





## The content

# Debt Advice Handbook 15th edition

## Description

With living costs and unemployment rising, budgets squeezed and problem debt on the increase, no adviser should be without this essential guide to the practice and process of giving money advice in England and Wales.

Who's this book for?

It is essential for debt advisers, welfare rights advisers, lawyers, local authority and housing association staff, social workers and union official.

What does it do?

The handbook provides the most comprehensive information needed by advisers on the key stages of money advice, including interviewing clients, establishing liability, prioritising debts, preparing a financial statement, negotiating with creditors and dealing with bailiffs. Fully indexed and cross-referenced to law, regulations and official guidance, and to court and tribunal decisions Includes tactical guidance and examples

What's new?

Fully updated to cover all recent changes to legislation, caselaw and court procedure and practice Emphasis is placed on taking due care of vulnerable clients and making sure that any payment arrangements agreed are appropriate. There is a focus on sustainable credit arrangements that do not affect a client's abilities to pay essential living expenses and priority debts.

## Properties

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## When an individual voluntary arrangement is appropriate

**Note:** the Insolvency Service has published a revised *Statement of Insolvency Practice (SIP 3.1)* which applies to individual voluntary arrangements (IVA) entered into on or after 1 March 2023.

The principal change is the emphasis on an insolvency practitioner's responsibility to ensure that clients have received suitable advice prior to entering into an IVA and during its implementation.

This includes ensuring that clients are aware of all potential debt solutions available to them and have been given tailored information and advice relevant to their particular circumstances rather than generic explanations together with adequate time to consider the consequences and available options before an IVA proposal is drawn up.

Following the Spring Budget in March 2024, the Insolvency Service has written to insolvency practitioners asking them to consider the changes to DROs (the removal of the application fee, the increase in the debt limit and the increase in the value of a motor vehicle that can be disregarded) and their impact on existing IVAs.

They should review cases as necessary having regard to their client's individual circumstances: 'Insolvency practitioners have an obligation to ensure that people in financial difficulty are provided with all relevant information to make an informed decision on the right solution for their individual circumstances'.

Where a client has been referred to an insolvency practitioner for an IVA, they should establish what advice the client has already received on their available options. Where there are any shortcomings in that advice, insolvency practitioners are required to provide the advice themselves. You can view the relevant documents at [tinyurl.com/2s3ju7dh](https://tinyurl.com/2s3ju7dh).

Only an individual can enter into an IVA, including someone who is currently bankrupt and for

whom an IVA is a more attractive option (see here).

An IVA can be explored if the client wishes to avoid bankruptcy and a debt relief order (DRO) is not appropriate. The client must have at least £50 a month available income and/or a lump sum or non-essential asset available to pay their creditors.

An IVA lasts for a fixed period unless a single-payment IVA is agreed involving a lump sum. This is usually not more than five or six years and so an IVA should be considered if a debt management plan is likely to last longer. If a client has no assets that are at risk in bankruptcy, they may want to consider bankruptcy, rather than an IVA, because if payments have to be made, they will only last for a maximum of three years (see here). The payments into an IVA are reviewed annually and the client will be expected to pay more if their circumstances allow.

There is no maximum or minimum level of debt for an IVA, but, in view of the costs involved, it is unlikely to be appropriate unless the client has two or more debts totalling at least £8,000. An IVA is unlikely to be appropriate if the client:

- is not insolvent; *and*
- has no surplus income; *and*
- can pay debts in full within six years.

An IVA must be set up by a qualified person called an 'insolvency practitioner'. The insolvency practitioner will charge substantial fees for setting up and then supervising the IVA.

If a client meets the DRO eligibility criteria, it is unlikely that an IVA will be a suitable option. Guidance to insolvency practitioners suggests that IVAs are unlikely to be suitable for clients with very low levels of debt and clients who meet the criteria for a DRO may not be suitable for an IVA. <sup>1</sup> The guidance provides that consideration should be given to the suitability of an IVA for clients with debts below £8,000, and the reasons the client chose an IVA rather than other available debt relief or options should be clearly documented in the proposal. Where the client's income is solely made up of benefits or state pension, an IVA is very unlikely to be a suitable solution for that client. However, if an IVA is to be proposed in these circumstances, the reasons why it is considered suitable should be clearly documented in the proposal.

A client faced with being made bankrupt by a creditor (see here) should always consider an IVA as an alternative option if they do not want to become bankrupt and are not in a position to challenge the creditor.

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<sup>1</sup> *IVA Protocol 2021*, available at [gov.uk/government/publications/individual-voluntary-arrangement-iva-protocol](https://www.gov.uk/government/publications/individual-voluntary-arrangement-iva-protocol)

# Straightforward consumer individual voluntary arrangements

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## The individual voluntary arrangements protocol

The IVA protocol provides a standard framework for straightforward consumer IVAs and includes standard documentation and terms. The current version of the protocol was published in April 2025 and applies to all protocol-compliant IVAs entered into from 1 July 2025. You can view the 2025 version of the protocol on GOV.UK and the supporting documents on GOV.UK. These include a new 'Key Facts' document which must be sent to the client before the proposal is agreed. The 2016 version of the protocol applies to any protocol-compliant IVAs entered into between 1 June 2016 and 1 August 2021 which have not yet been completed/terminated and the 2021 version applies to arrangements entered into between 1 August 2021 and 30 June 2025. Details of both the 2016 and 2021 versions of the protocol can be found at [gov.uk/government/publications/individual-voluntary-arrangement-iva-protocol](https://gov.uk/government/publications/individual-voluntary-arrangement-iva-protocol). There are also a number of annexes attached to the protocol, including:

- standard terms and conditions (Annex 1) ([see here](#));
- a template letter to consumers (Annex 3);
- an illustration of annual distribution of payments between fees and creditors (Annex 6).

The protocol sets out a standard approach to:

- ensuring the client has received full and appropriate advice;
- the content of the proposal to the client's creditors;
- assessing and verifying the client's income and expenditure;
- dealing with the equity in the client's home;
- the terms and conditions to be included in the IVA.

Creditors are expected to accept a protocol-compliant IVA and not propose any unnecessary modifications. If they vote against it, they are expected to disclose their reasons to the IVA provider.

According to the protocol, a client is likely to be suitable for a protocol-compliant IVA if they

have:

- multiple debts with a combined total of £7,000 or more and are not eligible for a DRO;
- a regular sustainable income – eg, from employment or from a regular pension; *and*
- several lines of credit; *and*
- uncomplicated assets.

The protocol requires the IVA provider to be satisfied that appropriate debt advice has been provided to the client by a Financial Conduct Authority (FCA) regulated debt advice provider or one who is working under the relevant exclusion who is able to provide such advice and keep records to evidence this, including the long-term suitability and viability of the proposed IVA.

A reasonably steady income stream is necessary in order for the client's IVA to be suitable to be dealt with under the protocol. Self-employed clients are suitable if that self-employment produces a regular income. If income is uneven or unpredictable, this should be highlighted in the proposal. Clients with more than 20 per cent of their income from bonuses or commission or who are unemployed may not be suitable. The current protocol contains clearer guidance than previous versions on when an IVA may be unsuitable -eg, the possibility of receiving a lump sum settlement, a sole trader with trade debts, very high equity in a property.

The client should not have any disputed debts. In order to give creditors confidence that the proposed IVA is the most appropriate solution to the client's debt problems, IVA providers carry out a 'due diligence' process. This means the client is given appropriate advice, including information on the advantages and disadvantages of the various options available for resolving their particular debt problem. Previous attempts to resolve the client's financial difficulties must be included in the proposal, together with an explanation of their failure and details of any payments made to an advice provider. The protocol also reassures creditors that the IVA provider has verified the information contained in the proposal. The client's budget should be drawn up in accordance with the standard financial statement (see here) guidelines and reflect income/ expenditure of the whole household (where a budget is agreed for only one individual in a household, an explanation should be included in the proposal, including why an IVA remains appropriate). **Note:** if the client is under 55, only minimum pension contributions should be allowed as essential expenditure – the IVA protocol imposes some restrictions on the pension contributions made by clients aged 55 or above.

As noted above, the client's financial statement should be drawn up in line with the standard financial statement and any deviations from the spending guidelines should be explained in the proposal. The client's income and expenditure should be a realistic reflection of their financial position and at levels considered to be reasonably likely to be sustainable over the duration of the IVA. The IVA provider should ensure that any state benefits including those relating to ill health, disability or caring responsibilities are included as income and any caring costs included as

expenditure. 1

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1 [gov.uk/government/publications/individual-voluntary-arrangement-iva-protocol](https://gov.uk/government/publications/individual-voluntary-arrangement-iva-protocol)

## Vulnerable clients

The protocol provides that, where a consumer is vulnerable, insolvency practitioners should make appropriate arrangements to ensure that the consumer fully understands the IVA process, its effects and obligations, and makes appropriate arrangements for their needs (which may include, with their consent, liaising with third parties on their behalf). Creditors should be made aware of any relevant vulnerabilities disclosed by the client which the client has expressly consented should be explained to creditors.

All versions of the protocol refer to the FCA guidance on vulnerability as a benchmark.

## Standard terms and conditions

The protocol provides a set of standard terms and conditions which apply to all protocol-compliant IVAs and are contained in Annex 1.

The standard terms and conditions cover:

- the effect and duration of the arrangement;
- the functions of the supervisor;
- the client's duties and obligations;
- the effect of a breach;
- assets of the IVA;
- provisions relating to homeowners;
- creditor claims and dividends.

## The client's home

The protocol applies whether or not the client is a homeowner. Under the current protocol, if the client is a homeowner, the proposal will not include any requirement for the client to realise any beneficial interest they have in the family home for the purpose of contributing to the IVA. The proposal must outline why it is considered reasonable to exclude that beneficial interest which may be based on its value or the client's circumstances, including ability to access secured

lending, the client's age and the financial sustainability of the client's household should they be required to sell their home/relocate.

For arrangements made under the 2016 and 2021 versions of the protocol, see previous editions of this *Handbook*. Prior to submitting any proposal, the client is required to value the home (this valuation must be verified by the IVA provider and an explanation of when and how the valuation has been determined should be included in the proposal). The value of any available equity must then be calculated by taking 85% of the property's valuation and deducting any secured borrowings, -eg, mortgage. There are then two options:

- the client's share of the equity is less than £10,000 (previously £5,000): the IVA will be proposed for 60 months with no requirement to further value the equity;
- the client's share of the equity is more than £10,000 (previously £5,000): the IVA will be proposed for 72 months with no requirement to further value the equity.

## **During the individual voluntary arrangement**

Once the IVA is set up, it will be regularly reviewed. Guidance relating to the treatment of income and expenditure during the IVA can be found in the protocol, but you should always check your client's arrangement for specific terms relating to this.

The IVA provider (acting as supervisor of the IVA) (see here) carries out a review of the client's income and expenditure every 12 months and the client is expected to increase their contributions to the IVA by 50 per cent of any net surplus. Overtime, bonus and commission payments in excess of 10 per cent of the client's normal take-home pay must be disclosed and 50 per cent of the excess paid into the IVA. If the client is made redundant during the IVA, they must pay any amount in excess of six months' take-home pay into the IVA. In addition, the client must report any increases in income or additional sources of income to the supervisor. A review of the client's income and expenditure should then be carried out and an 'appropriate' payment set up.

The guidance suggests that if, following a review of income and expenditure a variation of the client's payments appears to be appropriate, reductions should generally be accepted by creditors of up to 50 per cent of the payment or £75 a month (whichever is higher) without the need for a formal variation. At the same time, an extension of the IVA of up to 12 months should also be considered, provided this will not extend the IVA to more than seven years. If the reduction in payments cannot be made up through such an extension, but the supervisor considers that the IVA is nevertheless sustainable, a formal variation should be proposed.

The guidance suggests that, were the contributions to fall below £50 a month, the sustainability of the arrangement would be in doubt and the supervisor should consider whether a settlement of the IVA based on the funds paid in to date should be formally proposed – eg, where



the client would be eligible for a DRO if the arrangement failed. This means that no further payments would be due into the IVA. If this is not appropriate, the supervisor should consider referring the client for debt advice on an alternative solution. The supervisor can also reduce the client's regular contribution payable up to 20 per cent (previously 15 per cent) without referring back to creditors to reflect changes in the client's income and expenditure.

The client may be allowed 'payment holidays' or to make reduced payments into the IVA for periods of up to nine months in total if, because of a change in circumstances such as an emergency item of expenditure or other unforeseen reduction in income, they are unable to make their full contributions or pay anything at all. The IVA is extended by no more than 12 months to recover the shortfall.

The supervisor can extend the IVA for up to six months without the agreement of creditors if the client has failed to disclose income.

The client must not obtain any credit of more than £500 without the prior approval of the supervisor other than as provided for in their income and expenditure. This does not apply to any remortgage of, or release of equity in, the client's home under the terms of the IVA.

Many IVAs provide that, if the client defaults, the arrangement automatically comes to an end and/or the supervisor may make the client bankrupt. The standard terms state that, if the client's contributions fall more than three months in arrears (unless this has been agreed) or they have failed to comply with any of their other obligations under the IVA, they will be in breach of the arrangement. The supervisor should give the client up to one month to remedy or explain any default. If the client fails to do this, the supervisor must either issue a certificate of termination bringing the arrangement to an end or refer the matter to the creditors within 28 days to:

- vary the terms of the IVA; *or*
- bring the arrangement to an end by issuing a certificate of termination; *or*
- make the client bankrupt.

Terminated IVAs should be removed from credit reference reports. Check to make sure that has been done. If it has not been, a query can be raised with the credit reference agency concerned, to get the report updated. The current protocol contains a requirement for the IVA provider to signpost the client to free, regulated debt advice following a termination.

## Advantages and disadvantages

Advantages

Disadvantages

## Advantages

- The client avoids the stigma or publicity that is attached to bankruptcy.
- Debts included in the IVA are partially written off, no further interest or charges are added and any enforcement action by those creditors ceases.
- The client is not forced to sell their home.
- IVAs are flexible and can be drawn up to meet the client's situation. For instance, clients can propose stepped repayment arrangements, and assets are not automatically lost if the creditors agree – eg, because, overall, they will be better off than in bankruptcy.
- Creditors should receive higher payments than they would in a bankruptcy.
- Unsecured creditors who vote against the IVA are still bound by it.
- The client is not subject to the restrictions imposed in bankruptcy and so can still be a company director without the court's permission, and may find it easier to obtain credit for a business than they would following bankruptcy.
- The client could be in a profession that means they could lose their job in the event of bankruptcy – eg, accountancy or the legal professions.
- An IVA is time limited and does not involve any investigation of the client's affairs (although the client does have to confirm that they have not entered into any 'antecedent transactions' – see here).

## Disadvantages

- The client must have two or more unsecured creditors and unsecured debts of at least £8,000 for an IVA to be a viable option.
- If the IVA fails, the debts plus any interest or charges which have accrued become payable in full.
- The client is generally required to make higher payments over a longer period than in a bankruptcy.
- The costs of an IVA are relatively high and may have to be paid in advance (although it should be possible to find an insolvency practitioner who does not require up front fees).
- A significant proportion of the instalments paid into an IVA go to pay the insolvency practitioner's fees and, if the IVA fails, the client may find that they have made substantial payments but have made little or no repayment to creditors. Under the 2021 protocol, insolvency practitioners should provide an illustration of expected costs/payments (see Annex 6).
- Assets are at risk if the creditors do not agree to exclude them.

- The client may be made bankrupt if the IVA fails and the costs of the unsuccessful IVA are added to the debts.
- The client is closely monitored by the supervisor during the period of the IVA and must report any changes of circumstances.
- The client's proposal must be realistic and sustainable over the term of the IVA because, if their circumstances change, the IVA may fail if the supervisor cannot persuade the creditors to agree to a new arrangement.
- The amount repayable under the IVA is not fixed. If the client's circumstances improve or, for example, they receive a windfall, they could end up paying significantly more than expected. In some cases, clients could repay 100 per cent of their debt plus substantial fees and costs.
- IVAs are a matter of public record and future applications for credit could be affected.

## Applying for an individual voluntary arrangement

### The proposal

### After the proposal is made

The first step is to find an insolvency practitioner prepared to act for the client. Many advice agencies have referral arrangements with insolvency practitioners and can arrange an initial free consultation. If you have no contacts, use [gov.uk/find-an-insolvency-practitioner](https://gov.uk/find-an-insolvency-practitioner) to find an insolvency practitioner in your area. Avoid companies which say they can refer clients to an insolvency practitioner in return for a fee.

Insolvency practitioners are required by their regulators to make sure that the client is given an explanation of all the options available, the advantages and disadvantages of each and the likely costs of each so that the debt solution best suited to their circumstances can be identified. This explanation should be confirmed to the client in writing. <sup>1</sup>

The insolvency practitioner's fees are agreed as part of the IVA. Most insolvency practitioners do not charge upfront fees, but are paid on an ongoing basis from the payments made into the IVA and before the creditors are paid.

The client should take as much information on their financial affairs as possible to the insolvency practitioner, including details of debts, assets, income and expenditure.

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<sup>1</sup> Insolvency Practitioners Association, *Statement of Insolvency Practice 3.1*, available at [insolvency-practitioners.org.uk/regulation-and-guidance/sips](https://insolvency-practitioners.org.uk/regulation-and-guidance/sips)

## The proposal

The insolvency practitioner draws up a 'proposal' for the client's creditors. They have a duty to ensure a fair balance between the interests of the client and the creditors. In the proposal, the client makes a repayment offer to the creditors.

The proposal must be accepted by creditors owed 75 per cent or more of the total amount of the client's debts. However, only the debts of the creditors who actually vote are counted (see [here](#)). For example, if the client has total debts to creditors of £20,000, but only £10,000 worth of creditors vote, the proposal can be approved, provided at least £7,500 worth of creditors vote in favour.

To be accepted, a proposal should contain a more attractive financial offer than the creditors could expect to receive in a bankruptcy. This means paying a higher dividend to creditors, and the proposal sets out how the client intends to achieve this. It is an offence for a client to make any false representations or to act (or fail to act) in a fraudulent manner with the intention of having an IVA proposal approved. <sup>1</sup>

If both members of a couple want to enter into IVAs covering debts in their sole and joint names, they cannot make a joint proposal. They could make separate proposals that involve a joint repayment arrangement, containing sole and joint debts based on one financial statement and involving only one set of fees (which is therefore cheaper than two unrelated IVAs). However, in order to obtain approval of their IVAs, each proposal must be considered separately and each member of the couple must obtain the required majority of their own creditors in favour.

## What the proposal must include

The proposal must include:

- details of the proposed arrangements, including why an IVA is the appropriate solution and likely to be accepted by creditors. IVAs do not usually provide for the client's debts to be paid in full. They normally provide for available income and the proceeds of the sale of any assets to be distributed to creditors on a pro rata basis, with the balances being written off at the end of the IVA term – ie, a composition;
- the anticipated level of the client's income during the period of the IVA;
- details of all assets (and their estimated value) and of any assets available from third parties, such as relatives or friends;
- details of any charges on property in favour of creditors and of any assets that the client proposes to exclude from the IVA. It is usual to make some arrangement for realising the client's share in any equity in the family home and, if this provision is included in the IVA, the

client should be aware of its significance;

- details of the client's debts and of any guarantees given for them by third parties. **Note:** the approval of an IVA does not prevent creditors from recovering their debt from any guarantor(s) and a guarantor can only claim a dividend in the IVA once the debt has been paid off in full;
- the proposed duration of the IVA and the arrangements for paying creditors, including the estimated amounts of payments and frequency. IVAs are not normally proposed to last longer than five or six years;
- details of the supervisor, and of the fees to be paid to the nominee and the supervisor;
- whether the client has previously made any IVA proposal in the previous 24 months and, if so, whether:
  - that proposal was approved and the IVA has been completed; *or*
  - that proposal was rejected or the IVA was terminated and, if so, how that proposal differs from the present one.

**Note:** student loans cannot be included in an IVA. Similarly, a student loan cannot be included as part of the client's income for the purposes of an IVA. <sup>2</sup> Child support arrears cannot be included in an IVA. <sup>3</sup>

It is usual for IVAs to contain provisions for any 'windfall' payments (eg, assets received by the client during the term of the IVA) to be paid into the arrangement. Protocol-compliant IVAs (see here) also make specific provisions to deal with receipt of redundancy payments. It is also usual to include specific proposals about any beneficial interest the client may have in the family home.

In the case of a protocol-compliant IVA, the proposal should also contain details of any other previous attempts to deal with the client's financial problems and the reasons why these were unsuccessful. The IVA provider should give the client advice and information on the advantages and disadvantages of all available debt solutions (including bankruptcy). The proposal may contain details of any recommendations made to the client and the reasons they have decided to propose an IVA.

**Note:** an experienced insolvency practitioner will be aware of the proposals that are likely to be acceptable to creditors and the court, and will ensure that the proposal complies with the requirements of the Insolvency Act. The insolvency practitioner is required to endorse the notice of the proposal to indicate that they are prepared to act and will not do so unless they are satisfied that the proposal is viable.

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<sup>1</sup> s262A IA 1986

**2** Reg 8(b) The Education (Student Loans) (Repayment) (Amendment) Regulations 2010 No.661

**3** *CMEC v Beesley* [2010] EWCA Civ 1344

## After the proposal is made

Once the insolvency practitioner has signed the proposal, they become the client's 'nominee'.

Once the proposal is made, the client must prepare a statement of affairs, containing details of the matters contained in the proposal.

Within 14 days, the nominee must submit a report to the client's creditors stating in their opinion:

- whether the proposed IVA has a reasonable prospect of being approved and implemented;
- whether a meeting of the client's creditors should be held to consider the proposal.

At the same time, the nominee should also submit: <sup>1</sup>

- their comments on the client's proposal;
- a copy of the proposal;
- a copy of the statement of affairs;
- a copy of the endorsed notice of proposal of the nominee's agreement to act;
- where applicable, a statement that no application is to be made for an interim order.

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**1** s256A IA 1986; r8.19 I(E&W)R 2016

## Interim orders

Until the IVA is approved, the client is vulnerable to enforcement action by creditors. To avoid this, once the insolvency practitioner has become the nominee, the client can apply to the court for an 'interim order'. <sup>1</sup> If an interim order is granted: <sup>2</sup>

- a creditor cannot attempt to make the client bankrupt;
- a landlord cannot repossess the client's property without permission of the court;
- court proceedings or other enforcement action (including taking control of goods) cannot

start or continue against the client or their property without the court's permission.

The application is made to the court for the insolvency district in which the client resides. <sup>3</sup> It must be accompanied by a witness statement and a copy of the notice of the proposal endorsed with the nominee's consent to act. A court fee which is currently £318 is payable. Remission may be available (see here).

It is no longer compulsory for a client to apply for an interim order and so they can put forward their proposal for an IVA without applying for one. However, the client is vulnerable to any enforcement action by a creditor until the IVA is agreed – eg, if a creditor has applied for a charging order, the client will need to apply for the consideration of the final order to be adjourned so that the debt can be included in the IVA. A breathing space application might be appropriate in these circumstances. Applications for interim orders are rare.

**Note:** see here if the client or a member of their family is at risk of violence and does not want details of their address to be entered on the Individual Insolvency Register.

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- 1 s253 IA 1986
  - 2 s252 IA 1986
  - 3 r10.48 I(E&W)R 2016

## The creditors' decision

Since April 2017, a meeting of all the client's creditors is not required. <sup>1</sup> However, there will be a meeting if one is requested by:

- 10 per cent in value of the creditors; *or*
- 10 per cent of the total number of creditors; *or*
- 10 individual creditors.

The proposal can be amended by the creditors, but the client must consent to any modifications.

The proposal must be approved by 75 per cent or more of the creditors (in value of debts owed to them) who vote on it. Some smaller creditors do not vote. Certain creditors, such as banks, always vote and, as they also tend to be the largest creditors, any proposal is unlikely to be approved unless these creditors agree. The practice of some banks of referring all proposals they receive to a voting house (which recommends an acceptance or refusal) means that they can influence the content of the proposal and its eventual outcome, even if as individual creditors they would not be in a position to block the IVA.

The nominee may discuss the proposal with creditors beforehand to obtain agreement.

The creditors cannot approve a proposal that would affect the rights of a preferential creditor in bankruptcy (such as arrears of wages owed to employees of the client) or the rights of secured creditors (such as a mortgage lender) without their consent. <sup>2</sup> Unless the IVA specifically excludes a secured lender's right to enforce its security, it may still be able to do so even if it has agreed to being included in the IVA. <sup>3</sup>

If the proposal is approved, it takes effect immediately and is binding on every creditor entitled to vote. Creditors who did not receive notice of the meeting are still entitled to be paid in accordance with the terms of the IVA and the client must make payments to them as well as to the creditors who were notified. <sup>4</sup>

Usually, the creditors also approve the nominee's appointment and they become the 'supervisor' of the IVA.

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<sup>1</sup> I(E&W)R 2016

<sup>2</sup> s258 IA 1986

<sup>3</sup> *Rey v FNCB* [2006] EWHC 1386 (ChD)

<sup>4</sup> s260 IA 1986

## After the meeting

### Clients at risk of violence

The outcome of the meeting must be reported to the creditors within four business days or, if an interim order is made, as soon as possible after the report is filed in court.

Within 14 days of the date of the meeting, the supervisor must send details of the IVA to the Secretary of State to enter on the Bankruptcy and Insolvency Register. The register has two parts: the Individual Insolvency Register, containing details of bankruptcies, IVAs and DROs, and the Bankruptcy and Debt Relief Restrictions Register, which contains details of restriction orders and undertakings.

### Clients at risk of violence

If disclosure of the client's current address could lead to violence against them or a member of their family who normally lives with them, a court may issue a person at risk of violence (PARV)



order that requires that: <sup>1</sup>

- details of the client's address be withheld from any court file;
- the client's details entered on the Individual Insolvency Register must not include details of their current address;
- if a post-bankruptcy IVA is made which results in the bankruptcy order being annulled (see [here](#)), any notice permitting this must not include details of the client's address.

An application for a PARV order can be made by the client, the nominee/supervisor, the official receiver or the Secretary of State, but in practice, is likely to be made by the client. The application can be made as soon as the nominee agrees to act in relation to an IVA proposal, which may be preferable for the client as they then have certainty that their address will not be advertised. <sup>2</sup>

The application can also be made after the IVA is approved. <sup>3</sup> Form 1AA should be completed and must be accompanied by a witness statement containing evidence to support the application. The nominee/supervisor must be named as the respondent to the application and the client should obtain their written consent to the application and attach it to Form 1AA. The court fee is currently £318. Remission of the fee is available although advisers report that some courts are not charging the fee even where the client does not strictly qualify for remission (see [here](#)).

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<sup>1</sup> rr20.1-20.3 I(E&W)R 2016; see also M Gallagher, 'Bankruptcy etc: address withheld orders', *Adviser* 142

<sup>2</sup> r20.2 I(E&W)R 2016

<sup>3</sup> r20.3 I(E&W)R 2016

## Challenging an individual voluntary arrangement

The client, or any creditor, can appeal to the court against the IVA within 28 days of the creditors' meeting on the grounds that:

- there were irregularities in the way the meeting was held – eg, the proposal contained misleading or inaccurate information; *or*
- the arrangement unfairly prejudiced the rights of a creditor – eg, if the meeting approved a proposal to include a debt which is not provable in bankruptcy, such as a magistrates' court fine, thus preventing the creditor from taking action to recover full payment.

Because an IVA is an agreement between the client and their creditors, in theory any debt can be included (apart from secured creditors who can only be included if they specifically agree, child

support arrears and student loans). However, in the case of other debts which cannot be proved in bankruptcy and/or are still payable by the client after discharge from bankruptcy (see here), it may be necessary to replicate their treatment in bankruptcy in order to avoid creditors successfully challenging the approval of an IVA. This can be done either by agreeing to exclude them altogether and leaving them to be paid outside the IVA or by including them with their agreement.

If a creditor challenges an IVA and the court considers the challenge is justified, it may: <sup>1</sup>

- revoke (or suspend) the IVA; *or*
- direct that a fresh creditors' meeting be held to consider a new agreement or reconsider the existing agreement (and renew any interim order).

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<sup>1</sup> s262 IA 1986

## Completing the individual voluntary arrangement

The insolvency practitioner's role as supervisor of the IVA is to implement it and ensure the client carries out their side of the arrangement as agreed, seeking guidance from the court, if necessary.

The supervisor arranges the sale of any assets that need to be sold, and collects the payments due from the client and distributes them to the creditors.

Most IVAs contain 'windfall' clauses, which require the client to report to the supervisor any lump sums, such as an inheritance, to which they become entitled during the IVA. **Note:** payment protection insurance (PPI) refunds are treated as an asset in the IVA rather than a windfall and so are regarded as having always been part of the IVA. Protocol-compliant IVAs are drawn up in such a way that the supervisor can claim any refund received by the client, including after the IVA has been completed. If the windfall or PPI refund is sufficient to enable the debts and fees to be paid in full, the arrangement may allow for statutory interest to be payable (currently 8 per cent). **Note:** creditors may be willing to forgo statutory interest and a variation can be requested for this.

If the client's circumstances change, they should be advised to contact the supervisor immediately, as it may be possible for the IVA to be varied. This depends on the terms of the IVA: any well drawn-up IVA will contain a variation clause, and it is a standard term of a protocol-compliant IVA.

The supervisor will probably extend the period of the IVA to enable the client to complete the payments. IVAs usually give the supervisor discretion by making specific provision for variation or

extension of the IVA. Protocol-compliant IVAs provide for both. If the IVA does not give the supervisor discretion, all the creditors included in the IVA would have to agree to any variation and there will be costs added.

Provided the client complies with the IVA, they are discharged from their liability to all creditors covered by it at the end of the period. The legislation provides that, not more than 28 days after the full implementation (or termination) of the IVA, the supervisor must deliver a notice to that effect to the client and the creditors subject to the IVA. It is a standard term of a protocol-compliant IVA that the supervisor issues the client with a 'completion certificate' once the client has complied with the terms of the IVA. The Court of Appeal has confirmed that the effect of the completion certificate is to discharge the client from any further liability, but that the debts scheduled to the IVA are not written off. This means that, for example, where the right to claim a PPI refund is an asset of the arrangement and a refund is made after the completion of the IVA, it is payable to the creditors, not the client. <sup>1</sup>

Completion of the IVA does not automatically discharge any co-debtor, including the client's spouse or partner, and provision for this must be specifically included and agreed. However, unless the joint income is used to fund the IVA (or the partner/spouse has no income), creditors may challenge the IVA.

If the terms of the IVA are not complied with, the supervisor is usually able to petition for the client's bankruptcy, but under a protocol-compliant IVA (see here) need not do so. If the supervisor decides it is not worth doing this (eg, because there are insufficient funds paid into the IVA), individual creditors may decide to do so instead. The client must then negotiate with them separately if they want to avoid bankruptcy.

If the client needs to end the IVA before it completes (eg, because they have found a more suitable debt solution), they can contact their insolvency practitioner and ask for the arrangement to be terminated. As in the case of a supervisor termination where the client has defaulted on the terms of the IVA, under a protocol-compliant IVA, the supervisor should issue a certificate of termination when requested to do so by the client.

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<sup>1</sup> *Green v Wright* [2017] EWCA Civ 111

## Complaints against insolvency practitioners and individual voluntary arrangement providers

**Alert:** The Insolvency Service has published a report into IVAS, [Insolvency Service research](#)

*findings into Individual Voluntary Arrangements (IVAs)*. Its research has shown concerning levels of poor practice by some firms in how clients are entered into IVAs and the about the information they are given. Areas of concern in the early stages were found in 185 of 310 (60%) of IVAs selected at random for the research. The Insolvency Practitioners' Association has sent guidance to its members reminding them of its expectations regarding protecting debtors' interests:

*Regulatory guidance on expectations for protecting debtor interests.*

If the client is unhappy with the advice given by a debt management company which recommended the IVA, a complaint can be made and, if necessary, escalated to the Financial Ombudsman Service. If the client is unhappy with the actions of the insolvency practitioner, they should complain directly to the insolvency practitioner in the first instance. If the client is unable to resolve the complaint directly with the insolvency practitioner, they can make a complaint to the Insolvency Service using the online form at [gov.uk/complain-about-insolvency-practitioner](https://gov.uk/complain-about-insolvency-practitioner).

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Please be aware that welfare rights law and guidance change frequently. This page was printed on Friday, October 17, 2025 and may go out of date.