their toll on "millions of working households in the UK which are already struggling financially".

Figures from the Bank of England suggest that the level of outstanding personal debt excluding mortgages soared to £192 billion at the end of 2016. Experts have warned that a predicted rise in inflation could have serious consequences for millions of Britons.

Our team at Newman and Partners can provide help to you if your client is struggling with debt issues or facing insolvency. We can also offer proactive advice on personal bankruptcy and corporate insolvency. To find out more about our debt management services, please contact us.

FCA calls on credit card firms to help millions of customers unable to clear debts

The UK's financial regulator has called upon lenders to assist millions of credit card customers who have racked up "persistent debt". The Financial Conduct Authority (FCA) says that as many as 3.3 million Britons are caught up in a vicious cycle of paying out more cash in interest and charges than they are able to repay of their actual borrowing.

It says that the problem has spiralled out of control – so much so that lenders must work more closely with their struggling customers in order to draw up faster repayment plans. The news comes amidst a flurry of reports warning that household debt has hit record levels in recent months. The Office for National Statistics (ONS) warned in January that the average UK household owed £12,887 before mortgages were taken into consideration – a figure which continues to balloon.

The FCA has since published formal proposals which set out measures to put debt-riddled consumers in "greater control" and improve access to feasible credit plans. The proposals even go so far as to suggest that, in extreme cases, lenders may have to 'cancel' their interest charges.

FCA chief executive Andrew Bailey said: "Credit cards can be a very effective product for consumers, but a significant minority of customers experience real difficulties. We expect our proposals to reduce the number of customers in problem credit card debt, as well as putting customers in greater control of their borrowing.

"Persistent debt can be very expensive – costing customers on average around £2.50 for every £1 repaid – and can obscure underlying financial problems. Because these customers remain profitable, firms have few incentives to intervene. We want to change this situation so that firms and customers will deal with outstanding debt more quickly, and avoid persistent debt in the first place".



Our team at Newman and Partners can provide help to you if your client is struggling with personal or corporate debt issues. To find out more about our pro-active services, please contact us.

Newman & Partners Insolvency
Lynwood House
373/375 Station Road
Harrow
Middlesex HA1 2AW

T: 020 8357 2727
F: 020 8357 2027

E: insolvency@newmanandpartners.co.uk
W: www.newmanandpartners.co.uk

Newman & Partners
Licensed Insolvency Practitioners