

What is an Individual Voluntary Arrangement (IVA)?

In a nutshell

This is a confidential and legally binding agreement between you and your creditors. It is used to freeze all of the payments due on bank loans (not secured), personal loans, credit card debts, suppliers, VAT, Income Tax, PAYE and business rates. In fact it freezes nearly all of your debts apart from secured bank loans and court fines.

The IVA then offers to pay these creditors back a proportion of the money that they are owed, usually without interest, over three to five years.

We help by putting the IVA proposal together and by dealing with all of your creditors. There will be a meeting of creditors when they vote on whether to accept the IVA, reject it or agree it with modifications.

What actually happens?

We meet with you and discuss all of the options and make sure that an IVA is the best solution to your financial problems.

We prepare all of the statutory paperwork needed to propose the IVA to creditors.

An IVA proposal typically includes:-

- a brief personal and business history.
- a summary of your assets and liabilities.
- details of all your creditors by name, address and amounts.
- a one year cash flow projection to show you can afford to make monthly payments if you are in business.
- our report on why an IVA is a good idea (a nominee's report).

We send the proposal with a report (called a nominee's report) to the Court.

We then notify all of your creditors of a creditors meeting to be held giving them at least 14 days' notice.

We attend the creditors meeting with you. Most creditors tend to vote by post or fax although some do attend the creditors meeting. All of your creditors are allowed to come to that meeting and ask reasonable questions.

For the IVA to be approved at the meeting 75% of creditors by value need to vote to accept it but only the creditors that vote count towards that 75%. Quite often creditors will vote but with modifications. An example of a modification is that you reduce your outgoings on say holidays to increase what can be paid to creditors each month.

If we cannot get creditors agreement we can adjourn the meeting for up to 14 days.

Once the IVA is approved we write and notify all creditors of the outcome of the meeting. Even those that did not vote are bound by the terms of the IVA and cannot pursue you for their debts.

Over the period of the IVA we collect in the contributions you make and pay them to creditors on a pro-rata basis usually annually with an annual report.

What it is used for

When you have short to medium term cash flow problems but want to carry on trading because your business is viable. By freezing all of your debts and continuing to trade there will be a better return to creditors than if you had ceased trading and been declared bankrupt.

Contact Us

For further information regarding IVA's please contact David Kirk on **01392 474303**, alternatively email david@kirks.co.uk for more information.

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