

# Early Action Important when Dealing with Unmanageable Debts, says Gregory Pennington

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Borrowers struggling with unmanageable debts should take action sooner rather than later, to stop the problem getting worse - and to find the most suitable answer to the problem.

That's the message from Gregory Pennington, one of the largest and longest-standing debt management companies in the UK.

It's often possible to avoid becoming insolvent if borrowers tackle debt problems as soon as they start, the company adds. The faster people get some expert help with their debts, the faster they could get back in control of their finances, which could help them avoid insolvency.

However, for some people with serious debt problems, an insolvency solution can be the most suitable option.

Gregory Pennington's [interactive insolvency map](#) - based on figures from the Insolvency Service - shows how different regions across England and Wales are dealing with insolvency. There are various insolvency solutions designed to help borrowers who have unsecured debts - e.g. credit cards, personal loans and overdrafts - that they can't afford to repay as agreed.

Throughout England and Wales, the three insolvency approaches available are IVAs (Individual Voluntary Arrangements), DROs (Debt Relief Orders) and bankruptcy. Between April and June 2012, 33,787 people in the UK entered one of these solutions.

However, those insolvencies weren't equally spread throughout the UK - and the interactive map revealed some interesting statistics about how many people have been made insolvent (and through what approach) in ten regions across England and Wales.

The North East, with a population of 2.6 million, had 7,319 personal insolvencies in the three months between April and June this year. This makes it the region with the most personal insolvencies per head, along with the most IVAs and bankruptcies per person.

IVAs are designed to help borrowers who can't afford to repay a significant amount of unsecured debt in a reasonable timeframe. People who enter an IVA make regular, reduced payments towards their debt, usually for a period of 5 years, after which any included debt they can't afford to repay is written off.

Bankruptcy is designed for people who have unsecured debts that they can't repay in any kind of realistic timeframe. Although bankruptcy doesn't necessarily require regular monthly payments, those who can afford to do so may be required to make payments for up to three years. Once bankrupts are successfully discharged, the unsecured debt that hasn't been repaid through the sale of their valuable assets (e.g. their home) may be written off.

Of all the regions, London has the fewest bankruptcies (4,047), IVAs (4,228) and DROs (2,528) per head. However, it has by far the largest average household debt: £33,168.

The South West, which has a total of 13,048 personal insolvencies, has the most DROs per head - a total of 3,966. DROs were introduced in 2009 as a low-cost alternative to bankruptcy for people on a low income who have few valuable assets.

A spokesperson for [Gregory Pennington](#) commented: "Borrowers up and down the country can fall into serious debt problems for all kinds of reasons, often as a result of events they have no control over.

"In the current climate, with rising costs, pay freezes and a tough job market, many people are really feeling the squeeze with their money. A change in circumstances, such as a pay cut or an unmanageable bill, could turn manageable borrowing into a debt problem.

"It's important that anyone having difficulty repaying their debts gets some professional help right away. They may be able to agree a repayment plan with their lenders to get back on top of their debts. Alternatively, seriously struggling borrowers who need to enter insolvency should discuss their situation with an expert to find the most suitable insolvency solution."

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## Notes to editors

Gregory Pennington currently helps around 50,000 people repay their debts through its Debt Management Plan. The company is part of the Think Money Group, one of the UK's leading financial solutions providers.

Gregory Pennington is a founding member of DEMSA, the Debt Managers Standards Association, which was established in 2000 'to promote good practice in the debt management industry'. DEMSA's code of conduct has received Office of Fair Trading approval, under its Consumer Codes Approval Scheme.

For more information, visit the Gregory Pennington website at <http://www.gregorypennington.co.uk>.

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