

IVA - Individual Voluntary Arrangement - resulting from credit card and loan debts

Note: certain names and details have been changed to protect the privacy of the persons involved.

Mr Field contacted NBR when he was faced with significant financial borrowings both on credit cards and loans. Mr Field at the time was 53 and very traumatised by the information he had reviewed on the internet in respect of Bankruptcy and Individual Voluntary Arrangements.

He had not expected to be in this situation at the age of 53. He had a fulltime job as an IT manager and no debt backlog. Accumulating debts on his credit cards was not difficult, as having to manage his 3 children. Mrs Field had not worked since they were married taking on the role as housewife and mother.

In order to meet all his commitments, Mr Field maintained a reasonably healthy lifestyle until he was made redundant.

He was horrified and shocked to find that he was not entitled to redundancy pay, due to only being in the employ of the company he was working for, just 14 months.

It took Mr Field 12 months to find another job and he therefore had to rely heavily on his credit cards to supplement his £80 a week job seekers allowance.

He was eventually offered a job in the same industry but his salary was reduced significantly. Due to the lower income, he was unable to subsidise his credit card repayments which were taking a large chunk of his salary.

Mr Field decided to take positive action and took out a £20,000 consolidation loan.

Things seemed better at first, but then his marriage faltered, he then separated and moved out of the matrimonial home and rented a flat. The rental required a deposit of 2 months rental. He needed further funds to furnish the flat and the only way he could do this was by using his credit card. This ran up another £3000 worth of debt.

By now Mr Field's salary barely covered his maintenance payments to his former Wife and payments towards his children. He was using his credit cards to buy everyday items. Mr Field tried to gain a further loan but failed.

It was at this critical point that Mr Field contacted us. We explained to him that he did not have to enter into bankruptcy because an IVA was a much better alternative to his situation. A five year arrangement with his creditors was recommended and later implemented, whereby he was to pay a sum of £380 per month over 5 years. This would provide a return to creditors of 26p in the £ of their debts owed, with the balance being written off.

Comment

Mr Field avoided bankruptcy, maintained his lifestyle and continued his support to his former Wife and children. He can realistically be debt free in 5 years. to gain a further loan but failed.