

Insolvency & Recovery newsletter

February 2026





Members' Voluntary Liquidation (MVL) – Tax Rise Reminder

MVLs are often used for their favourable tax treatment on the distributions declared to shareholders. Business asset disposal relief (formerly entrepreneurs' relief) may also be available, to reduce tax even further.

On 6 April 2026 the rate of business asset disposal relief is increasing from 14% to 18%.

If you have clients considering a MVL for their company, perhaps now is the time to start putting those plans into motion. It is often possible to place a company into an MVL at relatively

short notice and therefore there is still scope to benefit from the lower 14% rate.

There is also legislation that allows the Liquidator in an MVL to obtain a discount when paying debts, that are payable at a future time, early. Accordingly, early payment of the final corporation tax liability might attract a discount of approximately 3.5%.

If you think a client could benefit from an MVL or would just like to understand the process a bit more, please get in touch with [a member of our team](#).

Too good to be true? – Part 1

Directors of insolvent companies are often confused and worried, therefore potentially making them vulnerable about the next steps they should take.

Together with perhaps a lack of understanding of how formal insolvency works this unfortunately creates an opportunity for abuse.

The old adage of it seems to be too good to be true then it probably is, appears very appropriate here.

There have been a handful of unlicensed providers advertising that directors can hand over their insolvent businesses, avoiding a formal insolvency and with no investigation from HMRC or an Insolvency Practitioner. Unfortunately, many directors have accepted these claims and paid over funds to proceed.

Sadly, having parted with funds and believing the matter has been dealt

with, directors become even more confused and upset when a winding up order is subsequently made, and the appointed Insolvency Practitioner makes contact.

We have dealt with a number of these cases that have been subject to compulsory liquidation after the director thought it had all gone away. In all the cases to date we have sought and obtained recovery action against the original directors.

The facilitators of these schemes have also been subject to enforcement action as the following links inform.

[Seven-year bans for sisters who enabled insolvency avoidance scheme and put creditors at risk of financial loss](#)

[Nine-year ban for director of more than 400 companies after he repeatedly undermined the insolvency regime](#)

Too good to be true? – Part 2

Larking Gowen received an email from another insolvency firm, offering to pay us remuneration for referring our accountancy clients to them. No doubt you may have received similar communications.

The insolvency code of ethics is very clear on this position:

"R2340.4 An insolvency practitioner, the firm or an associate shall not make or offer to make any payment or commission for the introduction of an insolvency appointment."

We would therefore urge you to think twice before using such providers.

Insolvency Practitioners found to be paying for referrals are likely to find themselves in hot water with their regulators.



Our advice in all cases where a company is either insolvent or likely to become insolvent is to approach your trusted Insolvency Practitioner, who will provide clear and accurate advice on an initial no cost or commitment basis.

Standard fee proposal for insolvent Liquidations

Proposals have been made for revisions to insolvency legislation by R3, the trade association for UK's insolvency, restructuring, advisory and turnaround professionals.

The headline change would be the introduction of a statutory fee, proposed at £10,000, for any Liquidator of a company in Creditors' Voluntary Liquidation.

The initiative stems from a recognition of growing challenges faced by Insolvency Practitioners (IPs) due to prevailing creditor apathy in remuneration requests.

Currently, IPs frequently encounter situations where creditors, especially in smaller cases with insignificant funds available to them, are unwilling to actively vote on remuneration or

fee requests. This lack of engagement often forces IPs to obtain fee approval by an application to court, incurring additional time and costs that further deplete limited funds, a process deemed inefficient and burdensome. The proposal highlights that this "money and time not well spent" could be better utilised.

We think this proposal is a great idea and hope it doesn't take too long to become enacted.

Team news

A warm welcome to Catherine Riedel, who recently joined our team in Norwich. Cat joins with 3.5 years of insolvency experience.

Our team now consists of 2 Insolvency Practitioners and 13 dedicated insolvency staff, split across Norwich and Ipswich offices.

Sebastian Hall, or Baz as he is known to most, is a senior manager in the Norwich office. He successfully passed the personal joint insolvency exam board exam in 2025 and is currently awaiting his result for the corporate exam which he sat in November 2025. If successful, Baz will be fully qualified and able to apply for an appointment taking insolvency licence. We all have our fingers crossed!

Lee Green, Insolvency Practitioner (IP) and partner, ran his first ever marathon in September 2025. He completed the Loch Ness marathon in a respectable 3 hours and 12 minutes.

In the process, Lee and his wife have raised over £11,000 for the Neonatal Intensive Care Unit at Norfolk and Norwich hospital, who provided critical care to both of their children who were born 3 months premature.

Lee has now signed up to his next challenge, a 50 mile ultra marathon race. There is a good chance you will see Lee running the streets of Norwich over the next 4 months in preparation.



Latest Insolvency statistics – Annual summary for 2025

Here are the latest corporate insolvency statistics for England and Wales:



The total number of company insolvencies was similar to 2024, as a slight decrease in numbers of creditors' voluntary liquidations was balanced by an increase in compulsory liquidations to the highest annual number since 2012. The past four years have seen the highest four numbers of CVLs since the time series began in 1960. In 2025 administrations saw a decrease of 6% from 2024 volumes and CVA numbers decreased by 8% from those in 2024.

In 2025, there were 23,938 registered company insolvencies, comprising:

- 18,525 CVLs (77%);
- 3,730 Compulsory Liquidations (16%);
- 1,495 Administrations (6%);
- 186 Company Voluntary Arrangements (1%);

Company insolvencies peaked during the 2008-09 recession, following the gradual decline seen over the early 2000s. Volumes rose during 2018 and 2019, before falling to the lowest monthly numbers on record during the COVID-19 pandemic in 2020 and 2021, when government support measures were in place. CVL numbers then increased in 2022, exceeding pre-pandemic levels while compulsory liquidations and administration numbers remained low. Insolvency numbers increased further in 2023 to a 30-year high, with CVLs at a record high and compulsory liquidations at levels similar to 2015-19. The 2025 total was similar to that seen in 2024 and slightly lower than in 2023 as a reduction in CVLs from 2023 to 2025 was greater than the increases to compulsory liquidations.