

# A new high for IVAs

Submitted by: IVA Advisory Centre

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Commenting on the newly released figures from the Insolvency Service, the IVA Advisory Centre pointed to the record number of IVAs (Individual Voluntary Arrangements) entered into in the second quarter of the year.

Between April and June, the figures confirm, a total of 13,466 people entered an IVA (<http://www.ivaadvisorycentre.co.uk>) in England and Wales. This was an increase of 14% on the figure of the previous quarter - but more significantly, it was yet another all-time high. Prior to this, the most people we'd seen enter an IVA in a single quarter was 13,219, in the fourth quarter of 2009.

This, along with the record number of people entering a Debt Relief Order (DRO) - 6,295 - goes a long way toward explaining the decline in bankruptcies. 20% down on the previous quarter, the number of people entering bankruptcy stood at just 14,982 in the second quarter of the year. This was the lowest figure we've seen since the final quarter of 2007.

"What's particularly noticeable now is the similarity between the number of bankruptcies and the number of IVAs," said a spokesperson for the IVA Advisory Centre. "With this drop in bankruptcy numbers and the increase in IVAs, bankruptcies in Q2 outnumbered IVAs by around 1,500 (or 11%) - far less than we've ever seen before.

"In the first quarter of the year, for example, there were around 6,500 more bankruptcies than IVAs. At the start of last year, there were more than two new bankruptcy cases for every new IVA. Before 2005, bankruptcies tended to outnumber IVAs by a ratio of 3:1 or more.

"How can we explain this trend? To a significant extent, it's due to a greater awareness of the alternatives to bankruptcy. DROs have already helped thousands who simply couldn't afford to enter bankruptcy and couldn't commit to the payments which most IVAs require. And IVAs have provided many borrowers with a way to enter insolvency that avoids some of the potential drawbacks of bankruptcy, such as losing their home.

"Bankruptcy may still be the best option for many of today's struggling borrowers, but these figures clearly show that more and more are finding an IVA or DRO provides the help they need in a way that better suits their individual circumstances.

"We would urge anyone who's struggling with their debts to contact an expert as soon as possible - as a rule of thumb, the sooner someone seeks professional advice, the more likely they are to find they have an element of choice in the way they tackle their debt problems."

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The IVA Advisory Centre offers expert debt advice, as well as IVAs and a range of other debt solutions for people facing financial difficulties.

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