



Taboo Disappears as Thousands Declare Themselves Bankrupt

LATEST figures prove people are opting for bankruptcy in the face of growing debt as the move no longer seems shrouded in shame.

HJS Solutions Managing Director and insolvency practitioner Gordon Johnston said a worrying new trend was emerging.

"In the last quarter of 2009 there were some 33,500 personal insolvencies – that's a rise of 25 per cent on the same period in 2008

"The recession is now officially over but the knock on from that will continue for some time yet so this figure is not that surprising.

"What is interesting is the fact that in 85.4 per cent of cases individuals are choosing to make themselves bankrupt," he said.

In the past it would have been creditors who pushed for bankruptcy but now it seems with less harsh penalties in place, individuals no longer view insolvency as the taboo it once was.

"If an individual has racked up debts on credit cards and they don't own a house or any major assets, many are now choosing to declare themselves bankrupt.

"Since the bankruptcy laws were relaxed and you can be discharged within a year instead of three, this is definitely becoming a more attractive option for those who find themselves in serious financial difficulty.

"As a firm dealing with insolvency, we have seen a marked increase in the number of people coming to us for advice about declaring themselves bankrupt" he said.

Gordon explained that new Government moves to introduce online bankruptcy for just £360 could set a dangerous precedent and lead to people declaring themselves bankrupt without giving the matter serious consideration and seeking professional advice. There is also a danger of malicious bankruptcies.

"There is a fear that blameless victims could find themselves bankrupted by impersonators who steal their identity to get to their money and then make them bankrupt online.

"They would certainly need to ensure people's online security before such a scheme could be considered," said Gordon.

Consultation on the plan for online bankruptcies from Lord Mandelson's Business Department has just closed.

For more details contact Gordon Johnston on 023 8023 4222.