



Reset your Debt with Tc Debt Solutions

22nd Oct 2020



Statutory Debt Solutions Scottish Government's latest figures

The Scottish Government's latest figures on Statutory Debt Solutions provide information to help respond to the impact of the COVID-19 pandemic on our economy and society. These solutions relate to Bankruptcies, Trust Deeds and The Debt Arrangement Scheme.

While the latest figures show that there has been a drop in Bankruptcies and Trust Deeds, in comparison to last year, there has been a slight increase in the number of Debt Payment Programmes being approved under the Debt Arrangement Scheme.

There has also been an increase in the number of moratorium applications being granted under the new temporary legislation which currently allows for a six-month moratorium against creditor diligence. A further change in this legislation, which has now been extended to 31st March 2021, is to the minimum debt level that must be owed to creditors before they can petition for sequestration. This has been increased from £3,000 to £10,000, which clearly makes it harder for creditors to make individuals (sole traders/partnerships) bankrupt during this coronavirus pandemic and this appears to be reflected in the figures.

However, the rise in moratoriums shows that debtors pro-actively appear to be taking steps to prevent creditors from being able to take further action as well.

Now they are beginning to be able to return to work debtors may also be entering a Debt Arrangement Scheme in order to have more control over their expenditure and repay their debts with interest and charges frozen over a more manageable timescale.

The continuing impact of COVID-19 will no doubt be seen more after October 31st, when the Furlough scheme ends, and the new Job Support Scheme comes into place. This may inevitably force already cash strapped employers to take the hard decision to implement redundancies in order for their business to survive.

Increases in all statutory debt solutions are unfortunately expected towards the end of the year and into 2021 as the uncertainty around the job market continues.

Here are the main points from the Accountant in Bankruptcy for January to September 2020 (compared with January to September 2019):

- There were 7,003 personal insolvencies in the year to the end of September 2020, 3,275 (31.9%) fewer than in the same period the year before.
- Bankruptcies decreased by 37.5% in the year to the end of September 2020 when compared with the same period the year before.
- PTDs decreased by 28.8% over the same period.

- There were 2,417 approved DPPs under Debt Arrangement Scheme in the year to the end of September 2020 compared with 2,085 for the same period the year before, an increase of 15.9%.

The introduction of new provisions on the statutory moratorium and the revised fee structures in place for accessing bankruptcy are part of emergency measures brought in by both the Coronavirus (Scotland) Act 2020 and the Coronavirus (Scotland) (No.2) Act 2020:

- As of 30 September 2020, 621 applications for moratoria had been granted under the new powers.
- There were 199 applications for moratoria granted in September 2020 under the new legislation, 123 more than in September 2019 under the previous provisions.
- In the period between 27 May and 30 September 2020, there were 845 new applications for bankruptcy which benefitted from the reduced application fee – 670 (79.3%) of which paid no application fee at all.

Summary of Emergency Legislation – <https://www.aib.gov.uk/>

If you or anyone you know is currently struggling with a problem debt, at TC Debt Solutions we are always happy to assist. TC Debt Solutions is part of Thomson Cooper Accountants.

For free advice and information please contact.

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