

Top 10 Predictions for 2025 in UK Restructuring and Insolvency

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What can we expect in R&I in 2025? Well that's always difficult to know for certain but our predictions are based on what we saw in 2024, and how we expect some of these to play out in 2025.

And let's see where we are at the end of the year because there were a few twists and turns in 2024 that no one saw coming that kept us all on our toes.

You can probably add a few of our [2024 predictions](#) to this list too – some of these did not come to fruition but they may well still be on the cards for 2025.

Restructuring Plans (RPs)

2024 was a year of firsts for RPs, and as case law in this area continues to evolve, there is little doubt that this will carry through into 2025. It would be remiss not to expect to see more RPs in 2025. News of Thames Water's restructuring is "splashed" all over the press and Speciality Steel's plan might see the first "cram up" of creditors, but there seems a long way to go to get creditors onside. However, excitement in the midmarket about RPs has died down – is this because of the stance taken by HMRC? Possibly, but costs and the risk of challenge also make RPs less attractive in that market. The importance of fairness and how the restructuring surplus should be shared also plays a part, but as we expect this to be one of the focus points for the courts in 2025, further clarity might reignite that enthusiasm.

Directors' Duties

In 2024 we saw the biggest ever damages award against directors following the court finding that certain directors of BHS were liable for [misfeasance](#) trading. With

the [decision](#) introducing the concept of misfeasance trading – making it easier for practitioners to establish a claim against delinquent directors (the bar being much lower to bring a claim for misfeasance trading than wrongful trading) – could we start to see that filter through into more claims against directors in 2025? That seems likely.

Fixed Charges

Since the cases of [Avanti](#) and [UK Cloud](#), we have seen more lenders seek to assert a fixed charge in situations where they may not have done so in the past – particularly in relation to book debts. Although these cases did not really shift the legal goal posts, they introduced sufficient “shades of grey” to make it worth arguing that a charge is fixed, rather than floating. We expect that this is an area that will keep practitioners on their toes in 2025 – given the option, why would a lender not try to assert a fixed charge if it results in it moving up the insolvency waterfall to sit ahead of HMRC, rather than behind it?

Administration Appointments

The question of whether an administrator has been validly appointed is often top of a practitioner’s checklist, although it feels like there were fewer reported cases on this topic in 2024. That said, there are loose ends left over from 2024 – such as the (somewhat) frustrating requirement to file three copies of a notice of appointment (see our [blog](#)). There appears to be appetite for change from several quarters, so we remain hopeful that some of these niggles might be addressed in 2025 by a rule change or a new practice note. At the end of 2024, we saw the Court of Appeal grapple with the interaction of electronic filing and presenting a winding-up petition. A [helpful decision](#), but also an example of why now is a good time to give the legislation/practice directions a bit of a facelift.

Administration Extensions

There was a lot of chatter in 2024 following the cases of *Pindar* and *Toogood* about whether a practitioner needs to obtain the consent of a paid secured creditor to an administration extension at the end of the one-year anniversary. The cases left many unanswered questions, not only in respect of administration extensions, but also in respect of remuneration approval where the consent of secured creditors is also required. Will the Insolvency Service clarify their view that creditors are classed as creditors at the point of entry into a process? Will there be a legislative

change? Who knows? But it would not be surprising if there are further cases on the question of who a secured creditor is. Until then, there is much to be said for adopting a conservative approach in 2025 – see our [blog](#) for further discussion.

Creditors' Voluntary Liquidation (CVL)

A proposed overhaul of the CVL regime has been on the cards since the Insolvency Service published its first review of the Insolvency Rules in 2022, but there has been little to indicate when the regime will be reviewed. However, could this [research](#) published at the end of last year be a sign that we can expect a consultation on changes to the CVL regime in 2025?

Sanctions

Sanctions imposed as a consequence of the Russia/Ukraine conflict pose a challenge for practitioners dealing with sanctioned entities/individuals. These recent regulations enable a practitioner to deal with payment to sanctioned persons, but dealing with an insolvency where sanctions are in place remains problematic, and that is unlikely to change much in 2025. Indeed, from 14 May 2025, insolvency practitioners will be subject to the sanctions reporting obligations!

Financial Conduct Authority (FCA)

Last year, the FCA consulted on changes to [the “Guidance for insolvency practitioners on how to approach regulated firms”](#). The proposed changes – although not seismic – will hopefully tidy up a few practice points. Engagement with the FCA when dealing with a regulated (or formerly regulated) company is important (particularly when appointing administrators), so keep an eye out for the revised guidance in 2025. The [FCA's consultation](#) on proposed changes to improve the safeguarding regime closed at the end of last year, but it plans to publish final interim rules within the first six months of 2025. The proposed changes aim to better protect customers in the event that a payments or e-money firm fails. Watch this space!

Employment Law

It can be difficult to fully comply with employment laws while trying to achieve a rescue of an insolvent business – but practitioners generally find a way to make the two regimes work as best they can. However, with potential changes afoot –including changes to the collective redundancy regime – the Employment Rights Bill (see our [commentary](#)) and further consultations are something to keep on the watch list for 2025.

National Security and Investment Act (NSIA)

Following its call for evidence on the NSIA, the government [promised](#) some fine tuning to this regime – including widening the exemptions for mandatory notification to exempt liquidators, official receivers and special administrators – but 2024 has passed and we are yet to see this. We have of course had a new government, and expanding the exemptions will require new legislation, so we may see this in 2025 – if parliamentary time allows.

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