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2025 Insolvency Monitoring Annual Report



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Key terms

Term	Meaning
FCA	Financial Conduct Authority
ICAEW	The Institute of Chartered Accountants in England & Wales
ICAS	Institute of Chartered Accountants of Scotland
IP	Insolvency Practitioner
IS	The Insolvency Service
RPB	Recognised Professional Body
RPS	Redundancy Payments Service
Volume Provider	<p>A Volume Provider is defined as an IP or an entity which has at any time within the previous 12 months been responsible for the administration of:</p> <ul style="list-style-type: none"> a) 1,000 or more cases in which one or more person(s) has acted as nominee in relation to an individual voluntary arrangement, and/or b) 5,000 or more cases in which one or more person(s) has acted as supervisor in relation to an individual voluntary arrangement, and/or c) 2,000 or more cases in which one or more person(s) has acted as trustee in relation to a trust deed (in Scotland) whether or not the trust deed is protected. <p>For the avoidance of doubt, if an IP or an entity meets any of the above thresholds then it shall be a Volume Provider for the next 12 months even if its caseload falls beneath the thresholds during those 12 months.</p>

Introduction

We present our Insolvency Monitoring annual report for 2025. The report aims to provide transparency over our work and includes:

- a) An overview of our insolvency monitoring activities during 2025, and
- b) Key messages and findings arising from monitoring reviews.

We encourage all IPs to read the main findings of this report and consider whether there are any areas that require to be addressed. We hope that you find this report useful in considering how effectively you are complying with regulatory requirements.

If you have any comments or questions, please contact us at aapmonitoring@icas.com.

About ICAS

ICAS is the world's oldest professional body of accountants. We represent over 24,000 members working in the UK and around the world. Our members work in private practice and in a range of businesses, as well as in the public and not for profit sectors. They contribute significantly to society.

ICAS' Royal Charter requires that we act in the public interest. Our regulatory functions are designed and exercised to place the public interest first. Our Charter also requires ICAS to represent its members' views and protect their interests. On the rare occasion that these are at odds with the public interest, it is the public interest that must be paramount.

The regulatory framework

ICAS is an RPB, recognised in accordance with Section 391 of the Insolvency Act 1986, responsible for regulating ICAS licensed IPs in the UK. The RPBs are in turn regulated by IS.

IS has overall responsibility on behalf of the Secretary of State for Business and Trade for ensuring that the activities of the RPBs that authorise and license IPs are in line with the regulatory objectives. Those objectives are set out in Sections 391B and 391C of the Insolvency Act 1986 (as amended) and include:

- Having a system of regulating IPs that secures fair treatment for people affected by their acts, is transparent, accountable, proportionate, and ensures consistent outcomes.
- Encouraging an independent and competitive IP profession whose members provide high quality services at a fair and reasonable cost, act transparently and with integrity, and consider the interests of all creditors in any particular case.
- Promoting the maximisation of, and promptness of returns to, creditors.
- Protecting and promoting the public interest.

ICAS Regulation Strategy

Published in September 2023, the [ICAS Regulation Strategy](#) continues to guide our actions as an insolvency regulator, with an underlying goal to promote trust in the insolvency profession through excellence in regulation. We understand that this cannot be achieved unless we secure appropriate standards of insolvency compliance amongst licensed IPs.

Regulation remains core to the work of ICAS and our Council, with a commitment to this included in the wider ICAS 2030 Strategy, which places ethical leadership at the heart of everything we do.

Our monitoring work promotes trust in the profession through excellence in regulation and by fulfilling our Royal Charter obligations to act in the public interest. To deliver this, our regulatory processes continue to evolve and become more efficient, ensuring that our focus is risk-based and proportionate.

At all stages, we ensure that oversight arrangements are proportionate, sustainable, future-ready and reflect the principles of modern regulation.

Governance

The Regulation Board ('the Board') is the executive board established by Council for setting policy and procedures relating to the regulatory functions of ICAS, including insolvency regulation. Insolvency is a key focus for the Board. The Board receives reports and statistical information, allowing it to exercise effective oversight of ICAS' role as an RPB. It reports into Council and the Oversight Board, with the Chair of the Regulation Board (a Public Interest Member) sitting on both of these bodies.

Operational insolvency functions are delegated to two regulatory committees:

- Authorisation Committee - which deals with licensing, regulatory monitoring, and CPD
- Investigation Committee - which investigates and assesses alleged breaches of rules, regulations, etc.

Where a case against a member, affiliate or firm is sufficiently serious as to require a disciplinary hearing, ICAS operates independent Discipline and Appeal Tribunals, which are overseen by the [Discipline Board](#).

All boards, committees, and panels are constituted under published Regulations and comprise of a mixture of practising accountants and lay members (including legally qualified chairs for the tribunals).

ICAS' [Insolvency Regulations](#) set out the framework which ICAS follows when supervising IPs, in line with relevant legislation. Importantly, the Regulations set out the authorisation process and the obligations of IPs.

Insolvency monitoring

The monitoring function

In 2019, ICAS entered into a formal agreement to sub-contract the resourcing of onsite monitoring visits to ICAEW, pending the outcome of the government's consultation on the future of insolvency regulation. While the subcontracting arrangement has been in place, ICAS' Authorisation Committee has retained full responsibility for deciding the outcomes of each insolvency monitoring visit and taking regulatory action where appropriate.

Following the [publication](#) of the Government's decision, in September 2023, including the conclusion that it did not intend to proceed with plans for a single regulator, ICAS decided to re-build insolvency monitoring expertise within ICAS. In November 2024, ICAS recruited a permanent in-house Monitoring Reviewer.

The ICAS Monitoring Reviewer now works alongside ICAEW monitoring staff on monitoring visits. From 2026 onwards, the ICAS Monitoring Reviewer will be conducting the majority of the insolvency monitoring visits, with ICAEW leading the volume provider annual visits.

Who we monitor

As of 31 December 2025, ICAS licensed 80 IPs (2024: 77) who operate within a variety of business structures from sole practitioners to international firms.

Each appointment-taking IP is visited at least every six years, or more frequently on a risk basis. We monitor the IP's compliance with insolvency legislation, standards and other regulatory requirements.

A number of IPs have retired over recent years, however this has been offset, in part, by some first-time insolvency licence applications being granted, and a small number of IPs previously regulated by other RPBs moving their insolvency license to ICAS.

Around 50% of appointment-taking IPs are ICAS members, with the others being Affiliates.

As of 31 December 2025, ICAS regulated seven IPs across three firms who met **IS' definition of a volume provider** and were therefore subject to enhanced monitoring, including annual visits.

How we risk assess IPs

We take a risk-based approach to monitoring. This risk-based approach determines the timing and frequency of visits, in accordance with the requirements of the **'principles for monitoring IPs'**.

Risk indicators include:

- The type and size of the IP's portfolio.
- Changes within a practice.
- Previous visit history.

Under this regime, our monitoring resources are focused according to risk. We spend more time reviewing IPs who are higher on the risk scale.

The monitoring process

All visits are conducted in accordance with our visit methodology and procedures to ensure consistency. A quality control review process is in place to ensure that these procedures are followed, with any new monitoring reviewers subject to more detailed reviews. There is also consultation during monitoring visits on any complex issues that arise.

The processes and procedures undertaken are the same regardless of who conducts the monitoring visit, with the Authorisation Committee retaining full responsibility over monitoring outcomes.

The purpose of monitoring is to enable ICAS to make an objective assessment of the conduct and performance of the IPs it authorises, and to ascertain whether the practitioner is a fit and proper person to be an IP.

In discharging these functions, we adhere to the **'principles for monitoring IPs'** and work closely with IS and the other RPBs.

In addition to its monitoring activities, ICAS promotes best practice in insolvency via our insolvency committee and through articles, webinars, and our annual insolvency and restructuring conference.

How a visit is conducted

The monitoring reviewer will arrange a date for the visit. This will generally be no later than six weeks before its proposed start date but often much earlier.

Confirmation of the visit will then be issued along with a request for pre-visit information. Further contact will be made prior to the visit to answer any questions and discuss the practical arrangements for the visit.

Typical pre-review information we may request includes:

- A full caseload analysis.
- Details of cases with common risk areas such as covid support schemes or to the RPS.
- CPD records.
- Details of fee income.
- Banking arrangements.
- Details of websites and trading names.
- SIP 11 review.

Areas we discuss during the opening meeting include:

- Staff and staff training.
- Sources of work.
- Pre-appointment procedures.
- Time recording, cashiering and diary systems.
- Quality control processes.

The opening meeting helps the monitoring reviewer understand the nature of the insolvency practice, how it is operated and the staff and resources available to assist with the insolvency work.

The monitoring reviewer will then review a sample of case files. Some reviews will cover entire cases; others may focus on certain risk areas or case progression.

As cases are reviewed, written queries are sent to the IP and their staff for consideration.

How the visit concludes

We record our findings in a closing record which is discussed in a closing meeting towards the end of the review.

We ask for a response to our findings in writing within 15 business days. When the response is received, we complete our review documentation. The IP will subsequently receive notification from us that the review has been completed satisfactorily, or the report may be presented to the Authorisation Committee for its further consideration.

A quality control review process is in place, to ensure consistency, that the correct review methodology has been followed, and that the monitoring reviewer's conclusions are fair and balanced.

The role of the Authorisation Committee

Monitoring visits where more significant instances of non-compliance have been identified are referred to the Authorisation Committee ('the Committee').

If these instances are limited to one, or a small number, of areas, and are not indicative of systemic issues, then the report of the visit is likely to be considered by a nominated and suitably qualified member of the Committee.

Where more serious instances of non-compliance are identified, which are more pervasive, or across a larger number of areas, the report of the visit will likely be considered by the full Committee in plenary session, to decide whether any further regulatory action is required.

The Committee has the power to grant, suspend, and withdraw licences, as well as applying conditions. Although the Committee's powers largely focus on licences, it also has the power to propose and apply financial penalties in certain circumstances. Regulatory Penalties are only appropriate if the concerns identified are not sufficiently serious as to raise questions over the whether a member or firm should continue to be licensed or remain in membership.

Depending on the nature and significance of the issues, the Committee may also consider a referral to Investigation Committee to consider whether there is a liability to disciplinary action.

The Committee meets approximately once every two months.

Published decisions of the Committee may be viewed on the ICAS website [here](#).

Example of a regulatory penalty applied by the Authorisation Committee

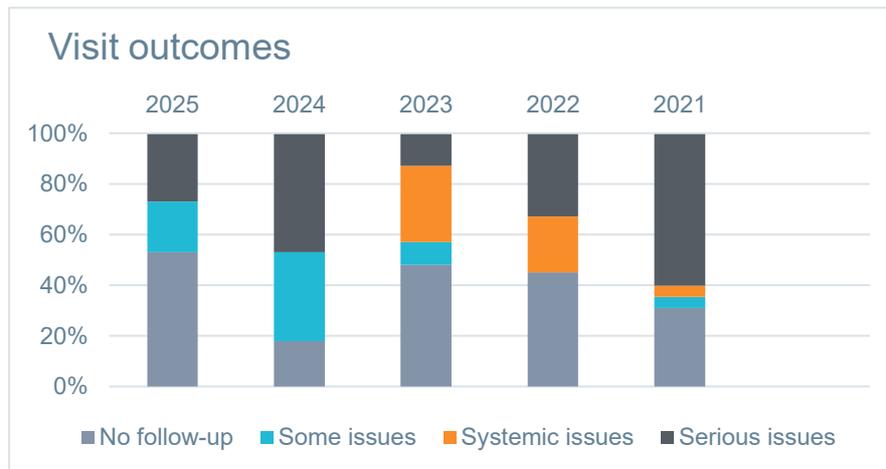
A visit to a long-established IP in April 2024 identified the following issues:

- Failure to hold estate funds in individual estate accounts, as required by Statement of Insolvency Practice 11
- Failure to investigate the validity and potential misuse of a Bounce Back Loan.

Conclusion

In terms of Regulation 5.33 of the ICAS Insolvency Regulations, the Authorisation Committee applied a regulatory penalty of £7,500 in respect of the issues identified.

Insolvency monitoring: 2025 outcomes



During 2025, monitoring visits were undertaken in relation to 22 IPs (2024: 17). The outcomes¹ below provide of a comparison to previous years (by % of visits). However, it should be noted that the figures for 2025 do not include visits to IPs who met IS' definition of a volume provider².

As is a common caveat in ICAS insolvency monitoring reports, the size of the IP population and the consequently relatively small of number of visits conducted in relation to a different selection of IPs each year makes any meaningful commentary or analysis of the visit outcomes very difficult.

In recent years, the number of visits where serious or systemic issues have been identified has persisted at an unsatisfactorily high level. It is therefore positive to note that over 50% of the visits conducted in 2025 required no follow-up action.

Some of the most common issues identified on visits are covered in the 'key themes' section of this report. However, the significant issues that contribute to visits with more serious issues tend to be specific to that visit, rather than common matters, and largely result from systemic statutory compliance issues or serious issues in the management and control of insolvency cases.

ICAS has a focus on 'improvement regulation', in that we will seek to work with and support IPs to make improvements and will focus follow-up action on conditions designed to improve quality (as and when it is appropriate to do so).

¹ Outcomes

The statistics provided in relation to visit outcomes relate directly to the monitoring inspector's evaluation of the visit. The ultimate outcome may not always be regulatory intervention due to mitigation provided to, and accepted by, the Authorisation Committee, or alternative follow-up action as appropriate (such as a paid-for follow-up visit).

It is also important to note that, while serious issues may have been identified, those issues may have been categorised as such automatically due to their nature (e.g. failure to hold funds appropriately in accordance with SIP 11). The serious issues identified on a visit may relate to just a single specific area and the grading may therefore not reflect that the overall quality of work by that IP, outside of that one area, was of a good standard.

² Volume Providers

Volume providers represent a significantly different way of working compared to traditional insolvency practice. Consequently, IPs working within volume providers are subject to enhanced monitoring, including annual visits.

In view of the differences in how volume providers are monitored and regulated, including the frequency of monitoring visits, we have taken the decision not to reflect the findings from visits to volume providers through the visit outcome figures for 2025. We are not separately reporting on findings from those visits, as the small number of volume providers would place the IPs at risk of identification.

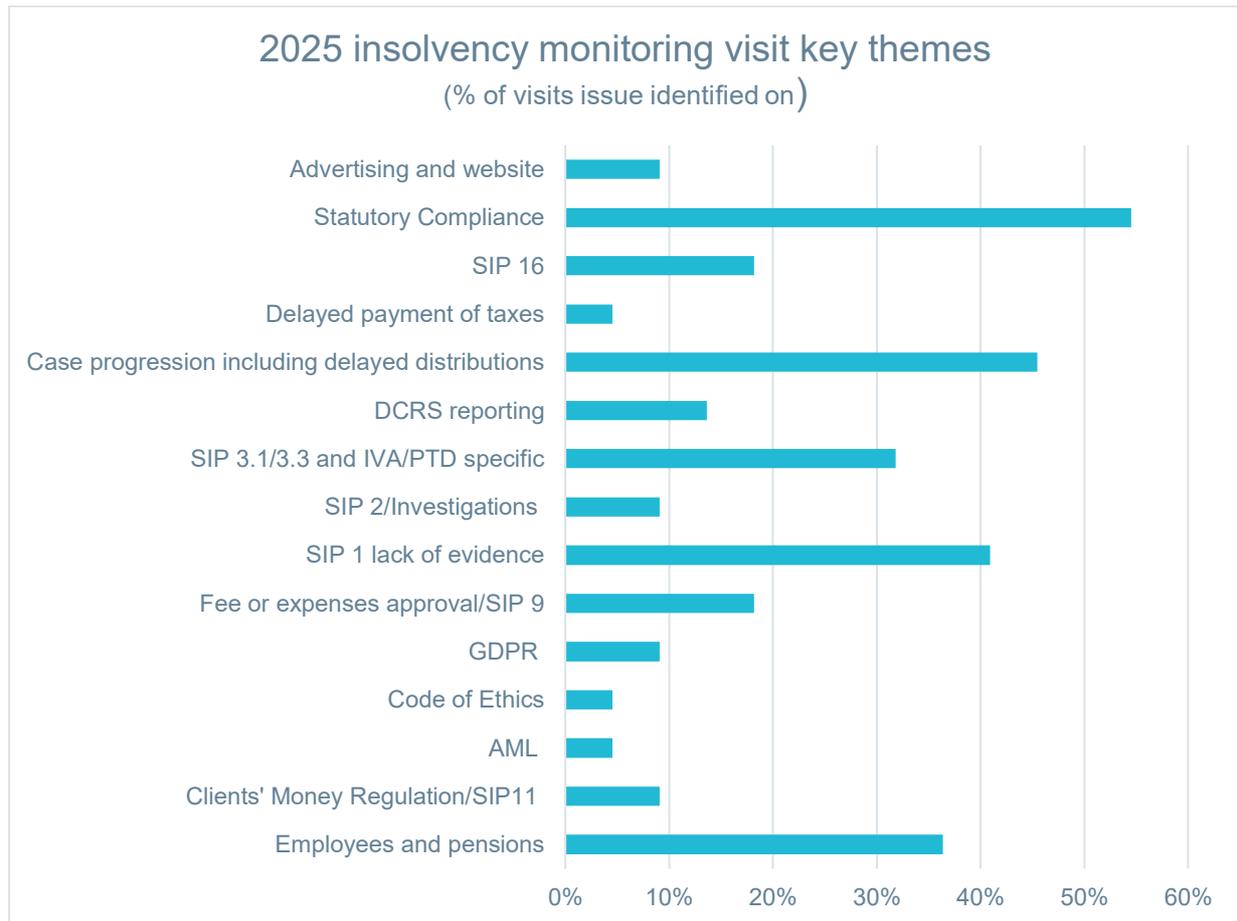
Given the relatively small of number of visits conducted to traditional practices on an annual basis, the inclusion of outcomes from visits to volume providers can serve to significantly skew those figures and provide an inaccurate overall picture.

However, as would be expected, continued poor quality will need to be addressed by the Regulatory Committees. Where IPs are unable to demonstrate the necessary improvements, more stringent enforcement measures may be applied; however in most cases this is not needed and most IPs make the necessary improvements, with support.

The Authorisation Committee can take a range of follow up and regulatory actions. IPs may have conditions or restrictions placed upon their licence; they may be required to submit information to the Committee; or they may require a follow-up visit. Other, more serious, regulatory interventions include referral to the Investigation Committee; regulatory penalties; or licence withdrawal. The more serious regulatory interventions remain exceptional.

Key themes

Key themes from monitoring visits (including visits to volume providers) conducted during 2025 are set out in the table below. Some of the issues identified in relation to the most common key themes are highlighted in more detail in the subsequent paragraphs.



Statutory compliance

Examples of issues seen include:

- Disclosure omissions under SIP9 in relation to fee circulars.
- Use of website to deliver documents without issuing a notice under R1.45 of The Insolvency (Scotland) (Receivership and Winding up) Rules 2018.
- Issues with validity of appointment due to lack of notice.
- General issues with control over subcontracted work in relation to appointments in a different jurisdiction.
- Failure to pay the expenses of the petitioner in accordance with the order of priority.
- Shortcomings on statements of affairs and deficiency accounts.
- Full and final dividend to creditors in a sequestration paid without prior approval and outside of accounting periods.
- Under-bonded cases.
- Failure to submit accounts to a commissioner in a sequestration.
- Late progress reporting.
- General errors in documentation and attention to detail.

Case progression including delayed distributions

Examples of issues seen include:

- Adjudication of claims and distribution delays.
- Case closure delays.
- Delays pursuing assets and progressing investigations.

Case progression – tips to minimise delays

- Ensure file reviews are useful, drive case progression and that there is comparison with previous review action points.
- Run regular reports to review funds held across your portfolio to identify any cases where a dividend should be paid or claims agreed.
- Where a dividend is anticipated, do not wait until funds are received to adjudicate on claims.
- Make interim distributions wherever possible.
- Ensure appropriate procedures are in place to move cases to closure as soon as possible.
- Review diary templates to make sure that there are appropriate prompts, particularly on cases that have been open for an extended period, and that prompt dates are suitable.

SIP 3.1/3.3

Examples of issues seen include:

- Concerns over compliance with the FCA's ban on payments to debt packagers.
- Lack of formalised arrangements with referral sources.
- Shortcomings in relation to options discussions with the debtor and verification of income and expenditure.
- Inadequate due diligence on referrers in terms of advice provided and FCA authorisations.
- Lack of call retention.
- Failure to comply with IVA modifications.

Employees and pensions

Examples of issues seen include:

- Failure to carry out any verification work on forms RP14/14A submitted to the RPS.
- Inadequate attempts to obtain employee or payroll records.
- Failure to establish pension arrears, submit S120 notices or submit forms RP15/15.

SIP 1 lack of evidence

Examples of issues seen include:

- General failure to document strategy and decision making.
- Failure to document ethical considerations.

What does good practice look like – SIP 1

SIP 1 states that IPs “*should ensure that their acts, dealings and decision-making processes are transparent, understandable and readily identifiable*” and that they “*should evidence their compliance with SIPs and should, therefore, document their strategies and decision-making processes appropriately*”.

A general failure to document strategy and decision making is a common finding on monitoring visits and results in a large number of avoidable queries.

IPs should therefore always ensure that file notes are detailed enough. Considerations should be documented contemporaneously and support what was known when the decision was taken.

Examples include:

- SIP 2 checklists and file notes should always reach conclusions about the matters under investigation.

- Conflict and ethical review checklists should not be treated as a 'tick-box' exercise and should fully document conclusions reached.
- Reasons for not paying a dividend when in funds should always be narrated on file.

IPs should always consider whether the documentation on file would adequately support their position in the event of a complaint, monitoring review or challenge to their fees. They should further consider whether the documentation on file would allow for a straightforward transition of responsibility for the case to another member of staff.

ICAS support

Contact details

If you have any comments or questions regarding monitoring activities, please contact aapmonitoring@icas.com.

For queries in relation to your insolvency licence please contact regulatoryauthorisations@icas.com.

Webinars and events

ICAS regularly hosts [webinars and events](#) to support members and firms. These include insolvency-specific events such as the annual ICAS Insolvency and Restructuring Conference.

Technical Support

The [ICAS technical helpdesk](#) provides advice and guidance on technical queries.

Money Laundering confidential helpline

If you have any potential money laundering issues, please contact our confidential helpline on 0131 347 0271.

Knowledge and continuous professional development

Regular news articles offering in-depth analysis and technical updates are published on the ICAS website. These, together with other relevant technical resources are available through the [insolvency technical resources](#) area of the website.

ICAS General Practice Manual

The [General Practice Manual](#) includes a collection of helpsheets, templates, and resources designed to assist members and firms. This includes insolvency-specific documents such as:

- Client insolvency.
- Insolvency funds compliance review

All resources are regularly updated to reflect changes in legislation and guidance, as well as developments in best practice.

Practice support

The ICAS practice support team operates independently from the regulatory teams and provides support and offers a variety of services, which can be tailored to meet your needs.

The practice support team works closely with ICAS' Practice Board.

Further information on all the services available can be requested through practicesupport@icas.com



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