

ATRADIUS UK

James Burgess, Head of Commercial at [Atradius UK](#), one of the UK's largest trade credit and insolvency firms, says:

“The updated Insolvency Service figures confirming 5,995 business insolvencies were registered in Q4 of last year are sobering news, and unfortunately we're likely to see business failures rise across all sectors as the months go on. The figures speak for themselves, with insolvencies 30% higher than the same period in 2021, and 7% higher than Q3 of 2022. The liquidation rate in 2022 was also the highest we've seen since Q3 of 2015.

“Our internal claims data also indicates businesses are already falling victim to the looming recession, with the number of claims for late or failed payments reported to us in 2022 a staggering 85% higher than in 2021. Lower levels of insolvency in 2021 were largely as a result of increased government support, but as this is no longer the case, the numbers will almost certainly be heading in one direction.

“One of the major reasons firms find themselves filing for insolvency is the fall down of supply chains, and this will have huge implications for firms during a recession. If a customer fails to pay on time – or at all – the domino effect on supplier firms is wide-reaching, particularly at times when cash is tight.

“Firms across the board are facing an unprecedented number of challenges, from the continued fall out of Brexit and the Covid-19 pandemic, to labour shortages and soaring energy costs. Many business leaders will no doubt already be having difficult conversations about whether they can continue to operate at all, let alone profitably.

“But businesses almost never go into insolvency overnight, and there are a number of warning signs suppliers need to look out for beyond just late payments, such as taking advantage of full credit lines, a change of banks or high turnover among senior managers. We – at Atradius – continue to underwrite retail firms on a case-by-case basis, but it's crucial that firms have robust and updated financial insight and forecasts. In a time of high volatility this could be a determining factor as to whether a company flourishes or fails.”

About Atradius

Atradius is a global provider of credit insurance, bond and surety, collections and information services, with a strategic presence in over 50 countries. The products offered by Atradius protect companies around the world against the default risks associated with selling goods and services on credit. Atradius is a member of Grupo Catalana Occidente (GCO.MC), one of the largest insurers in Spain and one of the largest credit insurers in the world. You can find more information online at <https://www.atradius.co.uk>