

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

UK credit card debt stands at £72.9 billion

The Bank of England has released figures which show that British consumers owe more than £72.9 billion in credit card debt. The Bank has said that credit card debt has grown as a result of historically low-interest rates, which have encouraged families in the UK to borrow more than they have before.

In fact, the latest figure is 5.6 per cent higher than a year before, up from £68.8 billion in May 2018. It is not surprising that the figure has risen so quickly considering the wide range of opening offers advertised by credit card providers, which in some cases quickly expire. It is also possible that the advent of 'contactless' has contributed to this increase by encouraging more and easier card purchases.

Dr Roger Gewolb, the Executive Chairman and Founder of FairMoney, said: "We are in a whirlwind of debt and consumers are juggling what they owe onto credit cards. This can be a dangerous game to play in the medium and long term, with introductory rates quickly becoming high-interest, making them difficult to pay off."

"With such pressure, it's not surprising that consumers would turn to payday lenders to try to ease their financial burden. We're over a decade on from the financial crash of 2008– but there is still need to for change."

He added: "It is time for consumers to take control of their personal finances with the solutions available to them. Taking out a loan to consolidate debts, and not having a number of credit cards, can make the repayment process easier and is often cheaper in the long-term. Millions of people are struggling under high-interest credit options – one of the biggest issues affecting UK society."



If you know of a person struggling with debt it is integral that they seek help sooner rather than later.

To find out how we can help them manage their debts, please contact us.

Problem debt to be dealt with thanks to new ‘breathing space’ scheme

The Government is backing a new Breathing Space scheme that is intended to protect individuals with problem debt and allow those in mental health crisis to get further protection while they receive treatment.

City minister John Glen has announced the new plans which will see the introduction of a 60-day Breathing Space period from 2021. This will be available to people with problem debts and will offer protection from enforcement action from creditors and see their interest frozen.

Under the plan, in order to receive assistance, individuals must engage with professional debt advisers so they can put together a long-term solution to their debts and start making repayments. The Government has also confirmed that individuals receiving NHS treatment for mental health crisis will not need to seek debt advice during the 60-day period and will continue to receive the same Breathing Space protections, which will last for the whole of their treatment.

The package will also include a Statutory Debt Repayment Plan (SDRP) for those with

problem debt, which will help individuals to repay their debts over a manageable timeframe. SDRPs will adjust as peoples’ life circumstances change, meaning decreasing monthly payments if disposable income is reduced. The Breathing Space scheme will now be put to Parliament before the end of the year, so that it can be implemented in early 2021.

City minister, John Glen, said: “Problem debt can have a devastating impact of people’s lives, putting a huge burden on individuals which can lead to family breakdown, stress and mental health issues. No one should be stuck in an endless cycle of debt and facing the ever-looming threat of invasive debt collectors. That’s why I’m introducing this new scheme, giving everyone access to the advice, time and support they need to both get their finances under control and get away from the perpetual stress and worry debt can cause.”



The idea of a breathing space for individuals has been generally well-received and could provide an urgent lifeline to those people with problem debt. To find out more about how we can assist with problem debt, please contact us.

Freelancers regularly fall behind on bills due to late payments

A new study has found that 2.6 million skilled freelance workers regularly miss bill payments due to not being paid on time. The new research by software firm ETZ Payments showed 15 per cent of UK workers have had to turn to payday and other short-term lenders due to the late payments of businesses.

Amongst ‘middle class’ freelance workers this figure rises to 17 per cent of ‘middle class’ which means that around 3.4 million people have been affected. According to ETZ Payments freelance work was traditionally considered as an area of work occupied only by freelance work, but the rise of consultants, project managers, data scientists and specialists mean that many higher earners are now facing similar issues.

The study which polled over 2,000 UK adults indicates that 4.3 million middle class workers have taken the step to working freelance.

Around 25 per cent of those asked said that they couldn’t afford ‘big-ticket commitments’ such as weddings or holidays due to the freelance payment structure. It also revealed that nearly half of the UK workforce would consider converting to freelance work if they could guarantee that they would get paid regularly.

Nick Woodward, CEO of ETZ Payments, said: “It is startling to see the sheer number of middle-class British workers who are having to leave freelance work due to the ongoing stress of chasing invoices. It should be a norm that in today’s workplace, with modern

technology, that freelance workers should be able to complete a job and be paid for it on either the same or next day. Millions of workers are being held back in life because their employers are not paying them properly or on time. This has to change to help people have a more productive and happier work-life balance and to support the British economy.”

If you know of a sole trader or freelancer that is struggling with late payments it is integral that they act now to prevent insolvency. To find out how we can assist with late payments, 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

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