

## **THE INSOLVENCY SERVICE**

### **Notification of changes in deposits and fees in insolvency proceedings**

We are writing to notify you of changes in the cost of insolvency proceedings. The changes will be effective from 16 November 2015.

The Insolvency Service reviews its fees and charges annually and is required to set its fees to cover its costs. The changes will ensure that the cost of insolvency processes continue to be paid for by those who use them whilst protecting taxpayers' money. Deposits on creditors and company winding up petitions are increasing. The official receiver's case administration fees are also going up.

#### **The changes are as follows:**

<b>Fee</b>	<b>Current £</b>	<b>Proposed £</b>	<b>% change</b>
Debtor's (own) bankruptcy deposit	525	No change	N/A
Creditors' bankruptcy deposit petition	750	825	10%
Bankruptcy administration Fee (paid from assets in cases via the sliding scale as described below)	1850	1990	7.6%
Company winding up deposit	1250	1350	8%
Company winding up administration fee	2400	2520	5%

The deposit payable on a debtor's bankruptcy has not increased since 2011. The Debt Relief Order regime changed in October 2015 to provide easier access to debt relief for financially vulnerable people. There are also proposals to take debtor's petitions out of the court. The impact of these changes will be considered before considering increases in the debtor's petition deposit.

The Secretary of State fee is being reduced. This will be achieved by changing the scale of charges applicable when assets are realised.

<b>Applicable SoS Fee</b>	<b>Current</b>	<b>Proposed</b>
First £2000 (£2,500 company)	0%	No change
Next £1700	100%	75%
Next £1500	75%	50%
Next £396,000	15%	No change
Remainder*	1%	No change

\*Maximum total payable fee £80,000 –no change

This means that there should be a better return for creditors.

Customers are required to pay a deposit to help pay for some of the costs of the case when they present an insolvency petition to the court. The deposit meets the initial costs incurred to administer the case but if sufficient assets are realised the deposit will be refunded before other creditors are paid. Other fees are paid for out of asset realisations.

### **What fee increases mean for customers**

We want you to have accurate and up to date information about insolvency fees to enable you to work with your stakeholders, customers or provide sound advice where applicable.

### **The legislation**

The Insolvency Proceedings (Fees) (Amendment) Order 2015 (the Order) <http://www.legislation.gov.uk/uksi/2015/1819/contents/made> comes into force on 16 November 2015. The Order makes amendments to the Insolvency Proceedings (Fees) Order 2004 S.I.2004/593 (the Principal Order): <http://www.legislation.gov.uk/uksi/2004/593/contents/made>

### **Fees review**

The Insolvency Service is currently undertaking a wider review of its fees and its funding model.

### **Contact the Insolvency Service to learn more**

Please contact the Insolvency Service if you have any questions about the change in insolvency fees. You can call our enquiry line on 0300 678 0015 or visit us on line at <https://www.gov.uk/government/organisations/insolvency-service>

You should note that the Insolvency Service is unable to provide financial advice and guidance to help customers choose an option for debt resolution. Anyone needing this type of support should seek guidance from a money advice service or an insolvency practitioner.