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Hello

Welcome to Focus News

I am pleased to welcome you to the June edition of 'Focus News', our monthly newsletter bringing you articles and features that we hope you will enjoy reading and be useful to you. We're always happy to receive your feedback so get in touch with your comments.

With the extended Jubilee bank holiday behind us and the football and Olympics still to come its quite easy for a client to find a distraction to their problems, but we cannot stress enough how important it is for them to take advice at the earliest opportunity if they feel like they or their business might be struggling, even if just for reassurance. Our latest series of blogs can help explain your client's options to them when it comes to their business; so why not [take a look](#).

I'd also like to take the opportunity to congratulate our team who ran the Great Manchester Run in May and raised £690 for Derian House, more news below.



~ **Anthony Fisher**
MIPA, MABRP
Licensed Insolvency Practitioner
Managing Director

Small Businesses 'Reject' Payday Lenders



Payday lenders trying to break into the business lending market may have overestimated the demand for their services as is was revealed that as little as 6% of businesses would consider them an options for obtaining credit.

This month saw Wonga begin to offer its services to businesses at annual interest rates of up to 108%; although they state that they do not expect business to borrow credit for



a whole year and made clear that interest rates on their business loans start at 17%. Their business loan website has had thousands of hits but they declined to give a figure of those businesses that had actually taken credit.



Despite the difficulties that small businesses can have obtaining credit in the current climate, 91% of those surveyed said they would reject a payday lender as a source of credit.



James Dunleavy of BDRRC (who carried out the research) said: "Despite the tough economic climate, it's clear that small businesses do not appear interested in using a short-term fix to the long-term challenge of financing their business. In reality, there are signs that payday lenders may have misread both the appetite and need of SMEs for additional finance on any terms."



Shadow business secretary Chuka Umunna called the move by payday lenders "a damning indictment" of the banking system and the Government to get banks to lend to viable firms.

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Last week the Bank of England regional agents report found that SME's are still having a lot of trouble obtaining credit under any circumstances and are often have overdrafts withdrawn.

UK Short Term Prospects Looking 'Better'

Current UK trading levels are said to be at a 12 month high with a survey of businesses showing short-term prospects have improved, however the current Euro Zone crisis is set to hamper longer term growth.



Research carried out by BDO LLP, which took data from around 11,000 businesses, showed that its output index rose to 96.7 in May. Any reading above 95 indicates growth.

BDO said that these findings suggested that the UK was returning to growth with May's reading being the highest for 12 months.

However BDO's Optimism Index, which measures expected business performance two quarters in advance, suggested that the crisis in the Euro Zone would slow growth towards the end of the year.

Peter Hemington, a partner at BDO LLP, said "Given that half the UK's export goods go to the eurozone, it's hardly surprising that the ongoing turbulence there is denting longer-term growth prospects here.

"The biggest issue for UK businesses at the moment is that the strength of the pound against the euro has made UK exports much more expensive, significantly denting export and growth prospects."

Peer-to-peer Lending could see the Decline of the Banking 'Middle Men'



Lending has topped £250 million on three websites that offer to cut out the bank 'middle man' with peer-to-peer lending.

The peer-to-peer sites are led by Zopa, which has lent more than £200m since it started in 2005.

Funding Circle, specialising in business loans, has topped £34m, and RateSetter has reached £24m.

The new system, which is gaining popularity at an increasing rate could seriously threaten the role of the banks when it comes to lending. The sites offer no protection on deposits but as many are finding out the returns are much higher than a traditional savings account.

So far the sites have reported that only 0.5% of its lenders money has been lost to defaults as it uses a system where any money deposited by a single person is split into £10 chunks and spread out among borrowers to lessen any risk. Loan applicants also go through credit checks.

The greatest risk comes with the fact that peer-to-peer lending is not protected by the financial services compensation scheme (FSCS) which provides security up to £85,000 per bank, per saver if something were to go wrong.

Returns are showing much higher interest rates than banks are currently offering, for example the interest on a recent client's £5000 deposit is 7.8% p/a before tax and after Zopa's 1% charge.

Borrowers are seeing improved rates as well; one client borrowing £4,500 was quoted interest rates of 5% higher by his bank than the current 8.4% he is paying.

The Government has also pledged to lend £100 million to these peer-to-peer sites in order to help their own lending to businesses.

With lenders and borrowers connecting on a more direct level, this could mean the decline of the banking 'middle men'.

The Latest UK Personal Debt Statistics

- **£55,483** was the average household debt (including mortgages) in April
- **£172m** was the daily amount of interest paid on personal debt in April
- **8,518** new debt problems were dealt with by the CAB each working day over the year to December
- **1,880 people** were made redundant every day between January and March
- **887,000 people** had been unemployed for over a year between January and March
- **£14.03m** of loans are written-off daily by UK Banks and Building Societies
- Every **13 min 44 seconds** a property is repossessed

- Every **4 min 35 seconds** someone will be declared insolvent or bankrupt
- **£1.325 billion** was the daily value of all plastic card purchases made in March

Statistics from Credit Action

New Focus Insolvency Blog



May 1st saw us launch our brand new [blog](#), a platform for advice, questions, opinions and interviews all related to the insolvency and financial world.

We've added a lot of new information over the past month; you can catch up with all our new blogs [here](#)

including the very useful "[Is My Company Insolvent?](#)" infographic.

Don't forget sign up to get our new articles by email or RSS feed or if you have your own WordPress Blog, why not follow us, let us know where to find your blog and we'll follow you too.

We're also hoping to have some guest bloggers write some articles that will appear on the blog so if you're interested please contact us for details, we'll gladly return the favour.

We Did It! Great Run Success and Fund Raising Total Smashed!

All four of our runners completed the Great Manchester Run in impressive time raising almost £700 for [Derian House Children's Hospice](#)!



Andy Platt, Gary Birchall, Rebecca Chamberlain and Michelle Corcoran have managed to raise a total of £690 for [Derian House Children's Hospice](#) smashing our goal of £500 and completing the 10k [Great Manchester Run](#).

We want to say a huge thank you to everyone that donated, your support and encouragement is much appreciated and your money will be going to a wonderfully worthy cause.

All the online donations went directly to the charity and the offline donations that we've gathered will be presented to them as soon as we have collected the remaining few pounds.

Independent Business Review Service

Focus Insolvency Group is currently offering their much valued 'Business Review' service completely FREE and without obligation to companies within the North-West.



Specifically designed for small to medium sized businesses, our Business Review Check will allow your clients to assess both the strengths and weaknesses of their company; identify areas of change or improvement and provide them with a clear plan of action on how to move forward.

Our Business Review starts with an initial impartial review meeting with one of our qualified advisors, which will cover:

- Business Performance & Strategy
- Cash flow Management
- Sales Activity
- Asset Utilisation
- Marketing & Competition Analysis
- Plans for the Future

Following the meeting, we will provide your client with a detailed report highlighting areas of action or improvement and outlining suitable advice and suggestions for what is needed moving forward.

If you feel any of your clients could benefit from this service please do not hesitate to get in touch on **01257 251319**.

***If any of your clients have been affected by the stories in our newsletter or need advice on any other matters, please feel free to contact us.
01257 251319***
