

Personal insolvencies at lowest since 2008 crisis

Debt pressures

The number of people who declared themselves insolvent fell last year to the lowest level since the financial crisis began in 2008, according to the Insolvency Service.

There were 109,477 personal insolvencies last year in England and Wales, down 8.7 per cent from 2011, with a quarter taking place in the final three months of the year.

Company liquidations declined in 2012 by about 4 per cent to 16,138, compared with a year earlier.

High street names such as electrical group Comet were among the thousands of companies in England and Wales to call in administrators last year.

Pressure on consumer finances has led to a renewed spate of retailers, including well-known

names such as HMV, Jessops and Blockbuster, falling into administration.

Steve Rees, managing director of debt management company Vincent Bond & Co, said that, while the decline in insolvencies seemed reassuring, the "statistics mask the growing problem of 'zombie' companies".

"These are companies that tread water," Mr Rees said. "They do not become insolvent but are only able to service the interest on their debts, not the debt itself."

Experts say banks have been under pressure not to be too aggressive in recouping bad loans made to companies that now appear insolvent. While these continue to trade, and their staff continue to be employed, many are unable to expand, even if the economy grows.

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