

“Bailiffs - overworked, overpaid and barred from entry”

The amount of debt passed to collection agencies has tripled in the past six years to £21 billion, with more than 20m individual cases being handled in the past year alone.

The increase underlines the ever increasing rise in personal indebtedness and a sustained growth in the use of collection agencies to recover bad debts.

A recent report by the Credit Services Association found that of the £21 billion, £6 billion had been sold on to agencies for collection reflecting a growing tendency by lenders to sell loans to collectors.

“Traditionally the work was on a commission basis with the collector keeping 25% to 30% of the debt if they were able to collect it but the trend now is for the lender, typically a financial institution, to sell the debt to the collection company which they will purchase for around 90p in the pound making their margin from their success in collecting the full amount,” said, Phil Wood, managing director of chartered accountants and licensed insolvency practitioners, Barringtons.

In more recent times, debt collectors are finding increasing numbers of people are moving house in order to avoid debts. In fact, out of the 20m cases handled last year, at least 1m had moved.

The debt-collection industry is expecting to call for a relaxation on access to identity records in order to help them pursue people attempting to evade debt. The general feeling in the industry is that the government has moved the bias too far in favour of the consumer.