

Navigating Economic Challenges: Aryza Group's Insights on Q3 2024 Insolvency and Lending Trends

LONDON, UNITED KINGDOM, November 7, 2024 /EINPresswire.com/ -- [Aryza Group](#), a leading provider of financial software solutions, is pleased to share its analysis of recent trends in the individual and company insolvency market in the England, Wales, and Northern Ireland from July to September 2024, based on the latest data released by the Insolvency Service.

Personal Insolvency

The total number of individual insolvencies in the third quarter of 2024 reached 31,276, up from 24,458 during the same period in 2023. This 27% increase is indicative of the economic pressures facing individuals, the lingering effects of the COVID-19 pandemic, and the continuing cost-of-living challenges affecting households.

The total number of individual insolvencies in July was 10,579, 25% higher than the same period in 2023. This consisted of 645 bankruptcies, similar levels to those seen in the previous year, 5,797 individual voluntary arrangements (IVAs), which was 12% higher than in July 2023, and 4,141 debt relief orders (DROs), which represents a 54% increase on July 2023.

In August, 10,046 people entered insolvency which is 16% higher than the levels at the same time last year. These were made up of 603 bankruptcies, 5,305 IVAs, and 4,138 DROs.

For September, there were 10,651 individual insolvencies, 6% higher than August of this year and 44% higher than the same period in 2023. This consisted of 567 bankruptcies, 4,032 DROs and 6,052 IVAs. Interestingly, the number of IVAs in September is 16% more than the average we have seen over the past year.

New IVAs continue to account for the majority of overall personal insolvency volumes. Following the FCA's ban on debt packagers in October 2023, a model previously used by insolvency firms to source new business, new IVA volumes saw a significant decline. However, as insolvency firms adapt to the new regulatory regime in 2024, sustainable growth in IVAs is anticipated to return. We anticipate volumes will remain steady over the next few months before experiencing the typical seasonal drop in December and January, and then growing slightly over the course of 2025.

A key trend to recognise is that the volume of new DROs saw a significant spike following the Chancellor's announcement in the spring budget that the £90 application fee would be abolished effective April 6, 2024. April, May, and June each set new monthly records, indicating a strong upward trend in DRO applications that is expected to continue throughout 2024. However, in July and August, the volume stabilised, and the September figures suggest that the new monthly average will be around 4,100—a more than 20% increase compared to the levels observed before the removal of the application fee.

Overall, new personal insolvency volumes are beginning to stabilise and rebound from recent fluctuations. However, three distinct dynamics are influencing the volume of new cases across various insolvency types. Notably, bankruptcy volumes have decreased to their lowest levels in the past year, continuing a consistent decline since the introduction of DROs. In our experience, the primary barrier to filing for bankruptcy is the application fee of £680, which remains unaffordable for individuals grappling with problem debt and lacking savings.

Richard Haymes, Associate Director, Policy and External Relations at Watch Portfolio Management and Aryza Group, said “As individuals, families, and businesses navigate the economic fallout from the COVID-19 pandemic, the ongoing cost-of-living crisis, and rising interest rates, access to regulated and trusted insolvency solutions that provide a sustainable, time-bound pathway out of problem debt is more crucial than ever.”

Company Insolvency

The total number of corporate insolvencies in the third quarter of 2024 reached 6,117, a slight decrease from 6,208 during the same period in 2023. This highlights that, although the economic situation is showing signs of improvement, it will still take several months for stability to be achieved and for business insolvencies to consistently decline. This year it has been difficult to navigate for businesses, as there is a high degree of uncertainty on the UK economy and the legacy debt built up by many businesses during the pandemic. The increase in employer national insurance contributions announced in the recent budget is likely to add to the pressure on businesses.

In July, we saw 2,191 company insolvencies, which is 16% higher than the numbers in the same period in 2023, but lower than the levels during COVID and the pandemic. This was made up of 1,691 creditors' voluntary liquidations (CVLs), 155 administrations, 25 company voluntary arrangements (CVAs), and 320 compulsory liquidations which saw the highest levels since the COVID pandemic. The numbers across all company insolvencies were higher than in July 2023.

August saw 1,953 insolvencies which was 15% lower than the numbers in August 2023, although these numbers remain significantly higher than those seen in the pandemic. All insolvency types had lower levels compared to July consisting of 1,542 CVLs, 112 administrations, 20 CVAs, and 279 compulsory liquidations.

When looking at the statistics from September, the number of insolvencies was 1,973, a 2% rise from August but overall lower than the numbers for September in 2023. However, the number of company insolvencies has remained higher than the levels seen during COVID-19. These insolvencies were made up of 226 compulsory liquidations, 1,575 CVLs, 155 administrations and 17 CVAs, with CVA being 55% higher than those in September 2023 but 15% lower than August of this year.

Richard Haymes, commented: "The multifaceted effects of the pandemic, government policy decisions, and creditor behaviour continue to significantly influence company insolvency trends. While month-to-month volumes fluctuate, average monthly figures have remained consistently around 2,000 throughout 2023 and 2024. The number of CVAs this year has also surpassed levels seen in 2023. As businesses adapt to evolving customer needs, grapple with the cost-of-living crisis, and respond to new government initiatives aimed at fostering growth, insolvency will remain a crucial tool for restructuring. For those businesses unable to recover, it provides a regulated and controlled framework for an orderly cessation of operations."

Aryza is committed to providing ongoing quarterly analysis and commentary on the personal and corporate insolvency market, helping stakeholders navigate this evolving landscape effectively.

Ellen Oliver
Aryza Group
+44 7599 239384

[email us here](#)

Visit us on social media:

[X](#)

[LinkedIn](#)

[YouTube](#)

This press release can be viewed online at: <https://www.einpresswire.com/article/758297421>

EIN Presswire's priority is source transparency. We do not allow opaque clients, and our editors try to be careful about weeding out false and misleading content. As a user, if you see something we have missed, please do bring it to our attention. Your help is welcome. EIN Presswire, Everyone's Internet News Presswire™, tries to define some of the boundaries that are reasonable in today's world. Please see our Editorial Guidelines for more information.

© 1995-2024 Newsmatics Inc. All Right Reserved.