



Our ref. GB/PJK/NH

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Dear Ms Marsden

**RESPONSE OF THE CHARTERED INSTITUTE OF CREDIT MANAGEMENT (CICM) TO: THE INSOLVENCY SERVICE- REGULATION OF INSOLVENCY PRACTITIONERS**

The Chartered Institute of Credit Management ([CICM](#)) is the largest recognised professional body in the world for the credit management community. Formed 80 years ago, the Institute was granted its Royal Charter in 2014. Representing all areas of the credit and collections lifecycle, it is the trusted leader and expert in its field providing its members with support, resources, advice, and career development as well as a networking and interactive community. In addition to its comprehensive suite of qualifications and learning opportunities, events and magazine 'Credit Management', the CICM administers the [Prompt Payment Code](#) for BEIS. Independently, and through collaboration with business organisations, it provides vital advice to businesses of all sizes on how best to manage cashflow and credit.

CICM members hold important, credit-related appointments throughout industry and commerce, and we feel it appropriate to comment on this consultation. Please find our answers to the questions posed in the Call for Evidence attached.

If we can help in any further way please do not hesitate to contact us.

Yours faithfully

**Glen Bullivant FCICM**  
**Chair of Technical Committee**

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## RESPONSE OF THE CHARTERED INSTITUTE OF CREDIT MANAGEMENT (CICM) TO: THE INSOLVENCY SERVICE- REGULATION OF INSOLVENCY PRACTITIONERS

- 1. Do you think Recognised Professional Bodies (RPBs) investigate complaints about insolvency practitioners in a way that is fair, and delivers consistent outcomes for all parties? Please share examples of good and bad practice.**

The quality of work carried out by the RPBs has improved over the years. It is now clear how to complain and access the procedures, with published outcomes and an explanation of why decisions were reached. In our members' opinion, investigations are carried out in a fair and consistent manner.

Our members believe that any change to the framework needs to be assessed carefully in order to ensure that any benefits outweigh what may be lost from the current framework. Consideration needs to be given to not losing any professional expertise already in place, and there being a consistent approach taken across all types of cases dealt with.

- 2. What level of confidence do you have that RPBs will deal with insolvency practitioner misconduct swiftly and impartially, using the full range of available sanctions set out in the Common Sanctions Guidance?**

As stated above, we believe that the work carried out by the RPBs is done in an impartial manner ensuring that all parties understand the timescales and work required to gather the evidence and report accordingly. Governance within the bodies must ensure that impartiality is maintained and any potential conflicts are managed appropriately.

- 3. Do you believe the sanctions that the RPBs can currently apply are adequate and sufficient to provide fair and reasonable redress when a complaint is upheld? If not, what sanctions do you believe an RPB should be able to apply?**

Yes. The current sanctions are sufficiently robust to ensure that any transgression from acceptable standards provides a reasonable redress to the complainant.

- 4. What evidence is there to demonstrate that RPBs collaborate to ensure there is consistency in monitoring and enforcement outcomes?**

Our members feel that all RPBs have the same common headline aims and objectives. However, it is likely that each RPB will have a different interpretation of Codes of Ethics, procedures, policies and Statements of Insolvency Practice. We do not believe that these different interpretations are significant and have not affected creditor confidence in the RPBs. The oversight regulator should take the lead in ensuring that standards are maintained, including a prescribed interval for inspections, and that processes across the RPBs are aligned appropriately, and wherever possible.

**5. Are RPBs doing enough to promote an independent and competitive insolvency practitioner profession that considers the interests of all creditors? Please share examples of good and bad practice.**

Ultimately it is the creditor (secured or unsecured) that will be instrumental in the appointment of an IP. That appointment will be affected by the knowledge and experience of the IP rather than the IP's RPB. Creditors will expect any regulatory body for a professional person to focus its energies on being sufficiently robust to protect the interest of the "user" and not promote a group who use one RPB over another.

The promotion of a competitive and independent IP profession comes about by the highest standards being adopted as the norm.

**6. In what ways have the RPBs used the introduction of regulatory objectives to improve professional standards within the insolvency profession?**

The introduction of Codes of Ethics, JIC and SIPs has brought about a number of improvements within the profession. The standards are published and accessible to all.

**7. When dealing with insolvency practitioner conduct, how transparent are RPBs in their decision making?**

Our members have no concerns about the transparency of the RPBs in their decision making.

**8. Does the current system of regulation provide for the effective scrutiny of insolvency practitioner fees? If not, what improvements would you suggest?**

Yes. Creditors will have the final decision but there is confidence that time recording on cases can be properly scrutinised and explained. This has improved creditor confidence although there is still an overriding concern that costs and fees are too high generally.

**9. What are RPBs doing to promote the maximisation and promptness of returns to creditors? Please share examples of good and bad practice.**

Our members feel that questions are asked if funds are not distributed at the earliest opportunity.

**10. Is there confidence that people who are in financial difficulty and wish to enter a statutory solution are routinely offered the best option for their circumstances?**

We feel that the word "best" should not be used. In the opinion of our members, the phrase should be "the most appropriate option". Our members share concerns that the RPBs are reviewing the work of IPs to ensure that the various options are discussed, but are not challenging the advice given. When discussing the general approach with RPBs we are concerned that there might be a "tick box"

approach as to whether or not the options are discussed but no weight is given or challenge made to the advice given.

Ultimately the decision is made by the debtor (be it corporate or individual). The debtor will be influenced by the advisor and if the advice given does not appear to be the most appropriate by the RPB then it should be considered that the case be referred to another RPB for consideration/comment. At the moment it appears that the only question asked is “have alternatives been discussed?”.

The new regulatory framework for the continuous monitoring of the use of an Individual Voluntary Arrangement (IVA) by the high-volume IVA providers recently introduced by the IPA should make strides in addressing these concerns, and is a demonstration of the current RPB system being flexible and adaptive.

**11. Are RPBs doing enough to promote the public interest and protect the public from harm? Please share examples of good and bad practice.**

Our members feel that the low level of complaints seems to suggest that this is the case.

**On a scale of 1 to 5, to what extent do you agree with the following statements? (1 being strongly agree, 5 being strongly disagree.) Please provide an explanation for your score and supporting evidence if possible.**

**12. “The regulatory objectives are fit for purpose” 2**

**13. “The RPBs function in a way that delivers the regulatory objectives and this has increased confidence in the system” 2**

**14. “There are matters of significant concern, which are currently affecting confidence in the regime, which are not addressed adequately by the regulatory objectives” 4**

**15. “There is confidence that government oversight sufficiently holds the RPBs to account to deliver the regulatory objectives” 2**

**16. Does the reserve power provide sufficient flexibility in the options for a single regulator? If so, which option would most effectively deliver the regulatory objectives?**

Our members have commented that moving to a single regulator is not necessarily the best way forward, and may mean additional costs to business without meaningful benefits. We believe that existing regulators should remain, with efforts being focussed on evolution rather than a major upheaval of the current system.



**17. Should government look to create a different type of regulatory framework that better suits the current insolvency system (for example firm regulation in certain sectors)? If so, what type of framework would best deliver improvements to public confidence?**

Firms as well as IPs should be under the scrutiny of RPBs. There have been some high-profile failures and any future framework (or modification of the existing framework) should ensure that appropriate action is taken at the earliest opportunity to minimise losses. An improvement is required in the perception of regulation within the industry – regulation that has changed quite significantly since this provision was enacted.

**18. Should government have a role within any new or improved regulatory framework?**

The government is recognised as playing an important role in establishing consistent processes and should have a guidance role to ensure that the RPBs are providing a quality service and meeting Regulatory Objectives.

**19. How might any future single regulator, or alternative framework, be funded?**

We feel that this could be by a levy on the IP and the IP's firm.