

If you would like to know more about R3's recommendations for personal insolvency reform, receive your own briefing for your constituency or be put in touch with your R3 Regional Chair, please contact R3 via Alex.Green-Wilkes@r3.co.uk or 0207 566 4220.

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1. **Acknowledge the problem.** Avoiding personal finance problems will only make them worse.
2. **Ask for help.** Professional advice is readily available and is often free of charge, whether it's an initial meeting with a licensed insolvency practitioner, or help from the National Debtline, a local Citizens Advice Bureau, or the Insolvency Service helpline.
3. **Be honest with yourself.** Start by working out how much you owe, ensuring nothing is omitted. Work out your income and expenditure too.
4. **Prioritise the payment of your debts.** A professional, as mentioned above, can help especially if you think you may be insolvent.
5. **Budget.** Identify your essential financial commitments, and cut back on luxuries. Maintain minimum monthly credit card payments to retain your credit rating.
6. **Communicate with your creditors.** By getting in touch with your creditors at an early stage, you can give them an opportunity to help that might not be there in future.
7. **Be transparent.** Give full details about your financial situation to both creditors and the person from whom you're receiving advice.
8. **Take your time before choosing the solution that's right for you.** Don't allow yourself to be pressurised, and make sure you are taking advice from a regulated professional, rather than someone whose main concern may be their own fee.
9. **Don't keep digging.** Avoid turning to new credit cards or payday loans to plug the gaps in your day-to-day finances. This might only make your situation worse.
10. **Learn about your options.** If you require a formal insolvency procedure, there a number of options appropriate to different levels of debt. These include Debt Relief Orders (DROs) for smaller debts, Individual Voluntary Arrangements (IVAs), and bankruptcy. It will cost more time and money if you start off in the wrong solution, so make sure you take advice about all the options open to you.

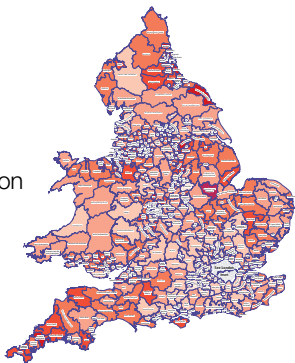
R3'S TOP TIPS FOR DEALING WITH DEBT

R3 Personal Insolvency Map

Parliamentary constituencies

R3, the insolvency trade body, has put together a map to show personal insolvency rates by parliamentary constituency across England and Wales.

Insolvency rates are highest in the North East, South West, and constituencies on or near a coast, whereas rates are lowest in London and the South East. Eight out of ten constituencies with the worst insolvency rates are by the sea; the ten 'best' constituencies are all in London. In the Vale of Clwyd (the constituency with the highest insolvency rate), rates are seven times higher than they are in Wimbledon (the constituency with the lowest rate).



INSOLVENCY TRENDS IN ENGLAND AND WALES • Giles Frampton, R3 President

"Last year, new formal personal insolvencies were over double the number of new insolvencies ten years previously. At one point in the last decade, personal insolvencies trebled in just five years. The financial crisis and an explosion in personal debt levels have led to unprecedented numbers of people needing urgent help with repaying debts that are far beyond their means. As of the end of 2014, there are approximately 250,000 people in a formal insolvency procedure; this number (and the map) however, does not include insolvent individuals in non-statutory debt management plans and other informal debt arrangements. Formal insolvency procedures are only the tip of the 'debt iceberg'.

There is a stark regional divide between certain parts of England and Wales, and certain insolvency pressure points can easily be identified: the North East, South West, and coastal areas. Legacy issues, such as the decline of heavy industry in the North East, or structural issues, such as outdated infrastructure or a reliance on seasonal industries in the South West and seaside towns, can mean high unemployment and an over-reliance on debt.

Formal personal insolvencies have continued to fall from their 2010 peak – only a quarter of constituencies saw personal insolvency rates increase in the last year, with many of these constituencies starting from a very low insolvency rate. The gap between 'best' and 'worst' constituency has shrunk too.

This is good news but the formal insolvency numbers only tell us so much. While we know how many people are in a formal insolvency procedure, we do not know exactly how many insolvent individuals are dealing with their debts through informal means. R3 research estimates as many as 1.75m British adults could be in this position. Our research also found that just under half of British adults are concerned about their current level of debts. Falling insolvency numbers, therefore, must not be interpreted to mean that England & Wales' debt problem has been resolved."

To address these concerns, R3 published a number of policy proposals designed to update the personal insolvency landscape in its entirety. R3's recommendations include proposals to remove unfair barriers to entry for bankruptcy, introduce simplified IVAs and are supported by the wider personal debt stakeholder community.

R3 believes the England and Wales personal insolvency regime needs reform to keep up with a significant increase in personal debt; the current regime has been built in 'bits and pieces' over the last few decades. As a result, individuals are sometimes unable to access the right debt relief solution for their situation, potentially ending up in inappropriate debt solutions. Meanwhile creditors are not always protected from debtors accumulating debts they have little chance of repaying. These shortcomings have negative consequences for debtors and creditors alike – and risk increasing the cost of borrowing for everyone.

R3's campaign for personal insolvency reform

*2005 – 2010 Parliament

- Insolvency profiles for each constituency along with key local contacts;
- Concise information about debt management and insolvency solutions available for individuals (and companies) in financial distress;
- Specialised business and personal finance surges in which an insolvency expert can answer questions and help constituents struggling with their finances;
- Researcher and caseworker 'teach ins' to equip staff with the relevant knowledge, contacts and information to help constituents who come to surges in financial distress.

R3 can support MPs to help constituents deal with their debts

Explaining Personal Insolvency

Formal personal insolvency procedures include bankruptcies, Debt Relief Orders (DROs), and Individual Voluntary Arrangements (IVAs). Informal personal insolvency procedures include undocummented debt relief solutions such as Debt Management Plans (DMPs).

Bankruptcy: A formal procedure started by a debtor or a creditor owed £750 or more. Bankruptcies last for one year before the debtor is discharged, debt-free. A debtor's assets are realised and distributed amongst creditors by their trustee in bankruptcy. Court and Insolvency Service fees of £705 must be paid up-front to access bankruptcy. Restrictions – such as not being able to act as a company director while bankrupt – apply.

Debt Relief Order: 'Bankruptcy lite' designed for individuals with few assets, low income and/or low levels of debt. DROs last for one year before the debtor is discharged, debt-free. Assets are not distributed to creditors. DROs cost £90 to enter and there are entry criteria: debts must be less than £15,000 and assets must be less than £300. Similar restrictions to individuals are not automatically subject to the same restrictions as bankruptcies or DROs.

About R3

R3 is the trade body for the UK insolvency profession. From senior partners at the 'Big Four' accountancy firms to practitioners who run their own small and micro-businesses, our members have extensive experience of helping businesses and individuals in financial distress.



England & Wales

individual insolvencies by

parliamentary constituency

December 2014



Number of new personal insolvency cases in each constituency per 10,000 adults in 2013 (latest available data, published December 2014)



R3 analysis based on Insolvency Service data

Constituencies by number on the map:

- Newcastle upon Tyne North
- North Tyneside
- Newcastle upon Tyne Central
- Newcastle upon Tyne East
- Gateshead
- Sunderland Central
- Washington and Sunderland West
- Houghton and Sunderland South
- Darlington
- Middlesbrough
- Middlesbrough South and East Cleveland
- Harrogate and Knaresborough
- York Central
- Blackpool North and Cleveleys
- Blackpool South
- Preston
- Blackburn
- Hyndburn
- Rossendale and Darwen
- Bolton North East
- Bury North
- Heywood and Middleton
- Rochdale
- Bradford West
- Bradford East
- Pudsey
- Leeds North West
- Leeds North East
- Leeds West
- Leeds Central
- Leeds East
- Bradford South
- Halifax
- Batley and Spen
- Morley and Outwood
- Kingston upon Hull West and Hessle
- Kingston upon Hull North
- Huddersfield
- Dewsbury
- Wakefield
- Normanton, Pontefract and Castleford
- Barnsley Central
- Doncaster Central
- Scunthorpe
- Great Grimsby
- Bootle
- Knowsley
- St Helens North
- Makerfield
- Leigh
- Worsley and Eccles South
- Salford and Eccles
- Bolton South East
- Bury South
- Blackley and Broughton
- Oldham West and Royton
- Oldham East and Saddleworth
- Ashton-under-Lyne
- Manchester Central
- Stalybridge and Hyde
- Stretford and Urmston
- Manchester, Gorton
- Manchester, Withington
- Denton and Reddish
- Altrincham and Sale West
- Wythenshawe and Sale East
- Stockport
- Hazel Grove
- Cheadle
- Liverpool, Walton
- Liverpool, West Derby
- St Helens South and Whiston
- Liverpool, Riverside
- Liverpool, Wavertree
- Birkenhead
- Garston and Halewood
- Ellesmere Port and Neston
- Wentworth and Dearne
- Sheffield, Hallam
- Sheffield, Brightside and Hillsborough
- Rotherham
- Sheffield Central
- Sheffield, Heeley
- Sheffield South East
- North East Derbyshire
- Chesterfield
- Mansfield
- Alyn and Deeside
- Crewe and Nantwich
- Newcastle-under-Lyme
- Stoke-on-Trent North
- Stoke-on-Trent Central
- Stoke-on-Trent South
- Mid Derbyshire
- Derby North
- Derby South
- Erewash
- Broxtowe
- Nottingham North
- Nottingham East
- Nottingham South
- Telford
- Cannock Chase
- Loughborough
- Leicester West
- Leicester East
- Leicester South
- Peterborough
- Norwich North
- Norwich South

- Wolverhampton North East
- Wolverhampton South West
- South Staffordshire
- Walsall North
- Aldridge-Brownhills
- Wolverhampton South East
- Walsall South
- Sutton Coldfield
- Dudley North
- Dudley South
- West Bromwich West
- West Bromwich East
- Birmingham, Perry Barr
- Birmingham, Erdington
- Stourbridge
- Halesowen and Rowley Regis
- Birmingham, Edgbaston
- Warley
- Birmingham, Ladywood
- Birmingham, Hodge Hill
- Birmingham, Northfield
- Birmingham, Selly Oak
- Birmingham, Hall Green
- Birmingham, Yardley
- Solihull
- Coventry North West
- Coventry North East
- Coventry South
- Warwick and Leamington
- Worcester
- Northampton North
- Northampton South
- Bedford
- Cambridge
- Ipswich
- Milton Keynes South
- Swansea West
- Swansea East
- Merthyr Tydfil and Rhymney
- Cardiff West
- Cardiff North
- Cardiff Central
- Cardiff South and Penarth
- Newport West
- Gloucester
- Cheltenham
- Filton and Bradley Stoke
- Bristol North West
- Bristol West
- Bristol East
- Kingswood
- Bristol South
- Plymouth, Moor View
- Plymouth, Sutton and Devonport
- Mid Dorset and North Poole
- Bournemouth West
- Bournemouth East
- Christchurch



- Finchley and Golders Green
- Hornsey and Wood Green
- Tottenham
- Walthamstow
- Chingford and Woodford Green
- Hampstead and Kilburn
- Islington North
- Hackney North and Stoke Newington
- Leyton and Wanstead
- Ealing Central and Acton
- Westminster North
- Holborn and St Pancras
- Islington South and Finsbury
- Hackney South and Shoreditch
- Bethnal Green and Bow
- Brentford and Isleworth
- Hammersmith
- Kensington
- Chelsea and Fulham
- Cities of London and Westminster
- Poplar and Limehouse
- Fetham and Heston
- Battersea
- Vauxhall
- Bermondsey and Old Southwark
- Camberwell and Peckham
- Lewisham, Deptford
- Greenwich and Woolwich
- Streatham
- Dulwich and West Norwood
- Lewisham West and Penge
- Mitcham and Morden
- Sutton and Cheam
- Carshalton and Wallington

See London
Inset

- Southampton, Test
- Southampton, Itchen
- Eastleigh
- Portsmouth North
- Portsmouth South
- Havant
- Bognor Regis and Littlehampton
- Worthing West
- East Worthing and Shoreham
- Hove
- Brighton, Pavilion
- Brighton, Kemptown
- Crawley
- Chatham and Aylesford
- Gillingham and Rainham
- Basingstoke
- Reading West
- Reading East
- Slough
- Runnymede and Weybridge
- Esher and Walton
- Epsom and Ewell
- Spelthorne
- Oxford West and Abingdon
- Oxford East
- Aylesbury
- Chesham and Amersham
- South West Hertfordshire
- Watford
- St Albans
- Hemel Hempstead
- South West Bedfordshire
- Luton North
- Luton South
- Welwyn Hatfield
- Broxbourne
- Stevenage
- Chelmsford
- Basildon and Billericay
- South Basildon and East Thurrock
- Castle Point
- Southend West
- Rochford and Southend East
- Colchester

