

## HERE'S HOW WE HELPED SOME PEOPLE

### LORRAINE

Lorraine has unsecured debts of £71,000. She was aged 40, had a young family, been recently divorced and becoming ill with worry. Her debts started with a period of unemployment and built up when things became more difficult with her husband. Lorraine had a good job earning around £32,000 and lived in rented accommodation. Lorraine agreed with her creditors to pay £600 per month for 5 years. This paid a dividend to creditors of 40p in the £.

*"As soon as I met Tim and his staff it gave me confidence that my debt was being dealt with. If I ever get the chance I would be delighted to recommend Griffin & King. I can now sleep at night".*

### NICK AND SUE

Nick and Sue had unsecured debts of £98,000. Their debt has built up while their family grew up - it wasn't a problem until Nick was made redundant. Nick quickly found another job but on lower pay - so they had to face up to their debt. Both Nick and Sue were in their mid 40's and they had three teenagers. They owned their home. Sue also worked and the gross household income was around £32,000.

We agreed with their creditors that Sue's parents pay £30,000 into the IVA for the equity in the property and a further £350 was paid per month from their joint income for 4 years. A dividend of 35p in the £ was paid to the creditors.

*"Until we sat down with Tim Corfield we did not realise the extent of our problems. Tim not only made us face up to reality but also came up with solutions that meant we could keep our family home. To go to Griffin & King was the best decision we made in years".*

## WHAT TO DO NEXT?

At Griffin & King we understand it is a traumatic time for anyone with financial difficulties.

We have over 30 years experience of helping people find the right solutions - have a look at our testimonials to see what our clients have to say about us!

[www.griffinandking.co.uk](http://www.griffinandking.co.uk)

Call us now and see how we can help!



Tim Corfield & Cheryl Gray



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INDIVIDUAL VOLUNTARY ARRANGEMENT  
CONSUMER DEBT

## INDIVIDUAL VOLUNTARY ARRANGEMENT (IVA) CONSUMER DEBT

*"I've already had a consolidation loan...What do I do now?..."*

*"I feel as if all I'm doing is robbing Peter to pay Paul..."*

*"I can't bear to open the post because I know I can't pay the bills..."*

*"I'm not sleeping at night...I know I can't pay my debts..."*

### Do these comments sound familiar?

When a person has borrowed, in his/her own name, he/she is personally liable for that debt. The debt may have arisen through credit cards, bank loans, business debts, personal guarantees and other types of borrowing or a mix of any of these.

Such a person has unlimited personal liability for these debts and may have to dispose of his/her assets to meet the debts he/she owes to creditors.

It is easy for personal debt to get out of control - there is often a fine dividing line in being able to manage debt or not. Life can change overnight with events beyond our control - illness, redundancy, marriage breakup or business problems or it can be a number of these issues that mount up over a period of time.

An IVA deals with unsecured debt (exemptions are fines and student loans) it does not apply to secured debt. Mortgage repayments for a home will need to be kept up to date to avoid any action being taken by a secured lender. An IVA is a formal legal process to help anyone with financial difficulties take charge of their finances and proceed with a carefully thought out plan.

### INDIVIDUAL VOLUNTARY ARRANGEMENT (IVA) - WHAT IS IT?

The person making the offer to his/her creditors is called the debtor.

An IVA is a tailored proposal by a debtor to his/her creditors to pay all or some of his/her debt over a period of time. The amount that may be written off on completion will depend on all the circumstances of the debtor.

The debts to be included within the IVA are all unsecured borrowings or debt including all credit card debt and bank loans.

An IVA has to be done through a Licensed Insolvency Practitioner. Up to the date of the creditors' meeting he is known as the 'Nominee'. From the creditors' meeting date he is called the 'Supervisor'.

- A detailed proposal will be forwarded to the creditors. In practice, this is prepared by the Insolvency Practitioner.
- A meeting of creditors will be called - approximately 6 to 8 weeks from the first contact with Griffin & King.
- An IVA needs the approval of 75% of creditors voting at the creditors' meeting to be successfully implemented. This will bind all creditors (stops creditors taking further legal action).
- Immediately, the payment of unsecured creditors will stop. A manageable budget is agreed. A regular monthly sum that can be afforded is paid to the Supervisor.
- An IVA is not a bankruptcy - the bankruptcy restrictions do not apply. For example, a director of a limited company can continue to act as such through an IVA.
- Any unpaid debts after completion of the arrangement will be written off.
- Court protection from creditors can be obtained.
- An IVA only deals with unsecured creditors (exemptions are fines and student loans). Secured creditors such as a mortgage provider will need to be paid as normal.

In most IVA's it will not be necessary to sell the family home.

### WHAT IS THE PROPOSAL AND WHAT SHOULD IT CONTAIN?

The proposal is the debtor's offer, based on his personal position, to creditors to satisfy all of his unsecured debts. This proposal is a lengthy and detailed document which is likely to be around 20 to 30 pages long. This can be prepared by Griffin & King.

The main contents of the proposal are:

- A brief explanation behind the financial difficulties.
- The precise proposals put forward by the debtor. For example, what instalments are proposed or how any equity in the home is to be dealt with.
- A summary of the debtor's financial position.
- An indication of dividend payments and the timing of those payments.
- A monthly income and expenditure account detailing the debtor's household income and expenditure.
- A comparison between the outcome of the IVA compared to bankruptcy.
- Valuation of the home where appropriate.

In practice, of course, Griffin & King can draft these proposals following detailed discussions with the debtor.

### WHAT HAPPENS AT THE CREDITORS' MEETING?

The meeting of creditors is the formal opportunity for the creditors to accept or reject the debtor's proposal. The creditors 'vote' at the meeting.

In practice, it is unlikely that any creditors will attend the meeting in person.

Creditors will vote by proxy (in writing) prior to the meeting.

Sometimes 'modifications' will be put forward by the creditors - which is a change to the original proposal, usually to the creditors' benefit. These need to be agreed by the debtor and may be the subject of negotiation, by telephone, on the day of the meeting. We conduct any such negotiations on behalf of the debtor.

To assist with the approval of the proposal the Nominee can allow up to 14 days adjournment of the meeting.