

“Personal insolvencies set to rocket this year”

It is predicted that the number of people who become insolvent this year is set to top 150,000 across England and Wales as unemployment soars during the downturn.

Despite the credit crunch, there are stark signs that an excessive Christmas blow out will tip thousands of consumers over the edge whilst, at the same time, those with large debts will be unable to service them should their income fall or they lose their jobs during the protracted economic downturn.

Commenting, Phil Wood, managing director of chartered accountants and licensed insolvency practitioners, Barringtons, said, "Sadly, for many people in financial difficulties, their options will be strictly limited with formal insolvency the only exit available."

One welcome piece of news is the introduction of Debt Relief Orders from April that will allow consumers with debts of less than £15,000, with minimal assets, to write off their debts without resorting to full-blown bankruptcy.

However, he added: "DROs, together with the expected increase in unemployment, are likely to lead to record levels of personal insolvencies."