



The Insolvency
Service

Money Advice Liaison Group: September 2017: Update from The Insolvency Service

Official Receiver Services (ORS) update

Case numbers – Quarter 2 stats release 28 July 2017

Compulsory liquidations: A total of 672 companies were subject to compulsory liquidation in Q2 2017, a 19.8% decrease on the previous quarter but 0.1% higher than Q2 2016.

Bankruptcy Orders:

In Q2 2017 there were 3,772 bankruptcies, a decrease of 2.5% on 2017 Q1 and an increase of 4.6% on 2016 Q2.

In Q2 2017, 2,839 bankruptcies were made on the petition or application of the debtor, which was 4.6% lower than the previous quarter but 10.3% more than the same quarter in 2016. This year on year rise is likely to be due to a change to the process for people making themselves bankrupt, which has removed the courts from the process.

There were 831 creditor petition bankruptcies in Q2 2017, which was 3.6% lower than the previous quarter and 13.3% lower than the same quarter in 2016. This year on year decrease in creditor petition bankruptcies is likely to be linked to a change in the minimum debt a creditor must be owed to make someone bankrupt, which increased from £750 to £5,000 for petitions presented from 1 October 2015.

Debt Relief Orders:

There were 6,146 DROs in Q2 2017. DROs increased by 0.4% compared with Q1 2017 but decreased by 8.8% compared with Q2 2016 – this was the second lowest level since changes to eligibility criteria took effect in October 2015 with DROs becoming available to people with up to £20,000 debt (up from £15,000) and £1,000 assets (up from £300).

Next release 27 October 2017

Money Advisors Day Manchester

On 27 July the Official Receiver in Manchester invited 16 money advisers from the Cheshire and Staffordshire area to take part in a workshop style discussion event on various bankruptcy and general insolvency topics. This was following on from an event hosted in October 2016 when advisers from the Greater Manchester area attended for a similar discussion. 4 tables were set up covering different topics:

- Income Payments Agreements
- Family Homes
- Motor Vehicles and other sundry assets and
- Investigations

6 examiners from the Official Receivers office were distributed amongst the 4 tables with 4 money advisers on each. The format appeared to again meet with approval and the day went down well.

Official Receiver Reading

The Official Receiver Reading moved to a new address in August:
5th floor, Northgate House, 21-23 Valpy Street, Reading, RG1 1AF

Any feedback on operational delivery by Official Receiver Services invited

Investigation and Enforcement Division (IES) Update

Enforcement Outputs

Details of press notices covering our enforcement action can be found at:

<https://www.gov.uk/government/announcements?departments%5B%5D=insolvency-service>

Our enforcement results are published monthly as official statistics and can be found at:

<https://www.gov.uk/government/collections/insolvency-service-official-statistics#statistics-published-2017>

Headline figures for the five months ending 31 August 2017:

Director disqualifications:

- 461 director disqualifications were obtained:
 - the average period of disqualification was around six years
 - around 8% of directors were disqualified for a period in excess of 10 years, with some 49% disqualified for a period longer than 5 years

- for every company director that we disqualify, we have saved creditors from losing over £110,000

Trading company investigations:

- 62 investigations carried out following receipt of complaints or other intelligence:
 - 28 companies were wound up in the public interest (with a number of others currently before the Courts)
 - 35 disclosures were made to other regulators

Criminal prosecutions:

- 172 criminal referrals for prosecution, the majority to Criminal Enforcement:
 - 43 defendants successfully prosecuted during the five months to August 2017, resulting from referrals made by the agency

Bankruptcy & Debt Relief Order Restrictions:

- 137 restrictions secured:
 - the average period of restriction was 5 years
 - around 28.5% of restrictions were for over 5 years

We continue to focus upon enforcement outcomes in our stakeholder newsletters. We also continue to report the result of successes achieved with the assistance of insolvency practitioners and/or other agencies/regulators in Dear IP.

Disqualifications

- Recent disqualification results include:
 - The director of a pizza restaurant franchise in Bromsgrove has been disqualified for seven years for causing payments to be made to a partnership that he had personal interest in.
 - The director of an Aylesbury based television and broadcasting company was disqualified for nine years for causing the company to enter into a joint loan facility agreement despite being aware of a winding-up petition presented against the company.
 - Two directors of a Sheffield company have been disqualified for eight years each for causing the company to factor false invoices totalling £715,000.
 - The business manager and bass player for 1980s pop group UB40 were banned for 11 and four years respectively, the business manager for dissipation of company assets and the bass player for abrogation of duties.

Live Company Investigations

- Included amongst the 28 companies wound up in the public interest between April 2017 and August 2017 following our investigations:
 - A Manchester based company which misrepresented itself as Google when selling a service.

- o 14 companies that were involved in unauthorised money lending, all registered to the same London address.

Bankruptcy – Restrictions

- A previous insolvency practitioner from Birmingham gave an eight year bankruptcy restriction undertaking for negligence after being appointed liquidator of a limited company that resulted in a significant liability to the company's creditors.

Views invited on the information interested stakeholders would like to receive about our activities

Business Services Directorate (BSD) update

Redundancy Payments Services (RPS)

The number of redundancy claims (RP1 & RP2) received between June 2017 and August 2017 was 24,118.

We met both of our timeliness targets of actioning all claims within 16 days and paying 95% within 6 weeks.

From 1 May 2016 all claims are submitted online via our online service. Digital take up is now 100% with less than 1% requiring the assisted digital support offered by the agency. The result of assistant digital and RPS digital claims has provided the RPS with positive feedback from our customers.

Update on Debt Relief Order (DRO2) and the return of credit balances

DRO2

DRO2 has been fully rolled out. There is a snagging list and the DRO Team continue to work with the approved intermediary community and the INSS IT team to update and improve functionality and this continuous improvement work will be a constant feature of the new application.

The ability to submit applications in DRO1 was switched off on 31 August. Approved Intermediaries will continue to have read only access to DRO1 until 31 October 2017.

Return of credit balances

On the 1 June 2017 the DRO Team commenced an exercise to return old credit balances where money was paid towards the DRO fee but an application was not submitted and where the return of the money has not been requested. This project is due to be completed by the end of September 2017.

Communications update

The Insolvency Service Newsletter

We continue to publish our quarterly Stakeholder Newsletter. We expect to issue the next edition in the coming weeks – if you have a suggestion for a particular issue or topic to be covered, please email stakeholder@insolvency.gsi.gov.uk. To subscribe to the newsletter, please click [here](#).

Views on content of the Stakeholder Newsletter would be welcome

Annual Report and Accounts

This was published on the 13th July 2017 and can be found at –

<https://www.gov.uk/government/publications/insolvency-service-annual-report-and-accounts-2016-to-2017>

Annual stakeholder forum, Insolvency Live!

We held our annual forum for insolvency and debt advisory professionals, Insolvency Live!, on 17 July 2017. Following the inaugural event last year, we extended the event to run for a full day and it was held at the Department for Business, Energy and Industrial Strategy (BEIS) Conference Centre to accommodate a larger number of delegates. The debt advice sector was well represented this year, and we received very positive feedback. We are currently considering potential changes to the event for next year and would welcome views from debt advice stakeholders – please send to stakeholder@insolvency.gsi.gov.uk

Policy Update

“Breathing Space”

Government continues to be committed to supporting people in debt. A breathing space scheme would require consultation with the industry and public, as appropriate. HMT ministers will set out the way forward in due course.

EU/International developments

The Commission published proposals in November last year for a Directive on minimum harmonised standards for restructuring, second chance and insolvency procedures. The Directive contains proposals for:

- Access to early warning tools for businesses to detect the financial distress;
- A set of common, core elements for preventive restructuring frameworks to give debtors in financial difficulty effective access to procedures facilitating the negotiation and adoption of a restructuring plan while limiting the courts' involvement to where it is necessary;
- Minimum provisions on discharge of debt for over-indebted honest entrepreneurs after a period of no more than 3 years;
- Measures to increase the efficiency of restructuring, insolvency and discharge procedures; and
- Minimum rules on data collection by Member States allowing for the monitoring of restructuring, insolvency and second chance.

Negotiations on the Directive are ongoing.

Exiting the EU

The UK has published its position paper “Providing a cross-border civil judicial cooperation framework”, setting out its view that cooperation on civil judicial matters is beneficial for citizens and businesses in both the UK and the EU. Within that wider topic, we believe that it is important to maintain cooperation with Europe on insolvency matters, and so ensure that when financial failure occurs it is handled efficiently. The negotiations with the EU are ongoing.

Corporate review

Government is considering stakeholders' responses to the corporate review proposals following last summer's consultation.