

# A GUIDE TO IVAS

Everything you need to know about an IVA

## THE FACTS

An IVA (Individual Voluntary Arrangement) is a Debt Solution for people who cannot afford to pay their debts.



It is a legal Agreement between you and the people you owe money to (your creditors).

You repay what you can afford by way of 1 monthly repayment (usually over 60 months) or a reduced one off lump sum payment.

You need the assistance of an Insolvency Practitioner (IP) to assist you with the IVA Process – This is our area of expertise.

On completion of an IVA, any outstanding debt is legally written off and you can start living debt free.

Once in an IVA, your creditors must cease all recovery action against you and freeze all interest and charges on your debts.

Debts allowed in an IVA are unsecured debts only, such as Credit Cards, Store Cards, loans, payday loans, overdrafts, catalogues and any debt that is not secured against an asset.

There are different types of IVA including single IVAs, Joint/Interlocking IVAs (for couples) and CVAs (for Businesses).

“Average household debt in the UK including mortgages is approx **£50,000**”



## THE MYTHS

Average unsecured borrowing per adult is approx **£3,000**

**I must pay for IVA advice - WRONG!**

Do not pay for advice when we offer it for FREE!

**I must pay a company to put my IVA to my creditors - WRONG!**

Many companies charge £100's for generating IVA proposals, even if it doesn't become an IVA. We believe this to be highly unethical. If your IVA proposal is unsuccessful we will not charge you a penny.

**I will have no money to live on if I do an IVA - WRONG!**

An IVA considers EVERYTHING financially. Payments are based on affordability and guidelines are in place to allow you to live within your means in relation to your income and outgoings, before your IVA payment is even determined.

**I will get 75% of my debt written off - WRONG!**

Some people repay their debts in full while others can repay just a percentage of their debts. It's entirely down to what you can afford to offer creditors and what your debts are.

**I can't keep my car - WRONG!**

You can keep your car. You just aren't allowed a luxury expensive car. In such cases, you will be asked to “downgrade” your vehicle.

**I will lose my home - WRONG!**

An IVA can protect your home, providing you keep up with repayments. An IVA is structured to allow you to continue paying your mortgage. You may be required to release equity to pay towards your debt. See the 'Cons of an IVA' section in this guide.

## YOUR BEST OPTION?

The best way to determine if an IVA is the best option for you is to speak with one of our advisors who will work out exactly what your monthly payment towards your debt could be.

We are duty bound to discuss **all** debt options available to you. You can then decide what your next step is going to be. Anything we discuss is done so in total confidence and with no obligation.

## Go ahead! Take the first step!

If you are **struggling with debt**, act as soon as possible and **get in touch with us** at M<sup>c</sup>Cambridge Duffy.



If you don't think an IVA is right for you, **contact us** for advice on other options.

## WORKING OUT YOUR PAYMENT

Your monthly payment is worked out by analysing your household income, expenses and total debt. We treat every case individually so your payment will be unique to your circumstances.

Basically, we will look at what you can realistically afford to pay.

To see what your monthly payment could be fill in our [debt calculator form](#) on our website.

[DEBT CALCULATOR](#)

Insolvencies - Q1 2014  
(England and Wales)

- Bankruptcy
- Debt Relief Order
- IVA



**“IVAs make up more than half of all individual insolvencies in the UK”**

**“Every 5 minutes someone is declared insolvent or bankrupt in the UK”**



Our customers love us!



We have loads of great customer reviews



## Complete peace of mind from start to finish

“From the moment we contacted M<sup>c</sup>Cambridge Duffy we were reassured by professional staff who knew what they were doing. If we had any questions or concerns a quick phone call was all it took to sort things out. We are completely satisfied with the service we have received and would recommend M<sup>c</sup>Cambridge Duffy to anyone who is having financial problems.”

5 star client review on Trust Pilot



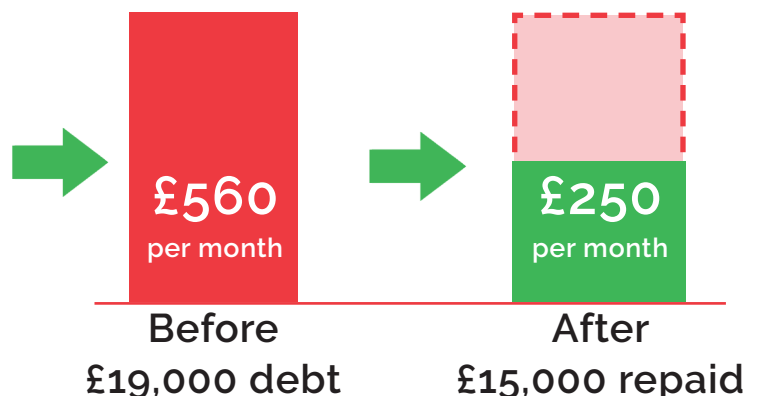
Call us on **freephone 0800 888 666 5** for advice on how to deal with your debts

## IVA EXAMPLE

Client with debts of £19,000

Client was struggling with **monthly debt repayments of £560** to several creditors. We were able to have this **reduced to £250 per month**, with all interest and charges frozen. After 60 months of paying this reduced amount she was **debt free** as all remaining unpaid debt was legally written off.

£15,000 was repaid and £4,000 was written off.



# THE IVA PROCESS



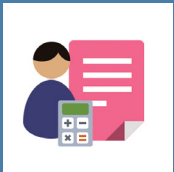
## 1) Initial Contact

We will run through some general questions so that we can understand your financial situation and your current circumstances. All advice is free and confidential with no obligation to proceed.



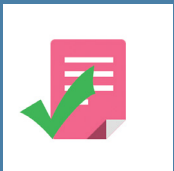
## 2) Your Options

We will discuss all of your available debt options, letting you decide what you think is best. If you think an IVA is the right way forward then we will begin drafting your IVA proposal for your creditors.



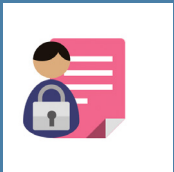
## 3) Your IVA proposal

We will draft your proposal and send it to your creditors for consideration. Your creditors will vote on your proposal. If more than 75% (by debt value) vote in favour of your proposal, then all parties will become bound by the IVA agreement.



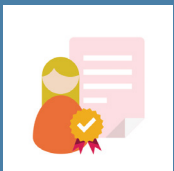
## 4) Your IVA

You start making payments/make your one off lump sum payment. Payments are distributed amongst your creditors as outlined in the proposal. Our fee also comes from the payment which has been agreed by your creditors. You will never receive a bill from us.



## 5) During the IVA

You will be assigned dedicated case managers who will oversee and look after your IVA. They will be there for any questions you may have. Your IVA will be reviewed annually.



## 6) After the IVA

You will be notified when your IVA is complete. Any outstanding unpaid balances on your debt will be written off.

## PROS OF AN IVA

- ✓ 1 affordable monthly payment.
- ✓ We do not charge any upfront fees, saving you £100's.
- ✓ Creditor pressure stops because your creditors must deal with us.
- ✓ You are legally protected from your creditors.
- ✓ Interest and charges are frozen.
- ✓ An IVA can be complete in as little as 1 year with a lump sum payment.
- ✓ The IVA is suitable for tenants, homeowners, individuals, couples and businesses.
- ✓ We have a fast IVA set up rate - as little as 4 wks.
- ✓ Outstanding debt is written off on completion.

## CONS OF AN IVA

- ✗ If you are a homeowner and have equity in your property, you may be required to release some equity in the final year of your IVA by means of a remortgage. If you can't get a remortgage then your IVA could be extended for up to 1 year.
- ✗ If your circumstances change during your IVA and your IP can't get creditors to accept amended terms the IVA is likely to fail.
- ✗ If your IVA fails your creditors may request that you be made bankrupt.
- ✗ Your credit rating may be impacted for up to 6 years from the commencement of your IVA.

## What is an Insolvency Practitioner?

An Insolvency Practitioner (IP) is a person who is licensed and authorised to handle any insolvency procedures on behalf of an Individual or a business.

They must have passed Insolvency Exams, have relevant experience in Insolvency and be licensed by one of the recognised professional bodies.

You cannot do an IVA without the help of an Insolvency Practitioner. Their role is to help sort out the difficult financial situation for all parties involved. We have 4 IP's "in-house" at M<sup>c</sup>Cambridge Duffy.



## Do I have to be Employed to do an IVA?

No, but you do need some source of income or benefits that is more than what you need for living expenses.

## How is my credit rating affected?

We negotiate a reduction in your monthly payments which means you are no longer making repayments at the agreed original amount; therefore your credit rating will be adversely affected.

Keep in mind your credit rating may already be affected if you have arrears or a history of missed or late payments.

## I have CCJ's so can I still do an IVA?

Yes, make sure you inform us of this when you initially talk to us.

## Can I do an IVA if I have a Bankruptcy order against me?

If the bankruptcy hearing has not taken place then our IP's can issue an Interim Order to halt proceedings while an IVA proposal is put together. If the bankruptcy order has already been issued it is still possible to propose an IVA but it is more difficult. Remember any court fees will be added to your debts.

## Is an IVA better than Bankruptcy?

This is a difficult question to answer without discussing your situation. Bankruptcy is a procedure not to be taken lightly and it is worth looking at all options and alternatives. If you have assets, these will most definitely be affected by bankruptcy.

## What if my IVA isn't approved by creditors?

It is in your creditors best interests to accept a realistic IVA proposal as it is designed to suit both you and them. They may suggest alterations before accepting your proposal.

If however, your IVA proposal is rejected we will do our best to negotiate with the creditors. If we have no success with your IVA, you will be charged no fee and you still have the option of an informal arrangement or other insolvency solutions.

## What about my home or mortgage?

Your home will be protected in an IVA and you will not be forced to sell your home.

However, if you own a property and enter into an IVA you will be subject to a 4th year valuation. If you have equity in your home your creditors will assess this and decide what to do going forward. Your equity could be affected. eg. Your IVA might be extended for another year or you may be asked to release some equity towards the debt.

If you have a mortgage but have no equity in your home, then your IVA will finish after the 60 monthly payments.

## What if I default on my IVA payments?

If you run into difficulty with payments, contact your IP as soon as possible. They may help you arrange to make up for the missed payment.

If you don't adhere to the terms of your IVA and miss 3 or more payments, then your IVA supervisor can start bankruptcy proceedings against you.



# ALTERNATIVES TO AN IVA

Call us to discuss your IVA alternatives - 0800 888 666 5

## Debt Relief Order

A Debt Relief Order or DRO is a debt solution that allows you to have your unaffordable debts written off, providing you owe less than £15,000 with few assets.

If a Debt Relief Order is considered suitable, you will be referred to an approved intermediary\*. They will check that your situation fulfils the Debt Relief Order criteria and will help you complete the online form. They will submit it on your behalf to a government official called the official receiver. The official receiver then makes the order, if appropriate.

### Criteria for a DRO

Your debts must not exceed £15,000

Your assets must not exceed £300 (certain assets do not count, for example clothing, furniture and a vehicle worth less than £1,000); and

Your surplus income must not exceed £50 a month after paying your essential personal and household spending.

A Debt Relief Order will last for 1 year, and once it has ended you are released from your debts (with certain exceptions).

## Bankruptcy

Bankruptcy is a formal court procedure which you can start or which one or more of your creditors owed at least £750 can start. Your assets (with certain exceptions) are sold to help pay your creditors. However, you can usually keep your personal belongings, the contents of your home and your tools of trade (which may include your car) unless they have a high value

If you have surplus income after meeting your essential household and personal expenses, you will have to make payments out of your income for up to 3 years.

Your assets and income are dealt with by a licensed and regulated insolvency practitioner or by a government official called the official receiver.

Bankruptcy usually lasts for 1 year, and once you have been freed (discharged) from your bankruptcy, you are released from your debts (with certain exceptions).

## Debt Management Plan

A Debt Management Plan is an informal arrangement between you and your creditors where you agree to make just 1 affordable payment every month towards all of your debts. It is managed by a Debt Management company who will be responsible for all correspondence between you and your creditors.

Your creditors will want details of your assets, including your home, if you own it. This helps them decide whether the offer you make through the debt management company is reasonable or whether they expect any of your assets to be sold so that they get a larger payment.

The individual or company you choose to manage your plan must be licensed and regulated under consumer credit law.

Some will not charge you a direct fee for their services, but will get it from the creditors, for example out of the payments you to make to them. Others may make an initial charge for preparing, negotiating and administering your plan and then take the rest from your monthly payments. The company should give you details of the fees it wants to charge you, and how you must pay them.

A Debt Management Plan lasts as long as you need it to. You usually continue your payments until your debts are paid in full, but you can opt out at any time, should you wish or if your financial circumstances change.

## Efficient, reliable and friendly

"From the word go everything went exceptionally well. All the staff that I dealt with are friendly and understanding. They offered a variety of ways to contact them including emails and out of office hours. I would highly recommend this exceptionally efficient company."

5 star client review of M<sup>c</sup>Cambridge Duffy



# ABOUT MCCAMBRIDGE DUFFY

For over 80 years we, at M<sup>c</sup>Cambridge Duffy have been helping people and businesses to regain control of their finances and get the debt help they need. We offer a debt advice service to let you know about all options available to you.

We are the **longest established IVA provider in the UK** and have 1000's of happy clients. We also have one of the highest success rates in the industry.

We have 4 full time highly regulated Insolvency Practitioners, giving us a wealth of experience and knowledge (most other providers have just 1 or 2), so we have probably seen all possible circumstances.

We are regulated by ICAS (Institute of Chartered Accountants of Scotland) and DETI (Department of Enterprise, Trade and Investment). We are also members of R3 (The Association of Business Recovery Professionals) and the IPA (Insolvency Practitioners Association).

No debt problem is too big or small for us to help, so if you are experiencing debt problems of any level get in touch with us.

GET DEBT HELP



click to email



browse our website on  
[www.mccambridgeduffy.co.uk](http://www.mccambridgeduffy.co.uk)



freephone

0800 888 666 5

calls from a landline  
may be cheaper on

028 7137 6888



START YOUR DEBT  
FREE JOURNEY

## BEAR IN MIND

You cannot obtain credit while in an IVA

Your credit rating will be affected, but chances are it is already affected if you are having debt problems.

In rare cases your career/employment prospects could be affected. We will discuss this with you at time of enquiry,

Your IVA will be recorded on the Insolvency Register which is available for viewing online.

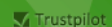
If you receive any windfalls during your IVA it may have to go towards your IVA payments.

HP agreements can be affected in an IVA.

Our customers love us!



We have loads of great customer reviews



## Our Fees

- 1) We do not charge upfront fees for drafting and submitting your IVA Proposal. We only put an IVA case forward if we believe it will be a successful one for both you and your creditors. In the event that your IVA proposal is unsuccessful you will not be charged a penny.
- 2) The fees for an IVA are all set by the creditors (no matter which provider you use), so if your IVA application is successful, the only thing to worry about is whether you have chosen the right Insolvency Practitioner.
- 3) All fees are taken out of your affordable monthly payment or from your agreed lump sum payment, so you will never be asked for additional fees or receive a bill from us.

**M<sup>c</sup>CAMBRIDGE DUFFY**  
INSOLVENCY PRACTITIONERS

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Calls from a landline are normally free. Please consult your provider if you are unsure. Calls from a mobile may be subject to charges. If you get charged just ask us to call you back for free.

All statistics included in this guide are provided by The Money Charity. Statistics are based on the latest available data at the time of writing.