

“OFT to report on the insolvency market”

Hot on the heels of its clash with bank overdraft charges in the Courts, The Office of Fair Trading has now revealed that it is conducting an in-depth study of the corporate insolvency market. The investigation will look at the structure of the market and the appointment process for insolvency practitioners. It will also search for features in the market which may result in inequalities, such as higher fees or lower recovery rates for certain groups of creditors. The study follows concerns raised by both the government and the Insolvency Service over the way insolvency practitioners are appointed.

Commenting, Phil Wood of Staffordshire based licensed insolvency practitioners, BCR said “There is likely to be wide spread support of this study as most practitioners believe in a competitive and transparent market within the insolvency industry where the interests of stakeholders, creditors and the public remain paramount. However, this is likely to be a long investigation with little likelihood of any findings for a year or two.”

“Of course there are flaws in the system which the insolvency profession is the first to recognize. For example closing a business in the UK is more expensive than other countries but the market is dominated by a few large players and it is easy to see why prices rise. Perhaps a different set of checks and balances would do much to alleviate concerns for the profession at large,” added Phil.

ENDS

15th December 2009.