

Individual Voluntary Arrangement (IVA) - The Advantages and Disadvantages

According to statistics produced by the Insolvency Service, they recorded 26,072 personal insolvencies in the 3rd quarter of 2007, of which 10,239 were IVAs. Out of 82,279 personal insolvencies recorded so far in 2008, 33,535 of these have been IVAs, representing 40% of the total. It is clear from these figures that many individuals feel that the Individual Voluntary Arrangement, or IVA, is their light at the end of the tunnel. Indeed, the IVA is both a flexible and effective method of dealing with debt which offers debtors the protection they need from further legal action in respect of their debts, flexibility with regard to what assets are used to satisfy their debts, and none of the restrictions associated with bankruptcy. Creditors also benefit from a higher return than can usually be expected in the case of bankruptcy.

However, if an IVA is your light at the end of the tunnel, you should not forget that it is a legally binding contract between you, your creditors and the Supervisor of the arrangement. Once agreed at a meeting of creditors, you must adhere to the terms of your proposal as failure to do so could lead to bankruptcy.

The use of an IVA as a way to solve your debt problems is available to anyone. Your ability to undertake an IVA is based on your financial circumstances and not your job or profession.

There are many advantages but also many disadvantages with entering into an IVA, contact a specialist advisor now at Chamberlain & Co to see if an IVA is the best option for you.



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