

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

County Court Judgement increase could hint at growing debt problem

New figures from the Registry Trust – a non-profit organisation that runs the Register of Judgments, Orders and Fines for the Ministry of Justice – have shown that the number of CCJs issued against consumers in England and Wales has increased by more than 20 per cent to over 209,000 in the first quarter of 2015.

This is the first time since the height of the financial crisis in 2008 that the number of CCJs issued has risen above 200,000 in the first quarter of a year. However, while the research hints that many more people are struggling with unmanageable debt, the average value of a CCJ in the three months to March fell for the sixth consecutive year to £2,171. This means the average value is 41 per cent lower than the same period in 2009, when CCJ values hit a record high.

The new data also shows that the total value of all debt judgments against consumers in the first quarter was £514m, of which CCJs contributed £455m. Malcolm Hurlston, who chairs the Registry Trust, pointed out that a higher proportion of consumer debt was now in the hands of debt buyers rather than the original lenders and that the increase in CCJ numbers resulted largely from a different business model and not from a general deterioration in the experience of consumers. Hurlston added: "In the end recording unmanaged debts through CCJs plays a key role in ensuring that credit ends up in the right hands. The greater danger to consumers lies from unrecorded debt."

In comparison, the number of high court judgments (HCJs) against consumers in



the first quarter of 2014 fell sharply, but the total value increased 27 per cent to £58.7m, with an average HCJ value of £827,282; four times higher than in the first quarter of 2014.

This worrying increase in the number of CCJs shows that consumer debt in the UK is continuing to grow and while the value of this debt per person may have decreased, the overall number of people out there taking on unmanageable debt

is still higher than records for the last seven years.

If you are struggling with unmanaged debt and require help to avoid CCJs then our team of insolvency experts at Newman and Partners can provide you with helpful and professional advice on debt relief orders and bankruptcy. If you would like more information about our services or help with managing your debts, please contact us.

UK insolvency profession helped 6,700 businesses continue trading

The UK's insolvency profession has helped nearly 6,700 businesses to continue trading in some way after entering formal insolvency, according to new research by ComRes and R3, the insolvency trade body. This amount accounts for around 41% of formal insolvencies and is estimated to have saved around 230,000 jobs last year.

The research showed that in total, insolvency practitioners in the UK helped around 10,400 businesses continue operating in 2013-14, either through formal insolvency or through practices to avoid insolvency. It is believed that these businesses went on to create employment for more than 540,000 people after they received support.

The research also found that the insolvency profession was set to help individuals repay £5bn in debts to creditors over the next five years and provided advice to around 135,000 people about their personal finances. Thanks to the profession, business and personal insolvencies fell to 18,000 and 114,000 respectively last year; a significant decline in insolvencies since they last peaked in 2009, when 26,000 business insolvencies and 160,000 personal insolvencies were handled by the profession.

Phillip Sykes, President of R3, says: "There is much more to insolvency than business or personal finance failure. As the economy continues to recover from recession, business recovery and renewal will be an important part of the economic landscape."

"The insolvency profession is there to ensure a balance between creditors and debtors. Insolvency practitioners have a responsibility to creditors to make sure they are repaid as much of their money as possible, and help make sure businesses and individuals do not get away with reckless or fraudulent racking-up of debt."

"The next five years could see key changes to the insolvency landscape. Household debts are rising again, while the current climate of creditor forbearance, record low inflation, and record low interest rates may not last. Problem debt is a major policy issue for the new Government; the



insolvency profession has a unique insight into the effects problem debt has – and, importantly, how it can be tackled."

This research is a clear indication of the true value insolvency practitioners add to the British economy. If you are concerned about debt or the prospect of insolvency then you should contact our team of highly-qualified practitioners. For more information, please contact us.

£16.9 million of late payments due at UK micro-businesses

In the last few years the UK has seen a boom in the number of micro-businesses opening their doors, particularly in the technology sector. However, new research has shown that this burgeoning industry is being swamped by debt due to the traditional issue of late payments.

The study commissioned by Intuit QuickBooks, a provider of accounting software, and carried out by Opinion Matters, has estimated that Britain's micro-businesses are currently owed around £16.9 billion by their customers. The research also revealed that 32 per cent of respondents said they have had been forced to take out a loan or rely on credit to pay wages or suppliers and that micro-businesses spend an average of 19 working days a year chasing invoices.

However, despite these issues, only 36 per cent of micro-businesses said they issued invoices via email, with many relying on the postal service to send out paper invoices, meaning that many firms may not be pursuing their debtors efficiently enough.

Richard Preece, Managing Director of Intuit said "When you're putting out fires and jumping over hurdles on a daily basis, you don't need the distraction of worrying about whether you've been paid in a timely manner for your products or services, so it's disheartening to see the extent of the issue. This wasted resource and unnecessary exposure to risk is stopping entrepreneurs focusing on what really matters – time with customers and growing the business."

Recently there has been a lot of media coverage about the issue of late payments and the damage that they can inflict on small and medium-sized businesses. Last month, the Enterprise Bill was announced in the Queen's speech, which explicitly set out the

Government's strategy to tackle payment disputes. The bill will also establish a Small Business Conciliation Service that will settle disputes between businesses, including on matters around late payment, without the need for the courts to become involved. This bill has received support from all of the major parties and is expected to be passed within a year.

At Newman and Partners we have years of experience helping businesses with the issues associated with late payments and can provide a range of services to help your business recover outstanding payments and manage cash flow problems. If you would like help with your late payment issues, please contact us.

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