

## Making Sense of Debt Solutions

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## Overview

- Consolidation/Remortgage
- Debt Management Plan
- Individual Voluntary Arrangement
- Debt Relief Order
- Bankruptcy



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## Debt Relief under the Tribunals Courts & Enforcement Act 2007

- Revisions to County Court Administration Orders
- Enforcement Restriction Orders
- Debt Relief Orders
- Possibly approved Debt Management Schemes



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## Why Do We Need Debt Relief Orders

- No prospect of being able to pay in a reasonable timescale – therefore insolvent
- Can't access any of the available remedies
- No assets
- No surplus income
- Bankruptcy is disproportionate



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## Effect of a DRO

- Moratorium preventing creditors from taking enforcement action, usually for 12 months
- Debtor subject to restrictions for duration
- Debtor required to notify the OR of changes in circumstances
- Debts discharged at end of moratorium period
- Unlike bankruptcy, assets DO NOT vest in the OR



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## Plans An Easy Way to Escape From Debts?

- Subject to restrictions during the Order
- OR can revoke Order if circumstances change
- Sanctions against those guilty of misconduct
- Ongoing duty to co-operate with OR
- Recorded on the IIR



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## Numbers

11% of those who went bankrupt last year would qualify

Mid range forecast is 14000 in the first year.

Rising to...?



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## Debt Management Plans

How many are there?

Do we need regulation?

What would a regulated scheme look like?



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## DMP issues

Breakage rates

Freezing of interest

Period of plan

Composition



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## IVA Developments

### SIVAs

- LRO withdrawn
- Impact of the Protocol
- Adverse impact on creditors?
- Lifting of burdens?



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## IVA Developments (ii)

### IVA Protocol

- Increase in protocol compliant IVAs
- Reduction in modifications
- Fees still an issue
- Distributions
- Market Information



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## Debtors Guide

Produced by the IVA Standing Committee  
Outlines all debt solutions  
Pro's and Con's  
Can be used by all  
Where to go for debt advice



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