



Press release

05 February 2010

Britain on a budget as personal insolvency reaches all time high

With personal insolvency at an all time high, a national debt charity has launched an online budgeting initiative to combat Britain's spiralling debt problems.

Figures released today show that 134,142 people became insolvent in the UK during 2009¹ and a report from the National Audit Office has highlighted that traditional sources of debt advice are struggling to cope with demand².

In response to this, Debt Advice Foundation, a charity which already offers a direct helpline, has developed an interactive online budgeting tool to give people a better understanding of their finances and help them avoid serious debt problems³.

David Rodger, Managing Director of Debt Advice Foundation, explains: "With personal insolvency reaching record levels, fresh-thinking is needed and our advice to consumers is to 'know what you owe' and 'seek help now'.

"Many people will leave it until crisis point to ask for help and what may start as a manageable debt, can result in a person facing insolvency. Individuals are often unaware of the severity of their financial situation, and we have launched an interactive budgeting tool to help individuals keep track of their finances."

There has been a reported 28 per cent annual increase in the number of people contacting debt advice providers and it has been claimed that a quarter of advice agencies are either refusing new cases or have a waiting period of over a month².

David adds: “It’s important to act quickly to resolve a debt problem – and our online resources encourage individuals who are struggling with their finances to seek direct one-to-one advice.”

Debt Advice Foundation’s online *Debt Tools* include its specially created budget calculator, as well as a Debt Analyser and Money Management Guide, which are free and available to use at www.debtadvicefoundation.org/help

One-to-one advice is available from Debt Advice Foundation’s counselling team on 0800 2922077.

Ends

Photo Caption: ‘Britain on a budget – consumers get to grips with their finances.’

Note: Image of David Rodger, Managing Director of Debt Advice Foundation is available on request.

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Editors Notes

¹ There were 134,142 individual insolvencies in England and Wales in 2009, equating to approximately 1 in every 320 adults (or 0.31%) and an increase of 25.9% from 2008.

The 134,142 insolvencies in 2009 comprised 74,670 bankruptcies (which were up 10.7% on 2008), 47,641 Individual Voluntary Arrangements (IVAs), (which were up 21.8% on 2008) and 11,831 Debt Relief Orders (DROs).

Source: The Insolvency Service, 5 February 2010.

<http://www.insolvency.gov.uk/otherinformation/statistics/201002/index.htm#tables>

Insolvency Service statistics show that there were 107,288 personal insolvency filings in the whole of 2006 – (previously the highest annual figure since records began)
<http://www.insolvency.gov.uk/otherinformation/statistics/historicdata/HDmenu.htm>

² National Audit Office, report: Business, Innovation and Skills: Helping over-indebted consumers. Published 4 February 2010: http://www.nao.org.uk/publications/0910/over-indebted_consumers.aspx

It states: In the recession, demand for support and advice has become greater than capacity. Between July 2008 and July 2009 there was a 28 per cent increase in the number of people contacting advice providers and, in some instances, there is not the capacity to cope. A quarter of advice agencies are either refusing new clients or have a waiting period of over a month.

³ Debt Advice Foundation's budgeting tool gives consumers an anonymous way to gain a clear understanding of their financial situation by calculating total income, living costs and credit commitments. This enables individuals to identify any surplus income or a deficit that could create a debt problem.

About Debt Advice Foundation

- Debt Advice Foundation's telephone helpline service is available six days a week on 0800 2922077, lines are open from 8am-8pm Mon-Fri and 9am – 5pm on Saturdays.
- Debt Advice Foundation is a registered charity, with the following objectives:
 - Provide free, impartial and appropriate advice to people with unaffordable debt.
 - Help people with debt problems to gain free access to solutions that will help them.
 - Promote the education of young people in money management so as to reduce the likelihood they will mis-use debt later in their lives.
 - Undertake or fund research to understand why problem debt happens and its effect on individuals, families and the wider UK economy.
 - To use this evidence to become a force for beneficial change within the credit and debt solutions industry and to work with government to bring about legislative change to benefit UK consumers.
- Debt Advice Foundation features in the FSA (Financial Services Authority) consumer website – Money Made Clear (www.moneymadeclear.fsa.gov.uk) as a source of free and impartial debt advice.