

## Experian Warns That Insolvency Is Not An Easy Way Out Of Debt

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Experian, the global information services company, today reminded consumers of the serious consequences of opting for bankruptcy or an individual voluntary arrangement (IVA) as a way of dealing with debt...

The publication of two Experian fact sheets, 'Your credit report and bankruptcy' and 'Your credit report and individual voluntary arrangements', coincides with the launch of an Insolvency Service-facilitated IVA protocol that sets agreed standards on how credit and IVA providers will work together to help people in serious financial trouble resolve their debt difficulties.

Experian's fact sheets explain what IVAs and bankruptcy are, and the impact that both can have on a consumer's ability to obtain credit. They also give advice on how to seek alternatives to insolvency and where people in financial difficulty can get help.

James Jones, Consumer Education Manager at Experian, comments:

Neither bankruptcy nor an IVA is an easy route out of debt but can be the best way for some people to resolve a serious debt situation. We want to make sure consumers are aware of the serious implications of choosing insolvency as a way out of money troubles, particularly as opting for bankruptcy or an IVA will affect your ability to obtain credit and other financial services for years to come.

Also, because details of bankruptcy orders and IVAs form part of the 'public' information on your credit report, the information is often seen by landlords and employers who you allow to make a check, so choosing the insolvency option could affect your chances of renting a home or getting the job you want.

Insolvency should only ever be considered after receiving professional, impartial advice. If you are worried about debts and think that bankruptcy or an IVA may be the best option for you, contact your local Citizens Advice Bureau or another free advice service such as the Consumer Credit Counselling Service or National Debtline.

IVAs allow people to manage their debts effectively by paying off an agreed sum to their creditors over a period of, generally, five years. The new voluntary code will ensure the processes involved which lead to an IVA are more transparent and includes standard terms and conditions, greater certainty on dealing with a debtor's home and greater reassurance for creditors and debtors that the best option has been presented.

What is an IVA?

An IVA is a binding agreement between you and your creditors to repay outstanding debts, either in full or in part. IVAs have to be administered by a licensed insolvency practitioner (IP), who is usually a qualified lawyer or accountant, who will charge you for setting up and supervising an IVA.

To enter into an IVA, you would submit an IVA proposal to an IP. The proposal sets out details of your assets and liabilities and how they will be dealt with. A typical proposal offers affordable monthly payments for a period of five years.

If the IP decides that your IVA proposal is practical, he or she arranges for your creditors to meet. At this meeting, your creditors then vote on whether to approve your IVA proposal.

If enough creditors agree, you and your creditors become bound by the terms of the proposal. Details are then filed in court and displayed on a publicly accessible online register, the Individual Insolvency Register.

An IVA will appear on your credit report for a minimum of six years from the date of arrangement, and longer if the arrangement lasts more than six years. During your IVA, reputable organisations will certainly ask for information about your situation and will probably refuse to give you further credit.

Once your IVA ends, the Insolvency Service will let the credit reference agencies know. The agencies will then update the IVA entry on your credit report to show it has been 'completed'. The entry then stays on your credit report for six years from the date the IVA began.

You might continue to experience difficulties getting credit and other financial services because you were in an IVA in the past. If you do manage to find someone who will lend to you, it is likely that they will see you as a high-risk customer and they may charge you a higher interest rate as a result.

What is bankruptcy?

Bankruptcy is a court order which usually frees you from your debts, although, depending on your circumstances, you may still have to make a contribution.

Some types of debt cannot be included in a bankruptcy, such as government Student Loans and court fines.

You can voluntarily apply for bankruptcy or your creditors can approach the court themselves and ask for you to be made bankrupt.

Becoming bankrupt may mean you have to give up any valuable possessions you own and possibly your home.

Under bankruptcy law, you will be automatically discharged from your bankruptcy after a maximum of 12 months in England and Wales, although the discharge can be extended indefinitely if you fail to cooperate in the bankruptcy proceedings. Scottish bankruptcies are called sequestrations and are usually discharged after three years.

During the period of bankruptcy, a number of restrictions apply. For example, you are legally bound to tell a lender you are bankrupt if you are applying for credit of more than

This means you are unlikely to be able to obtain credit while you are bankrupt. Even after your bankruptcy has been discharged, organisations might refuse to give you credit or other financial services simply because you have been bankrupt in the past. The fact that you were bankrupt will stay on your credit report for at least six years.

If you are struggling to meet payments, get in touch with your creditors and tell them about your situation. Many lenders will be sympathetic and you may be able to make an informal arrangement with them to make reduced payments for a while.

Insolvency analysis

Experian analysis of insolvencies undertaken in 2006 showed disproportionate representation of IVAs among young families with children, living in mid-market terraced and semi-detached properties in Council Tax bands A and B.

Bankruptcy was more likely to be chosen by the lowest income groups, where assets are minimal and they have least to lose - for example, because they live in rented accommodation and their income is predominantly derived from welfare benefits.

The M4 was a major hotspot for IVAs, whereas bankruptcies were most prevalent in the South West, in areas of extreme poverty.

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Wang, male, full-time lawyers, party members, law degrees, and have many years experience of lawyers. The lawyers thought that the parties provide high quality legal services for the purpose, the best interests of the parties to seek responsibility, the successful agent for a few hundred civil, and criminal defense cases. In the field for non-litigious ...

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## About the Author

From firstrung.co.uk:

Information about filing bankruptcy. Before you file you should consider the following information about getting out of debt and debt negotiation. Finally, because individuals and businesses often wait until they are flat broke to seek bankruptcy advice, this delay limits their options, some of which.

Bankruptcy alternative advice and help with back tax irs tax lien problems and tax preparation.

Unlike a credit counselor, who can not give legal advice, an attorney can provide counseling on whether bankruptcy is the best option. If bankruptcy.

Get your questions about bankruptcy answered and find a reliable bankruptcy attorney. GreenPath is an experienced counseling agency.

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