

**Title:**

Bankruptcy or IVA - The Procedure

**Word Count:**

840

**Summary:**

Individual Voluntary Arrangements and Bankruptcy are both viable solutions to anyone struggling to repay debts, but what are the procedures involved once someone has decided to take one of these options?

The following gives an idea of what to expect when choosing an IVA or petitioning for Bankruptcy.

**Keywords:**

iva,individual voluntary arrangement,bankruptcy,insolvency practitioner

**Article Body:**

**Individual Voluntary Arrangement**

The first thing to do when considering an Individual Voluntary Arrangement is to have a meeting with an Insolvency Practitioner. This meeting can either be face to face or over the telephone.

The meeting is to determine whether or not an IVA is a suitable option for resolving financial difficulties and to advice of what other options may be available.

If an IVA is the best solution, then the next step is for the Insolvency practitioner to gather information about the debtor's financial details. This includes priority household payments, information about any assets the client may have and all creditor information such as creditor names and account numbers.

The Insolvency practitioner is under obligation to verify all information given by the client, therefore the IP will gather proof to support that the details are correct.

Once the information is verified, the IP will then begin to draft the proposals. The proposals are to be fair to the creditor and debtor alike. The idea is to show the maximum amount the debtor can afford to pay and to show the creditor

this information in order to get the creditor to accept the amount that is being offered.

Once the proposals are drafted up, the debtor will look through the proposals, and if happy, sign them. An IVA is a legally binding agreement; therefore it is important that all information is correct before signing the proposals.

Once the proposals are signed by the debtor, they are then sent off to the creditors for their consideration. Creditors are generally given 2 to 3 weeks to vote on the proposals. Creditors can either decide to accept, reject or accept with modifications.

Once the 2 to 3 weeks is up, the Insolvency Practitioner will arrange a meeting between the creditors and debtor for the final vote on the proposals. The Insolvency Practitioner will act as Chairman to the meeting.

Creditors generally fax over their decision to the IP on the date of the meeting. So generally is not an actual face to face meeting, more a deadline to get all the votes in on one day.

In order for an IVA to be passed, 75% of the value of the debt must be accepted. In other words, as long as the creditors who represent 75% or more of the debt accept the proposals, then the IVA is accepted even if some creditors rejected the proposals.

If the IVA is accepted, then the Insolvency Practitioner will send out a chairman's report to the creditors as well as the court detailing that the IVA was accepted.

### **Petitioning for Bankruptcy**

Petitioning for bankruptcy could be as a daunting process, however, the procedure is probably not as bad as anticipated.

In order to petition for Bankruptcy, you will need to fill in a couple of forms. These forms can be obtained online from the Court website. The forms you will need are 6.27 and 6.28.

It is not always necessary to make an appointment to petition but it is always safer to call the court to see if it is permitted to arrive and petition or if an appointment is necessary.

Bankruptcy is normally held in the High Court in London. People will generally

arrive first thing in the morning. Once at the court, the petitioner will go over to the first available desk clerk and inform them that they are there to make a petition. The clerk will look at the forms and then proceed to type up the bankruptcy order. The petitioner is then directed to where they need to go to pay the petition fee and return to clerk once they have done.

At this point, the clerk would generally give a time to return to collect a copy of the bankruptcy order.

Once the petitioner has their bankruptcy order, they will then be given directions to go to the Official Receivers office. When they arrive at the office, they will need to wait until their name is called. Once the name is called, a copy of the bankruptcy order will be taken and they will be given information regarding bankruptcy.

The petitioner will then be given a time and date of an appointment with the Official Receiver, sometimes this can be done on the day, but more often than not a telephone appointment will be given anywhere up to 2 weeks after the day of the petition.

Sometimes the petitioner will be required to return to the Official Receivers office for an appointment. Either way is possible so there is no need for concern if the petitioner is required to go back to the office rather than receiving a telephone call, it will basically be which way is more convenient.

Bankruptcy generally lasts 1 year; however, discharge from bankruptcy can be earlier or later depending on if there are any restrictions placed on the bankruptcy.

So there we have it. Although this is a very brief outline of what is likely to happen when choosing either option, it does give a general idea of what to expect.