



GB INSOLVENCY
PERSONAL INSOLVENCY EXPERTS



IVA Guide



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Introduction

How will this guide help you

At GB Insolvency Ltd, we specialise in Individual Voluntary Arrangements. Thousands of people with debt problems have found help with our highly experienced Insolvency Practitioner and his team.

Our advice is completely clear and transparent and will allow you to decide whether an IVA is the correct debt solution for your individual circumstances.

An Individual Voluntary Arrangement (IVA) may be a prudent way to regain control of finances for those struggling to keep up with debt repayments. To assess whether this debt solution is right for you, we have compiled this guide.

The guide will explain:

- What an IVA is
- How an IVA works
- Who an IVA benefits
- How having an IVA could affect you
- How we can help, and
- How to contact us

IVAs are just one of several debt solutions available and are not suitable for everyone. It's very important to assess whether taking on an IVA is the best debt solution for you. We can help you with this.

If you decide that proceeding with an IVA is your chosen option, then GB Insolvency Ltd can support you every step of the way.



ANONYMOUS DEBT ADVICE

Debt help online from **GB Insolvency**
Visit www.gbinsolvency.co.uk



IVAs

What is an IVA?

IVA stands for Individual Voluntary Arrangement. An IVA is designed to assist people with unsecured debts that have become unaffordable.

An IVA is an insolvency solution whereby you enter into a legally binding agreement between you and your creditors. As part of this agreement, your creditors agree to accept a set monthly payment towards your debt over a predetermined period of time; usually 5 years. You may be able to offer a lump sum towards your debt depending on your circumstances. In some cases, you may also be able to make a combination of monthly payments and a lump sum. An IVA is designed to find an affordable way to tackle your unsecured debt.

Providing you keep to the terms of your agreement, your creditors will be prevented from taking certain actions against you during the period of the IVA. These actions include contacting you, pursuing you for the debt or levying any further charges or interest to the sum you owe. When the IVA period ends, any remaining debt will be written off.

An IVA cannot be arranged by you alone. You will have to seek the assistance of an Insolvency Practitioner (IP). At GB Insolvency Ltd our highly experienced Insolvency Practitioner specialises in IVAs, so we can offer you the expertise you need.

It is always advised that you seek professional advice before entering into an Individual Voluntary Arrangement as this may not be the best course of action for everyone. Debt solutions must be assessed on a case by case basis to ensure the best method is selected. Our advisors are here to give you the most clear-cut and realistic advice that you need to find out if an IVA is the best debt solution for you. If you believe it is, then we will help you through the whole process.



DEBT ADVICE

For debt help from **GB Insolvency**
Call **01823 216 156**



IVAs

Why an IVA?

An IVA can be a positive solution to debt problems for many people struggling with repayments. Some of the main advantages of undertaking an IVA are:

PAYMENTS ARE MADE MORE AFFORDABLE

As debt repayments can be reduced to one affordable monthly repayment, you may find that an IVA makes repaying debt easier. Your Insolvency Practitioner will take your essential living costs into consideration. Therefore, you will only pay what you can afford.

MANAGING DEBT CAN BECOME LESS STRESSFUL

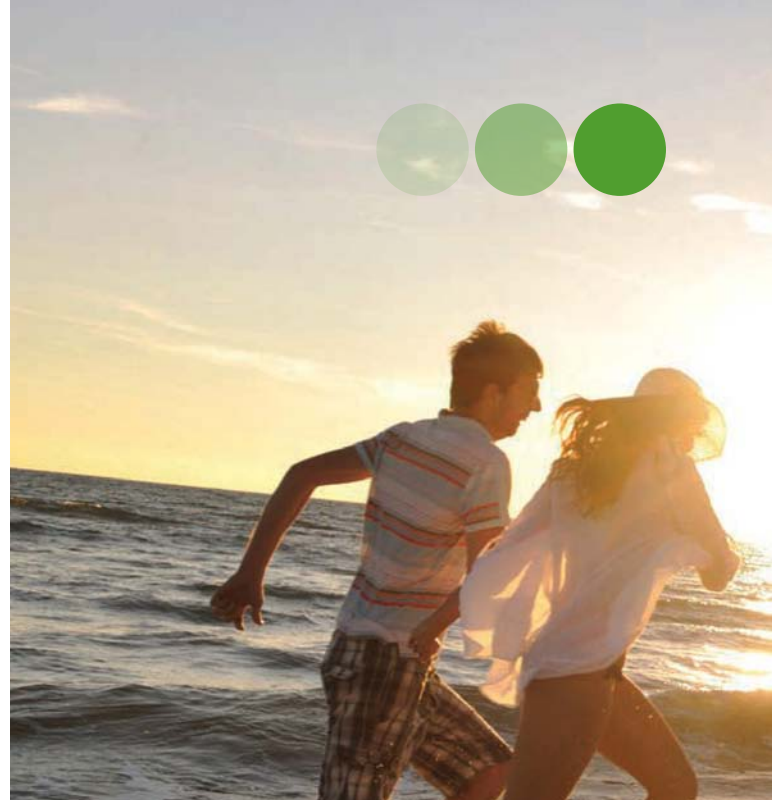
As the terms of the IVA prevents creditors from contacting you, all letters and telephone calls will stop. You have taken steps to repay your debt therefore, you will no longer be pursued for payment; assuming you keep to the conditions of your agreement. Furthermore, under an IVA, you may be permitted to retain property you own. This can make it a more favourable option for homeowners than other debt solutions such as bankruptcy.

FRESH START

After the period of your agreement ends, your remaining unsecured debts are written off. You will no longer be liable for any more repayments and are free to make a fresh start.

GET MORE INFORMATION

If you have any additional questions, do not hesitate to call us on **01823 216 156**.



How will an IVA affect me?

There are several restrictions and obligations that you will need to be aware of before undertaking an IVA. For this reason, it is always recommended that you seek the advice of a professional before making this decision.

AM I ELIGIBLE?

Not everyone is eligible for an IVA. Individual Voluntary Arrangements are generally for those with a sustainable regular source of income. People who can pay a lump sum towards their debts could also qualify to take on an IVA.

An IVA only includes your unsecured debts. These are things like credit cards, personal loans and overdrafts. Secured debts such as mortgages or secured loans will have to be paid outside of the IVA agreement. Student loans and other debts such as child support or fines will also not be included as part of this agreement. However, your Insolvency Practitioner will take these costs into account when working out your affordable repayment.

ARE THERE RESTRICTIONS?

Entering into an IVA does come with consequences. These could have an impact on your personal, professional and financial life.



Do you want to be...

Debt Free Again?

Consequences include the following:

- Your credit rating will be affected for 6 years from the start date of your agreement.
- You will have to stick to a budget for the entire duration of your IVA.
- Your IVA may affect the terms of your employment; we recommend contacting your HR department or checking your employment contract.
- Hire purchase agreements may be affected.
- Your IVA will be recorded on the Insolvency Register which is a public document. It contains all details of current IVAs and is maintained by the Insolvency Service.

WILL MY HOME BE AFFECTED?

It is unlikely that you will forfeit your home as a result of taking on an IVA. This said, you may have to re-mortgage your home six months before the end of your agreement depending on the amount of equity in the property.

The level of re-mortgage is restricted and therefore, should not take your secured borrowing above 85% of the value of your home. Any equity released will be paid into your IVA.

If in the instance that you cannot re-mortgage your property, then your IVA will often be extended by 12 months to compensate.

It is the role of your Insolvency Practitioner to talk this through with you and make you aware of all aspects related to the re-mortgaging of property at the IVA proposal drafting stage.

WHAT IS THE ROLE OF THE INSOLVENCY PRACTITIONER?

After your IVA application has been approved, your Insolvency Practitioner will become the Supervisor of the IVA. Their job is to act as an un-biased mediator between you and your creditors to ensure that the pre-agreed terms of the IVA are met.

WHAT HAPPENS IF I DO NOT FULFILL THE TERMS OF MY IVA?

If you do not keep to the terms of your IVA because you miss your monthly payments, it is possible to ask your creditors to vary the terms of your IVA. Although creditors do not need to accept any request to change the terms of your IVA, many are usually understanding if you can provide a valid reason for your request.



IVAs

How an IVA works?

Should you decide an IVA is the best course of action for you, you will need the assistance of an Insolvency Practitioner (IP) to set one up.

IVA PROPOSAL

After looking at your finances, your Insolvency Practitioner will aid you in drafting a proposal which will then be sent to your creditors.

The proposal will suggest that any income you have left over after paying essential living costs will be used to repay the debt. The time period of the agreement can vary, although it usually lasts 5 years. After the IVA period has ended, any debt remaining will be written off.

In some circumstances, you may be required to pay a lump sum towards your IVA. Your IVA proposal will have to be accepted by your creditors. If your proposal is accepted you will be charged a fee, which will be included with your monthly repayments towards your debt.

IVA VOTE

A creditors meeting will be called after your Insolvency Practitioner has sent a copy of your IVA proposal to each of your creditors. At this meeting, your creditors will vote to decide whether to accept or reject your proposal. Of those voting, creditors amounting to 75% of your debt must vote in favour of the proposal for it to go ahead.

Modifications to your submitted proposal may be put forward by creditors at this meeting. You will be advised of these and can decide whether or not you wish to accept them.

Upon agreement, your IVA becomes legally binding. All of your creditors will be bound by the agreement even if

they did not vote. Provided you stick to the terms of your agreement, your creditors will no longer be able to pursue you for your debt.

IVA COMPLETION

You will receive an annual review of your circumstances which will be carried out by your Insolvency Practitioner. The subsequent report will then be sent to both you and your creditors. Your Insolvency Practitioner will let you know when your IVA has been completed. After this time, any remaining debt will be written off.



IVAs

IVAs with GB Insolvency

At GB Insolvency, we specialise in supporting clients through the IVA process. We are highly trained in not only setting up IVAs but in helping you for the duration of your agreement.

WE PROVIDE REALISTIC IVA ADVICE

Debt solutions come in many forms. GB Insolvency Ltd will only recommend you take on an IVA if we truly believe that it is the best solution for you. Our Insolvency Advisors will never apply a one-size-fits-all approach to advice. Every case is considered on an individual basis taking account of your personal situation and circumstances to come up with a plan of action that is in your best interest.

CARRYING OUT THE IVA PROCESS WITH GB INSOLVENCY

If an IVA is the correct solution for you, we can help you through the process from start to finish. Our Insolvency Practitioner can review your finances then help you compile and distribute your IVA proposal to your creditors.

We always give realistic IVA recommendations. We believe that this is the reason that the vast majority of our proposals are accepted by creditors. **We also do not charge set up fees in advance of your IVA being agreed.** Once your IVA has been accepted and is in progress any fees payable will be included in the affordable monthly repayment.

We will always provide you with transparent and realistic advice on whether your circumstances are suited to an IVA, we have all the necessary tools to support you through the process. However, you are under no obligation to take on an IVA with GB Insolvency.

Where we believe that an IVA is not the right course of action for you, we will refer you to an FCA regulated partner who can advise you on debt solutions better suited to you.

ANONYMOUS DEBT ADVICE

Debt help online from **GB Insolvency**
Visit www.gbinsolvency.co.uk





IVAs

IVA Summary

We cannot stress enough, the importance of seeking professional advice before entering into an IVA. To summarise the information we have given in this document, we have compiled a short list of the points we'd like you to pay particular attention to.

- To set up an IVA, you need the help of an Insolvency Practitioner (IP).
- For your IVA proposal to be accepted, of the creditors voting at the meeting 75% by value must vote in favour of the IVA proposal.
- An IVA is paid in affordable monthly repayments for a fixed period; usually 5 years.
- Sometimes you can pay a lump sum towards your IVA. This can be instead of or in addition to your monthly repayments.
- Creditors cannot pursue you or add interest/charges to your debt during your IVA.
- Fees involved in setting up an IVA will be included in your regular monthly payments.
- You may be required to release some equity in your home towards the end of your IVA.
- GB Insolvency can help you through all stages of your IVA.

Speak to **GB Insolvency** today:
for a **NO OBLIGATION CONVERSATION**





Other Debt Solutions

As every situation is different, you may find that an IVA is not the best solution for you. A debt solution should be tailored to your individual circumstances. It is for this reason that we always recommend speaking with us to determine the best way to tackle your debt.

We'd now like to summarise some of the other debt solutions out there, including:



DEBT MANAGEMENT PLAN (DMP)

With a debt management plan, you can make a single affordable monthly payment towards your debt. This route is particularly suited for those who have some disposal income at the end of the month but not enough to cover the entirety of their debt repayments.

HOW DOES IT WORK?

A DMP is organised through a third party. This third party will then work out how much you can afford to pay each month. The payment must be realistic in order to remain consistent. It is then the job of the third party to contact your creditors to ask them to accept a reduced monthly payment towards your debt and to sort out the distribution of your funds between these creditors.

HOW MUCH DOES A DMP COST?

A fee will usually be charged for any debt management plan if it is carried out by a private debt management company. You may be able to undertake a debt management plan with a charity who will set it up for you for free. However,

it's important to note that charities often don't have the same level of resources as a private firm. They may not be able to offer the same level of service. Think about the level of service you require and choose the path that fits your needs.

ADVANTAGES OF A DEBT MANAGEMENT PLAN

- You'll have more flexibility than with an IVA or bankruptcy.
- Many of your creditors will agree to freeze at least part of your interest charges in the beginning.
- You can make 1 single payment to your creditors.
- Best suited to those short-term financial difficulties.

DISADVANTAGES OF A DEBT MANAGEMENT PLAN

- Will not stop creditors from carrying on with their debt collection procedures and they will often apply for charges on your property. You will likely still receive telephone calls and letters.
- There is no guarantee that interest and charges will be frozen.
- Debt management fees will continue to run for the length of time it takes to clear your debt.
- There will be a continued negative impact on your credit.
- There are no safeguards for you if your debt management company folds.
- A debt management plan usually takes much longer to repay your debts than an IVA or bankruptcy.

DEBT RELIEF ORDER (DRO)

A debt relief order will freeze your debts for 12 months. After this time they will be written off as long as your circumstances have not improved.

WHO WOULD QUALIFY FOR A DRO?

You cannot owe any more than £20,000 in unsecured debt and your disposable income must be less than £50 per month to qualify for a debt relief order. You will be excluded from applying for a DRO if you are a homeowner. Those who own assets of more than £1,000 would also be unsuitable for a DRO.

Other Debt Solutions

HOW DOES A DRO WORK?

A DRO must be set up by a third party- you will not be able to apply for one on your own. To send your application to the Official Receiver, you will be charged £90 regardless of whether or not it is accepted. During the 12 month period of your DRO, your creditors will not be able to pursue you for debt. After the period ends, your debt will be written off provided you have stuck to the terms of your agreement. However, any DRO will appear on a public register and as such will affect your credit rating.

BANKRUPTCY

Bankruptcy is a form of insolvency whereby your assets will usually be sold in order to pay your creditors. For this reason it is unsuitable for those whose assets total more than their debt.

HOW DOES BANKRUPTCY WORK?

If you are declared bankrupt, your unsecured debt is written off allowing you to make a fresh start. However, it comes with a number of restrictions during the term of your bankruptcy and will significantly affect your credit rating for six years from the date you are declared bankrupt.

In order to be declared bankrupt, you will have to apply and pay an adjudicator fee of £130 plus a bankruptcy

deposit of £525. If you receive welfare benefits, the court may wave the court fees. For the next 3 years, you may also have to make monthly payments towards your debt.

HOW COULD BANKRUPTCY AFFECT ME?

Bankruptcy is not a step to be taken lightly. It is very likely to have significant repercussions on your personal, professional and financial life. You may have to sell your home and as previously mentioned, your credit rating will be affected for the next 6 years.

ADVANTAGES OF BANKRUPTCY

- No further legal action can be levied against you.
- You can make a fresh start after 12 months.
- If 3rd party purchases your share of home equity, then you will be able to keep your home.

DISADVANTAGES OF BANKRUPTCY

- For the next 3 years, you will have to pay your monthly surplus income, based on your trustee's calculations, into your bankruptcy. You won't know exactly how much you will be asked to pay until you are made bankrupt.
- Your past record of bankruptcy can affect you financially long after the conditions of your bankruptcy have ended.
- Bankruptcy caused by recklessness or irresponsible behaviour can carry an additional period of restrictions of up to 15 years.
- Relatives or friends may have to pay into the bankruptcy should any transactions prior to bankruptcy contravene insolvency law.
- Those who own a car which is worth £2,500 or more could be asked to sell it for a cheaper model.



DEBT ADVICE

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Call **01823 216 156**





GB Insolvency Debt Help

There are thousands of people in the UK in a similar situation to you. Debt can seem isolating but rest assured, you are not alone. At GB Insolvency Ltd, we have the tools to help you regain control of your finances.

YOU ARE ALREADY ON YOUR WAY TO A BETTER FUTURE!

By seeking the advice of our highly qualified insolvency advisors, you are already one step closer to solving your debt problem. Your best course of action now is to ensure you have thoroughly read and understood the information contained in this guide.

Once you have returned the paperwork we have requested on your checklist, we can confirm whether an IVA is the right debt solution for you. The sooner we receive your paperwork, the sooner we can start assessing your case to bring you one step closer to a debt-free future.

IN THE MEANTIME...

To ensure that your debt problems do not get any worse in the interim, take note of the following tips:

- Do not take any more credit.
- Do not consolidate your debt without first seeking our advice.
- Do not secure any debts against your home.
- Refrain from using your credit cards.
- Contact us with any additional questions.

CONTACT US

If at any point during the IVA process you need to get in touch, you can do so via the following channels:

PHONE: **01823 216 156**

EMAIL: **info@gbinsolvency.co.uk**

KEEP IN MIND

The sooner we receive your paperwork, the faster we can proceed with the IVA process.



CONTACT US

If at any point you have a question, please pick up the phone or send us an email.
We're here to help.



01823 216 156



info@gbinsolvency.co.uk