

I am having problems with my IVA

What happens if I miss a payment?

When considering an Individual Voluntary Arrangement (IVA), it is necessary to have a stable income that will last for the duration of the IVA, typically five years. When you enter into an IVA, you agree that your creditors will be paid with regular contributions, over a fixed period of time. If you fail to pay your contributions, and there is no reasonable explanation for the failure, your arrangement may fail.

The IVA proposal often includes a clause that states that if you misses in excess of 2 payments over the duration of the IVA then it will be deemed as a failure. This generally is designed to cover the scenario of a client just refusing to make contributions as a matter of choice, and not people suffering with an honest problem with payments.

Missed contributions can happen for a multitude of reasons, and its fair to say that some are due to more avoidable problems than others. However by informing us when the problem arises, (i.e. as soon as possible), you offer yourself the best opportunity of keeping 'on track'.

If for any reason monthly payments cannot be maintained for a short period, it may be possible to agree with the Insolvency Practitioner to catch up the missed payments over a period of time by increasing the monthly contributions. If this is not possible, extending the term of the IVA may also be an option for the Insolvency Practitioner and creditors to consider.

If the problems are permanent or could result in several missed payments then it may be possible to change the terms of the arrangement to reflect these changes through what is known as a Variation. This would normally only be undertaken if there is a change in circumstances and requires the creditors' agreement. It is important that such a variation to the terms doesn't happen too quickly after the start of your IVA because you won't have had the chance to demonstrate your commitment to the process and the creditors may question your judgment at the start of the IVA.

If you have any doubts regarding the affordability of your payments it is vital that you contact us immediately so that the consequences can be managed effectively and the risk of your IVA failing minimised. Once you contact us we will normally require you to complete a missing contribution form and provide us with additional information.