

# Monthly Credit Risk Insights by Alares

Hi Colleague,

Insolvencies dropped significantly in November, but remained well above historical levels. Is this another sign that the "catch up" may be running its course? The ATO would suggest otherwise as their disclosure of business tax debts spiked in November, indicating more pain ahead as the ATO continues to ramp up its collections.

## Key highlights in November

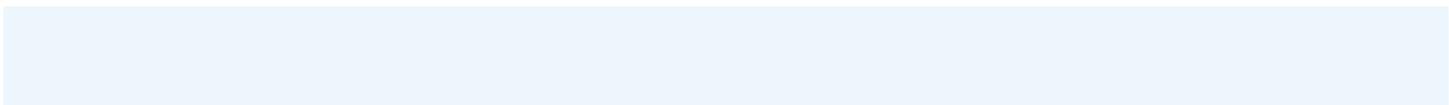
- Significant drop in insolvencies after spike in October.
- Continued increase in ATO activity, in particular disclosure of business tax debt reporting.
- Non-bank lenders continue to ramp up their Court recoveries.

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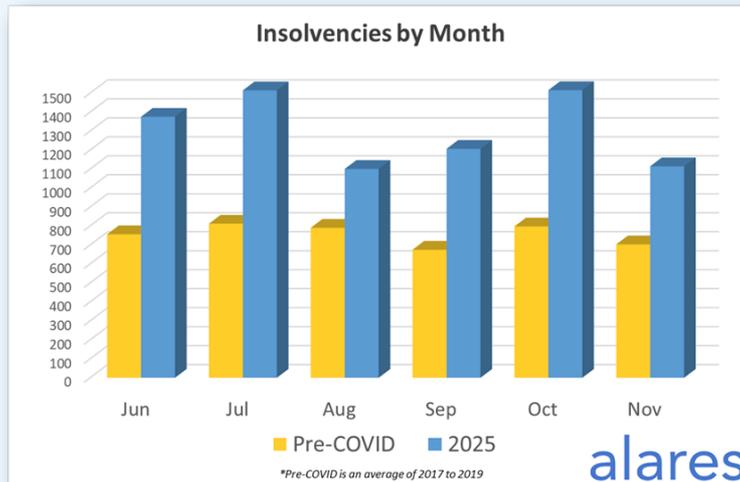
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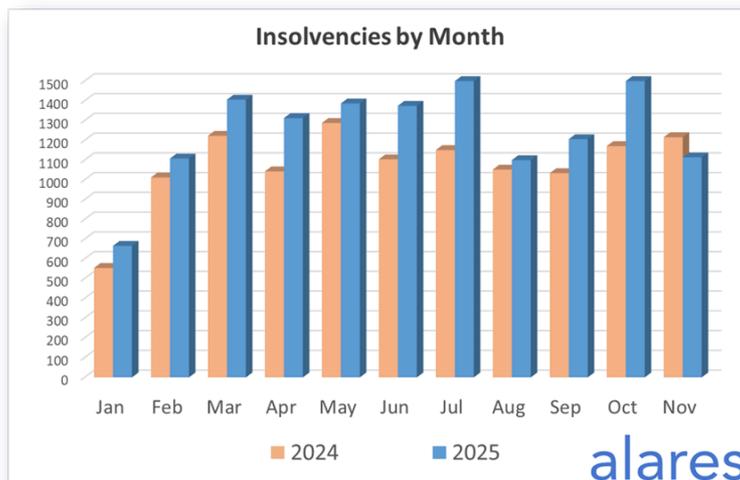
## Insolvencies dropped significantly in November

The last few months have seen unusually large fluctuations in numbers, with a spike in October amidst substantial drops in August and November.



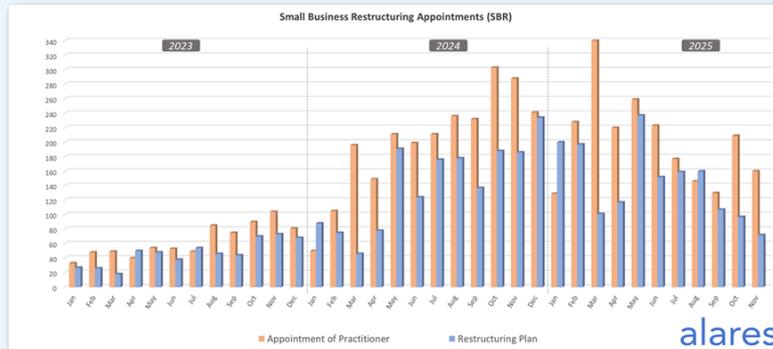
## November marked the first time that 2025 numbers were lower than 2024

This bucks the trend from the first 10 months of 2025.



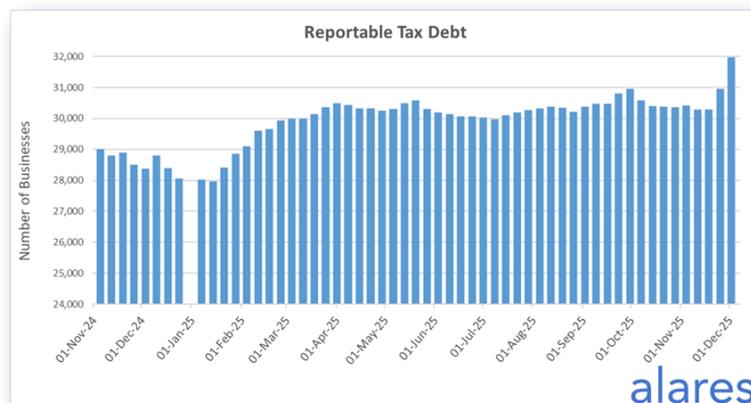
## Small business restructuring (SBR) appointments also dropped in November

Although SBR numbers remained higher than August and September, in a sign that SBRs may be making a slight comeback after a prolonged decline for most of 2025.



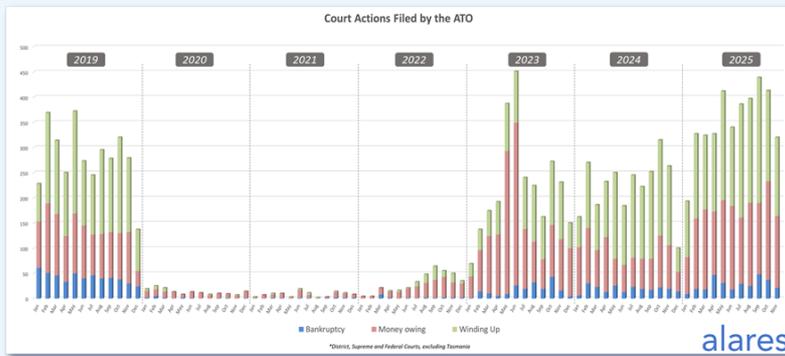
### The ATO's disclosure of business tax debts ramped up significantly in November

After remaining relatively level for most of 2025, numbers have now spiked to 32,000 businesses subject to business tax debt reporting, with more than 1,000 new businesses added in a single week.



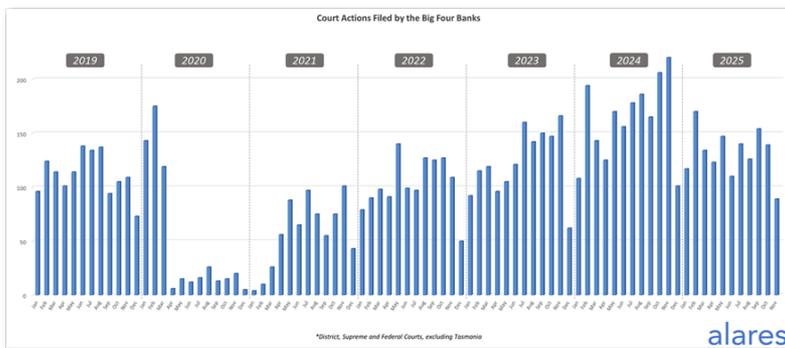
### Similarly, the ATO's Court recoveries continue to track well above historical levels

With \$billions in outstanding tax still to collect, the ATO continues to use all methods at its disposal to ensure compliance with reporting and payments.



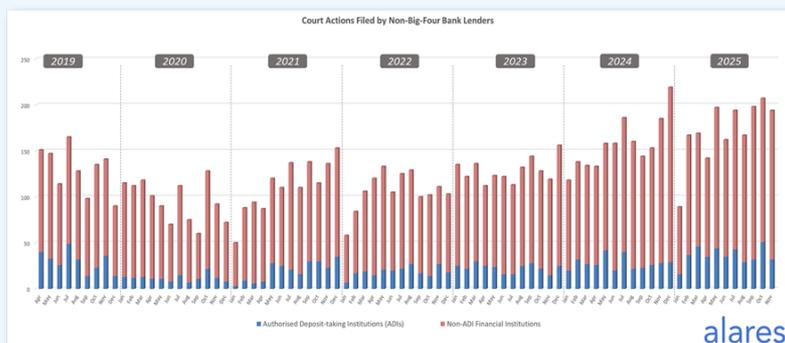
## The big four banks continue to ease off on their Court recoveries

This could reflect more prudent lending among the big-four, focused on residential mortgages and blue-chip borrowers.



## On the other hand, non-bank lenders continue to ramp up their recoveries

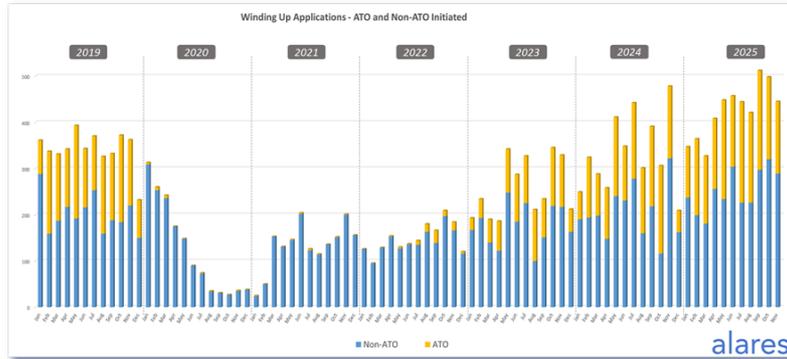
Again, this suggests increased stress among borrowers from second, third and fourth-tier lenders.



## In another sign of potential headwinds for businesses, winding up applications

## continue to rise

Both ATO-initiated and non ATO-initiated winding up applications remain at all-time highs as credit providers continue their enforcement.



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