

Insolvency rise highlights need for good debt advice



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Industry: [Financial](#)

Press Release Summary: Commenting on statistics from the Insolvency Service showing a sharp rise in insolvencies, both over the last quarter and over the past year, Debt Advisers Direct have said that it is now more important than ever for people to get their finances in order and tackle any debt problems as soon as possible.

Press Release Body: Commenting on new statistics showing an increase in the number of personal insolvencies in the third quarter of 2008, **Debt Advisers Direct** (www.debtadvisersdirect.co.uk) have said that this is further confirmation of the difficulties faced by many British households due to rising inflation and worsening economic conditions, and have emphasised the importance of [good debt advice](#) as the economy faces a recession.

The latest report from the Insolvency Service shows a rapid rise in the numbers of people being declared insolvent. Between July and September there were 27,087 personal insolvencies, an 8.8% increase on the previous quarter. It was also 4.6% higher than the number of insolvencies reported a year earlier.

Despite falling in the second quarter of the year, bankruptcies were up 12.1% over the quarter. IVAs (Individual Voluntary Arrangements), meanwhile, were up 3.3% over the quarter.

A spokesperson for **Debt Advisers Direct** said: *"Higher costs of living and the credit crunch have put a lot of pressure on British households' finances this year, so we expected to see a rise in personal insolvencies over the course of this year.*

"However, the extent of the rise in insolvencies shows the seriousness of the problems we are facing – and highlights the need to tackle debt problems early, before they become unmanageable.."

The Insolvency Service report also showed that despite the quarterly rise, IVAs were down by 3.1% compared with the same period last year - with The Telegraph concluding that it may be becoming more difficult to enter into an [IVA](#).

"There are a few possible reasons why the number of IVAs may be lower than this time last year," the spokesperson commented. "It may simply be that more people are taking the bankruptcy route, perhaps because they are unaware that an IVA can avoid many of the downsides of bankruptcy.

"IVAs are usually considered a preferable alternative to bankruptcy. People on IVAs do not lose control of their assets, unlike bankruptcy, and they typically carry fewer restrictions.

"The rise in IVAs over the quarter shows that lenders still consider it a valid means of reclaiming some of the money they are owed – and it remains that if you are in significant debt, an IVA can be a very useful way of getting debt-free."

The **Debt Advisers Direct** spokesperson was keen to emphasise the importance of tackling debts before they grow unmanageable. *"For anyone struggling with debt, there are a number of ways out. With a recession approaching, it's important that people do not feel powerless, and that they tackle the issue head-on.*

"There are a number of debt solutions, such as debt consolidation and debt management plans, that can help people to stop their debts growing before they become unmanageable. We advise anyone with debt problems to seek professional advice at the first sign of trouble."

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