



Chartered
Institute
of Credit
Management

Our ref. GB/SC/NH

30 June 2021

Mr Andrew Shore
Policy Unit
The Insolvency Service
16th Floor, 1 Westfield Avenue
London
E20 1HZ

Email: Policy.Unit@insolvency.gov.uk

Dear Mr Shore

RESPONSE OF THE CHARTERED INSTITUTE OF CREDIT MANAGEMENT (CICM) TO: THE INSOLVENCY SERVICE: FIRST REVIEW OF THE INSOLVENCY (ENGLAND & WALES) RULES 2016

The Chartered Institute of Credit Management ([CICM](http://www.cicm.com)) is the largest recognised professional body in the world for the credit management community. Formed over 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, it provides a comprehensive suite of qualifications and learning opportunities, events and magazine 'Credit Management'. 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 Call for Evidence. Our members chose to comment on those questions which they felt most fitted their experience, and as such, the answers to questions 1-7 and 17 are attached.

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

Yours faithfully

A handwritten signature in black ink, appearing to read 'Glen Bullivant', with a horizontal line extending to the right.

Glen Bullivant FCICM
Chair of Technical Committee

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Q1. Do the Rules provide an appropriate framework for the UK's insolvency regime?

Answer

Our members commented that they are not aware of any particular gaps in the Rules.

Q2. Is the framework provided by the Rules clear?

Answer

From the perspective of our members, and given their experience of using the Rules, they feel generally that there is clarity in the language.

One member commented however there could be the possibility of confusion, as the Insolvency legislation has been amended and updated several times over the years. The rules refer to several sections and it is possible that errors could be made.

A consolidation of the insolvency legislation and the Rules would be helpful.

Q3. Does the updated language used in the new Rules improve upon that used in the Insolvency Rules 1986?

Answer

Our members feel that the language provides clarity and is easier to understand.

Q4. What changes, if any, could be made to ensure that the Rules provide an appropriate framework for the insolvency regime or to improve their clarity?

Answer

Our members did not make any additional comments or suggestions.

5. Implementation of Primary Legislation

Q5. Have the policies in the Deregulation Act 2015 and the Small Business, Enterprise and Employment Act 2015 been fully implemented in the Rules?

Answer

Members did not highlight any gaps or issues.

Q6. Is the Rules' implementation of Deregulation Act and Small Business Act policies clear?

Answer

Members commented that the language appears clear and did not raise any areas of any conflict.

Q7. Does the Rules' implementation of Deregulation Act and Small Business Act policies operate effectively and efficiently?

Answer

Our members believe, after having reviewed the Rules, that they appear to provide a good framework.

17. In your estimation, which changes to the Rules have made it easier or more difficult for creditors in an insolvency to engage with the process?

Answer

In the opinion of our members, creditors are not sometimes engaged with insolvencies as their focus is on other areas. The changes to the Rules regarding such areas as opting out, virtual meetings etc have changed the way that creditors engage with insolvencies and, in the main, have had a positive impact.

The principal area of concern is that creditors still do not see any value or return in engaging with IPs and others in the vast majority of insolvencies. The return on "investment" (time and/or money) for creditors is minimal and that effort can be invested better elsewhere.

It was commented by one member that changes to the Rules will not have any meaningful impact on creditor engagement. They added that there has to be a cultural change from creditors who can see that engagement results in a positive benefit, such as a better financial return from insolvencies (see, for example, the recent introduction of preferential status to certain claims by HMRC), stronger sanctions against "rogue" directors and confidence that the insolvency system works for creditors.