



Global Insolvency: 2025 Reflections and 2026 Projections

United Kingdom

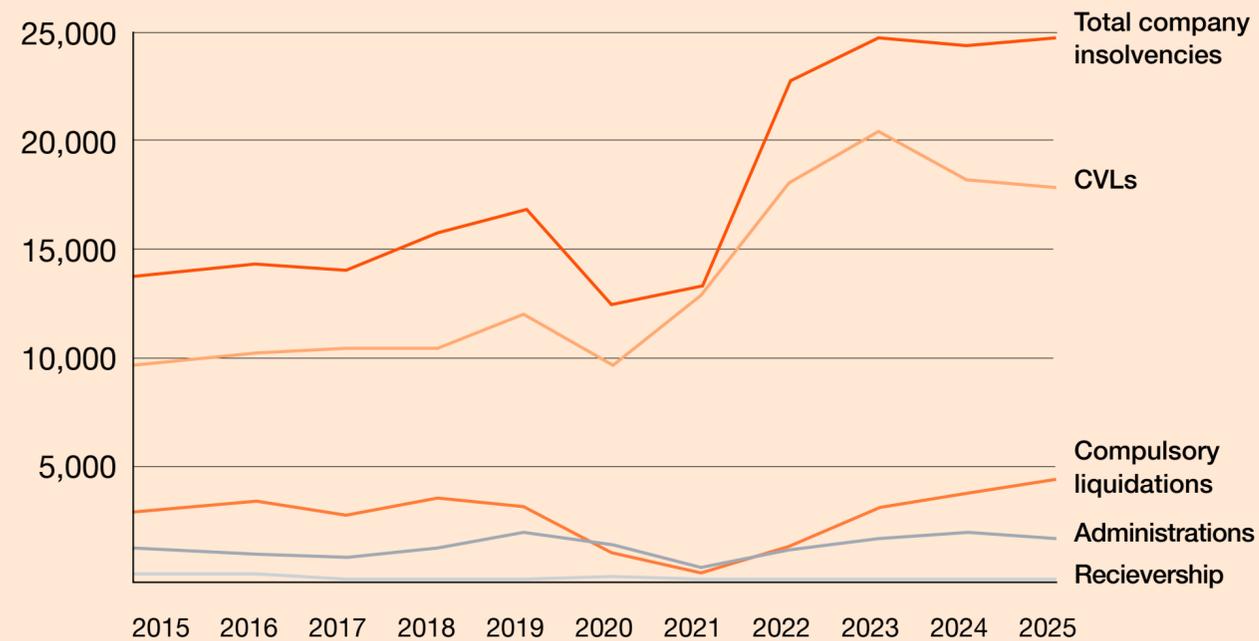
February 2026



United Kingdom

UK submission for Global Insolvency year in review

UK Corporate Insolvencies by process



Source: Insolvency Service 20.1.26 - data excludes CVAs

Insolvency levels in the UK have remained persistently high since the end of Covid-related support in 2022. By 2025, corporate insolvency rates mirrored those of 2024, with the UK Insolvency Service reporting 24,289 corporate insolvencies (excluding voluntary arrangements), a slight increase from 24,185 in 2024.

The UK's insolvency rates highlight a divide between corporate "haves and have-nots." Over 97.5% of corporate failures involved companies with annual turnovers under £1m. For these smaller businesses, insolvency was often the chosen path over equity injections or debt restructuring due to limited resources.

Conversely, at the higher end of the market, fewer companies faced insolvency. Our analysis reveals that 63 companies with revenues exceeding £50m failed in 2025, down from 79 in 2024. Notably, 2025 saw a rise in high-end compulsory liquidations, sometimes necessitating private sector insolvency practitioners to assist the Official Receiver as Special Managers. Significant cases included Prax Refinery, Sanjeev Gupta's Speciality Steel, Unimetals Recycling, and NRS Healthcare, where we supported the Official Receiver.

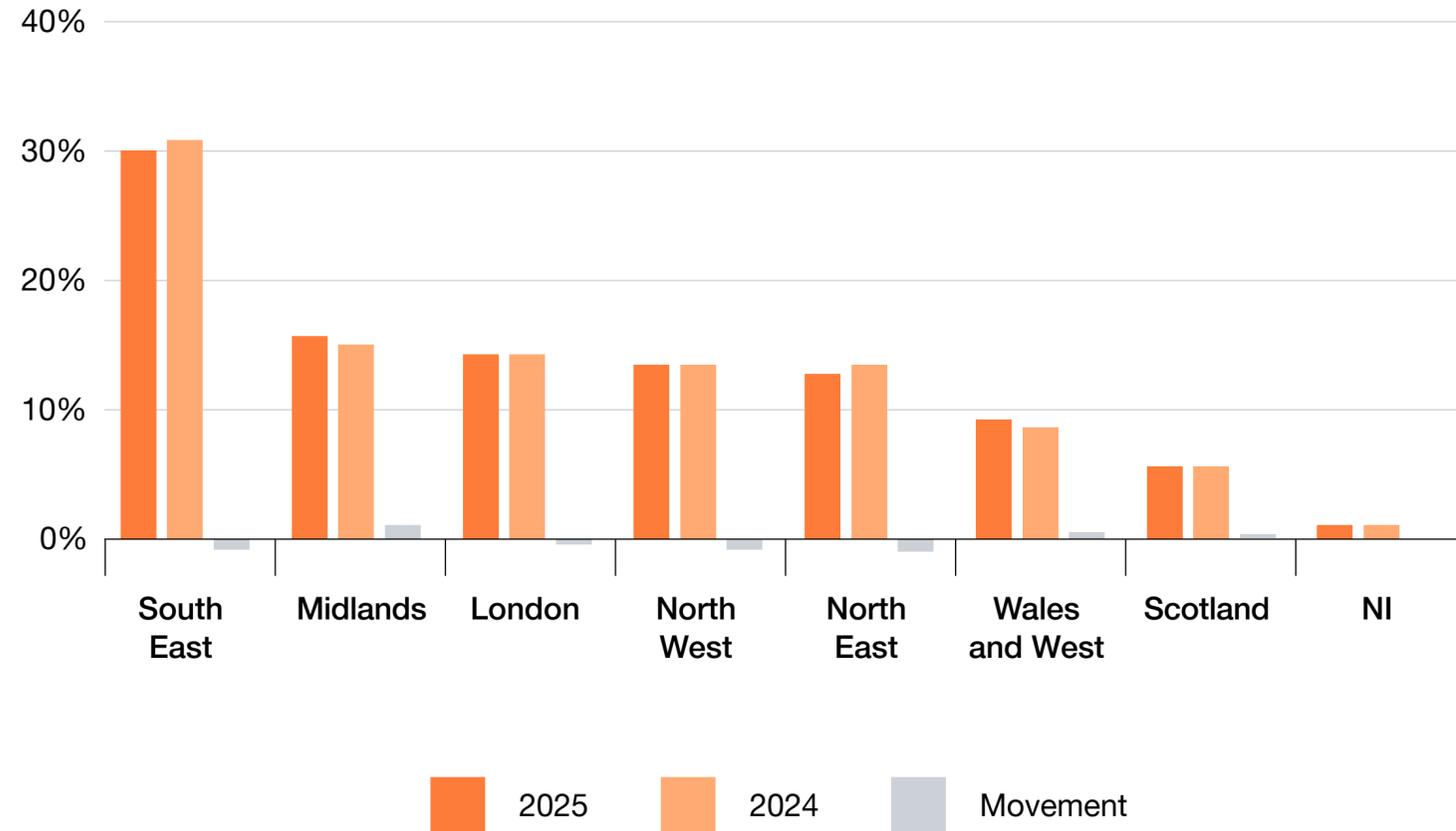
Creditors Voluntary Liquidations (CVLs) remained the predominant insolvency tool, accounting for over 77% of all cases. This shareholder-initiated process is often the only option for smaller businesses, typically leading to business closure and asset sales. The CVL percentage was similar to 2024, where they represented 79% of corporate insolvencies.

Interestingly, administration numbers held steady, with 1,495 in 2025 compared to 1,597 in 2024. Creditor Voluntary Arrangements (CVAs) also showed small drop, with 186 in 2025 versus 202 in 2024. This trend suggests larger companies continue to manage crises with shareholder and lender support, possibly negotiating extensions and concessions to avoid insolvency.

Given the challenges with restructuring plans, companies and shareholders might reconsider CVAs to adjust balance sheets and lease liabilities. However, the 8% drop in CVA volumes to 186 indicates ongoing challenges in using CVAs for debt compromise, with many companies seeking consensual arrangements outside formal processes. Notably, Petrofac launched a CVA as part of its administration strategy.

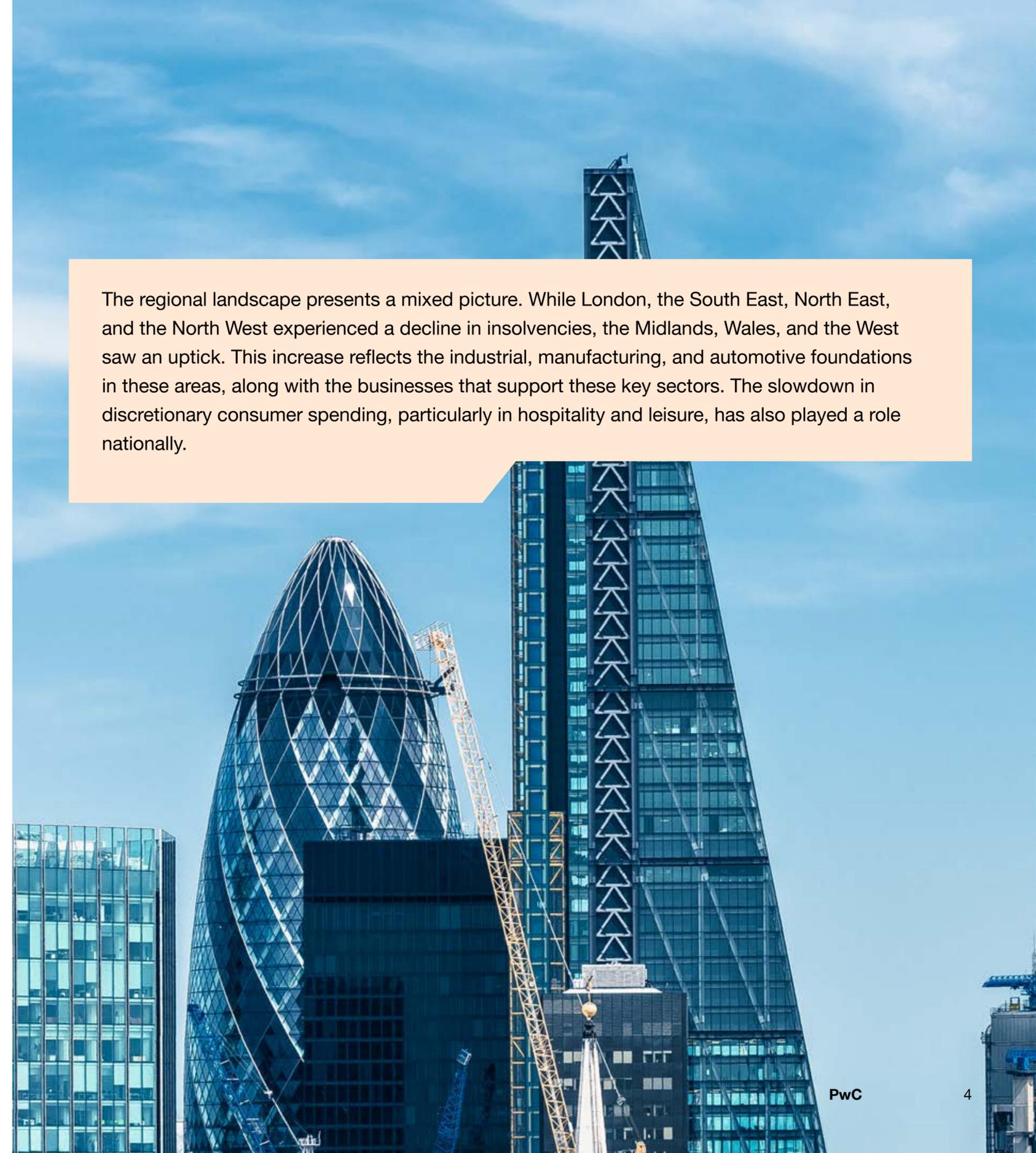
Regional Trends

Percentage of UK insolvencies by region



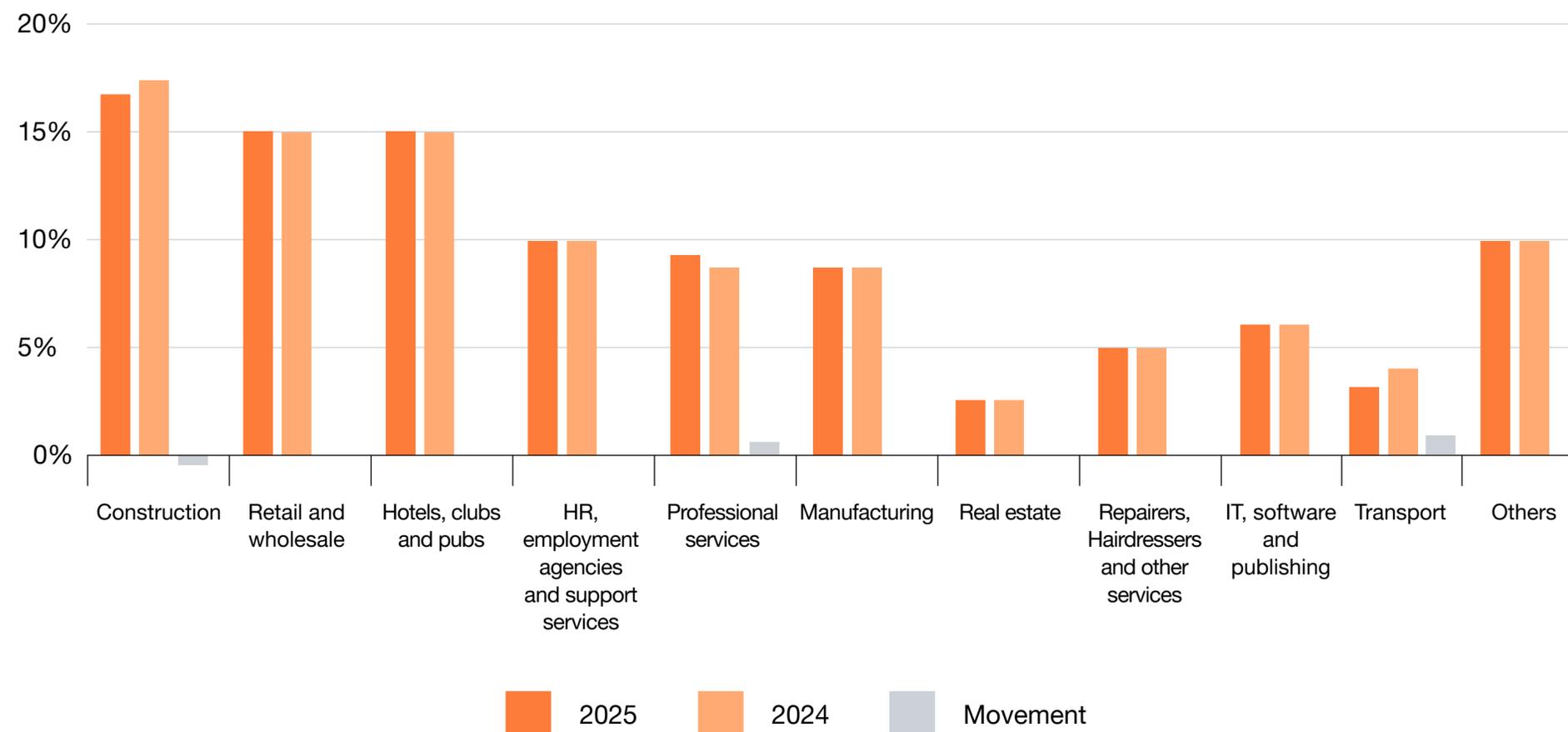
Source: PwC analysis

The regional landscape presents a mixed picture. While London, the South East, North East, and the North West experienced a decline in insolvencies, the Midlands, Wales, and the West saw an uptick. This increase reflects the industrial, manufacturing, and automotive foundations in these areas, along with the businesses that support these key sectors. The slowdown in discretionary consumer spending, particularly in hospitality and leisure, has also played a role nationally.



Sector Analysis

UK Corporate Insolvencies by Sector



Source: PwC analysis

The sectors under the most pressure mirror trends seen in other regions of this report. Construction remains the most affected sector, with our analysis indicating over 4,000 construction-related companies failed in 2025. Notable among these were Ardmore, Lagan (in Northern Ireland), National Timber, and Toolstream. The retail and wholesale sector also faced challenges, with 3,830 businesses closing due to shifting consumer spending habits, outdated business models, and low consumer confidence. Claire's was one of the largest retail failures, influenced by issues with its US parent company.

In the hotels, clubs and pubs sector over 3,600 insolvencies occurred as discretionary spending was squeezed by the cost-of-living crisis, and rising employment and other costs added margin pressure. Our analysis shows that over 762 pubs, 1,735 restaurants, and 590 takeaways closed in 2025, with the actual number likely higher where companies had multiple establishments. While small operators were mainly affected, larger entities like Leon and Pizza Hut also faced challenges, with Leon considering a CVA alongside administration.

Professional services, along with administration and support services, saw a year-on-year increase in insolvencies. This trend may be driven by the ongoing slowdown in construction, reducing the need for smaller advisors like surveyors and architects, compounded by AI's impact, which has replaced

Winding up petitions

Winding up petitions are pivotal in initiating compulsory liquidation processes. Creditors often resort to them when other options are exhausted. In 2025, there were 8,228 winding up petitions, marking a 13% increase from 2024's 7,265. However, the last quarter of 2025 saw a decline, possibly as parties awaited the UK Autumn budget. Notably, HMRC which also uses them to address tax arrears, accounted for 53% of these petitions, up from 46% in 2024.

Restructuring Plans

While not classified as insolvency tools, Restructuring Plans (RPs) depend on insolvency outcomes for counterfactual analysis and stakeholder returns. In 2025, high-profile challenges to RPs, such as those involving Petrofac, Thames Water, and Waldorf, delayed restructuring and increased costs and uncertainty. The UK judicial system is leaning towards fairness for all creditors over purely financial outcomes. Stakeholders are now more cautious, ensuring advisers have the necessary experience to withstand scrutiny, especially with increased challenges from out-of-the-money creditors. As we move forward, the market's response to uncertainties in restructuring plans—costs, outcomes, valuation, and fairness—will be telling. Discussions are ongoing about using prepacks for certainty in debt-for-equity transactions or considering other jurisdictions like the Netherlands with the WHoA.

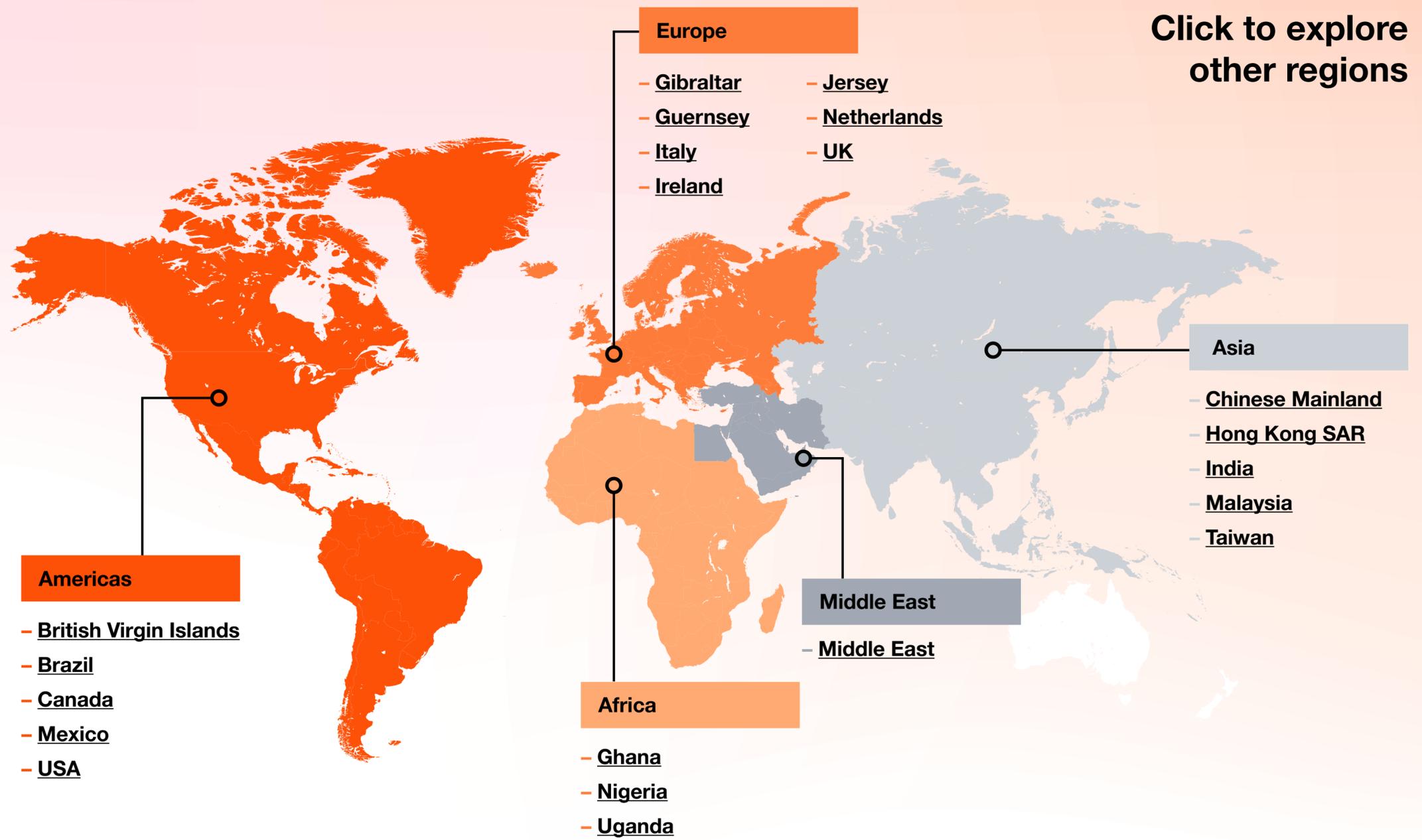
Conclusion

As we step into 2026, there's a growing anticipation that insolvency rates will climb. Consumer confidence and economic growth in the UK remain restrained. AI is prompting many businesses to rethink their investment and acquisition strategies, while also enhancing efficiencies—sometimes at the expense of smaller consultants. As the AI race demands more capital to sustain development, there's a concern that traditional industries might struggle to secure the funding needed to sustain their operations or transition into the new era.

In PwC's 29th Global CEO Survey, most CEOs report that their companies haven't yet seen financial returns from AI investments. While nearly a third (30%) have experienced increased revenue from AI in the past year and a quarter (26%) have seen reduced costs, over half (56%) haven't realized any revenue or cost benefits.

The survey also highlights a sharp rise in concerns about cyber risk, with 31% of CEOs now viewing it as a major threat—up from 24% last year and 21% two years ago. In response, 84% plan to bolster enterprise-wide cybersecurity as part of their strategy to address geopolitical risks. In the UK, the cyber attack on JLR highlighted the pressure across the supply chain.

High costs and shrinking margins will continue to challenge businesses in the hospitality sector, and retailers are likely to face ongoing difficulties. The automotive sector in the UK and globally is grappling with changing consumer behavior and government regulations, affecting many in the supply chain. The expectation is that the headwinds companies faced in 2025 will persist, and a significant drop in insolvency numbers in 2026 is unlikely, with larger businesses potentially at risk alongside the smaller ones that dominated the 2025 insolvency statistics.



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Territory lead



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