

Individual Voluntary Arrangement (IVA) – Case Studies



Often our clients fall into debt through no fault of their own. It is our job to listen and provide a solution that gives you a fresh start.

At Leading Debt Solutions our team of experts have helped thousands of people make a fresh start. Often our clients have ever growing debts and are struggling to juggle their cash to make ends meet. In many cases, the situation is more serious and the fear of bailiffs knocking on the door has become a very grim reality. We specialise in helping you to overcome these obstacles, allowing you to move on with your life without the weight of the world on your shoulders.

Find out how we have helped people to get their lives back on track.

James

James is 32 and currently lives at home with his parents. He came to meet with a Licensed Insolvency Practitioner at Leading Debt Solutions as he recognised that he was struggling to make ends meet and that he wasn't able to pay all of his bills each month with his £1,925 net income. Over the years James had accumulated a wide range of credit cards and store cards and had also signed a finance agreement for a new car. In total, he had accumulated over £50,000 worth of debt.

During his free, no obligation consultation meeting, the Licensed Insolvency Practitioner conducted a full review of James' financial position. Although bankruptcy was considered as an option, James was concerned that this could impact his position at work and make things more difficult for him to get credit in the future. Therefore, it was proposed that an IVA would be the most appropriate solution to help James start afresh.

New Thinking. Leading.

At Leading, we formulated a realistic payment proposal and prepared the IVA documentation. The IVA was accepted by his creditors around three weeks later. James reduced his total payments to just £325 per month and overall settled his £50,000 debts through a settlement paid over five years of £19,500.

David

David is 41 and works as an administrator for an oil and gas company in Norfolk earning £70,000 per annum. He contacted us earlier this year as he was struggling to manage his debts and was borrowing more money simply to make the minimum payments each month. David was divorced and in addition to approximately £100,000 of debt, was also paying £570 maintenance per month for his two children. David's debts were made up of a mixture of credit cards, personal loans, an ever increasing bank overdraft and a personal tax bill of £15,000 from several years ago. David had purchased his home with his current partner around four years ago, which had equity of around £30,000, and was concerned that the property might be at risk if he decided to go bankrupt.

During his initial consultation with our team, the Licensed Insolvency Practitioner undertook a full review of David's financial position in order to understand his monthly living expenses. Having completed this exercise, the Insolvency Practitioner identified that David had £400 surplus income per month which could be used to repay his creditors. It was decided that an Individual Voluntary Arrangement would be the most appropriate solution as although he was unable to repay the full amount to his creditors, David wanted to pay back as much as he was able to afford. This also meant David would have five years to either remortgage or otherwise raise funds from family, so that his home would not be sold.

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At Leading, we prepared a proposal for David's creditors which explained his situation and made his repayment offer. After consideration, the majority of creditors accepted the offer on the basis that David maintained his IVA payments over five years. In total, David will make monthly payments of £24,000 and a one off payment of £10,000 in respect of his home. The total funds of £34,000 was accepted in full and final settlement of his original £100,000 debt.

Abigail

Abigail is 29 and is self employed, running a boutique jewellery shop with a turnover of just over £200,000. Abigail owes over £25,000 on credit and store cards and also has around £20,000 of business debts, including business rates and a former distributor. Abigail was ill over Christmas last year and had to close the shop for three weeks, losing valuable trade during her busiest time of year. Abigail was now finding it extremely difficult to catch up with paying her bills each month and came to Leading Debt Solutions for help.

During her initial meeting, Abigail confirmed that she is a homeowner and was obviously concerned that she might lose her home and her business if she was forced to go bankrupt. Having completed a full review of her expenditure, the Licensed Insolvency Practitioner determined that an IVA would be an appropriate alternative to bankruptcy and drafted a proposal which offered a single payment of £150 per month to be distributed to her creditors over 5 years. This agreement would be reviewed every six months to determine whether the payment should increase, if the business performed better than expected.

Abigail owned her home, however during the initial stages we obtained a valuation of the property on Abigail's behalf and calculated that there was very little equity in the property. We therefore proposed to creditors to exclude this from her IVA. Creditors accepted this, so this meant that her home was protected and that after a total term of five years, Abigail had around £36,000 of debt written off by her creditors through the IVA and did not lose her home.



How can an IVA help you get your finances back on track?

An Individual Voluntary Arrangement (IVA) is a viable option for individuals who are struggling to pay the minimum payment on store cards, personal loans, credit cards or any other type of unsecured debt each month. Through Leading Debt Solutions, an IVA will help you to:

-  Arrange one low, affordable monthly payment which we will manage on your behalf.
-  Freeze interest and charges on your debts.
-  Legally write off debts you cannot afford to pay.
-  Prevent your creditors from chasing you for money or contacting you again.
-  For homeowners, free up cash to help avoid your property being repossessed.
-  Restructure your repayments over an achievable time period.

For many people that are experiencing financial difficulties, an IVA will help to relieve the pressure and get your finances in order.