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Insolvency Practitioners Association publishes first benchmark report on industry-first regulatory regime

The UK's largest insolvency regulator, the Insolvency Practitioners Association, has introduced unprecedented measures to regulate a new and dynamic area of the insolvency market.

The Association has produced its first benchmark report on its new Scheme, which was implemented in January 2019, to regulate Insolvency Practitioners who operate large volumes of personal insolvency cases.

People who find themselves burdened by problematic financial debt often turn to Individual Voluntary Arrangements and, in Scotland, Protected Trust Deeds, to manage their debts. The number of these solutions in the market has grown significantly in the last decade, from circa 20,000 cases in 2010 to over 270,000 by the end of 2019. Firms who administer these debt solutions have grown to match, and the market is now mainly controlled by a handful of companies that administer cases at far higher volumes than ever before seen in the Profession.

In a move that is an industry first, the Insolvency Practitioners Association has shifted to a regime of continuous monitoring of these firms. All information is made easily accessible, and the number of in-person and remote monitoring visits has been stepped up. This is a departure from periodic reviews of the providers and is a more agile approach to monitoring their performance in line with their business models and ways of operating. This was initiated to ensure that confidence is instilled in this area of the market.

It is essential that those who enter debt solutions understand the rules that they are signing up to and the consequences of defaulting on the agreement. Some concern has been raised about the advice given to prospective clients when handling cases at such high volumes. In response, as part of the new Scheme, the Insolvency Practitioners Association investigated this in 2019, undertaking 305 in-depth advice call reviews. In another industry first, the Insolvency Practitioners Association also launched a new requirement that lead generation firms supplying the providers with business must be authorised by the Financial Conduct Authority. Volume provider marketing and advertising has also been brought under strict scrutiny by the Association.

The Insolvency Practitioners Association has made these changes to regulation to ensure that volume providers are clear on their responsibilities, cannot fall shy of the rules, and provide services to people in debt to the high professional standards expected of the Insolvency Profession.

You can access the benchmark report via the IPA's website at: www.insolvency-practitioners.org.uk/press-publications/recent-news.

IPA CEO, Michelle Thorp, commented:

"People in debt should be able to trust in the services they are receiving from volume providers. The changes we've made, a first in the Profession, will help to provide this assurance and foster a more confident environment."

"I was pleased by the swift rate at which the Volume Provider Regulation Scheme was adopted. We will adapt the Scheme over time to ensure that we are keeping in line with this fast-moving part of the Profession. Many thanks indeed to the Insolvency Practitioners, volume providers, and those from the creditor community who were instrumental in helping us to design and implement the Scheme."

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About the Insolvency Practitioners Association

The Insolvency Practitioners Association (IPA) is the UK's sole Recognised Professional Body (RPB) dedicated to insolvency. Its principal aim is to promote and maintain excellent performance and professional conduct standards amongst those engaged in insolvency practice. It is the largest, in terms of insolvencies covered, of the RPBs recognised for the purposes of authorising Insolvency Practitioners (IPs) under the Insolvency Act 1986. You can find an IPA IP on its website: www.insolvency-practitioners.org.uk.