

INDIVIDUAL VOLUNTARY ARRANGEMENTS (England Only)

What is an individual voluntary arrangement?

An Individual Voluntary Arrangement (IVA) is a formal and legally-binding agreement between you and your creditors to pay back your debts over a period of time. An IVA can be flexible to suit your needs but it can be expensive and there are risks to consider. An IVA must be set up by a qualified person, called an insolvency practitioner. This will be a lawyer or accountant. The insolvency practitioner will charge a fee for the IVA. Average fees are around £5000.

You will usually be able to keep your home if you are a home-owner and can afford your mortgage payments. However, if there is equity in your home, then you may need to re-mortgage or make additional contributions to your IVA.

Can I use IVAs to pay any kind of debt?

No. You can only use IVAs to pay off debts like overdrafts, store cards, personal loans, catalogue and hire purchases, mortgage shortfalls, council tax arrears and money owed to HM Revenue & Customs. You cannot use IVAs to pay off your mortgage, debts secured on your home, some types of car finance, maintenance, magistrate court fines, childcare costs or student loans

When to choose an IVA

An IVA may be preferable to bankruptcy if you:

- own a home or other assets that you don't want to lose
- own your own business
- may lose your job if you go bankrupt, for example, if you are a police officer or work in the armed forces
- have, or are considering applying for, a power of attorney on behalf of someone
- have some spare income each month or a lump sum of money to make repayments to creditors
- want to avoid any negative social impact.

Do my creditors have to agree to an IVA?

At least 75% of your creditors have to agree to your proposal for your IVA to be approved. Once approved you are protected against legal action in regards to your debts.

When an IVA may be right for you

An IVA may be right for you if:

- you have at least £100 spare income each month
- you have at least two separate debts
- you have debts totaling over £10,000
- you have at least two different creditors. Creditors are people you owe money to
- you don't want to have to deal with your creditors directly.

Remember, an IVA can be flexible, so if you don't quite match all of these criteria, you may still be able to get an IVA.

How much do IVAs cost?

IVAs have high costs. This is because they have to be set up by a qualified insolvency practitioner. Costs vary but are around £4000 - £5000 on average. You will usually pay this in installments as part of your IVA payments.

What debt solutions are available in Scotland?

There are a variety of other debt solutions available to you if you live in Scotland. They include debt management plans, bankruptcy and debt relief order

Next Steps

If you would like to discuss your debt situation, please contact LionHeart on **0845 603 9057** and we will work with you to work out a package of support that we can offer.

This may be a combination of financial assistance, employment advice and support, and referral our partners who can help you manage your debt. You will also get one of our LionHeart Debt Support Packs.