

Published based on [How An IVA \(Individual Voluntary Arrangement\) Can Help You Get Out Of Debt](#)

# **How An IVA (Individual Voluntary Arrangement) Can Help You Get Out Of Debt**

If you are struggling with your debt and the situation you are in is serious enough, with sufficient unsecured debt you may be able to enter into an IVA (Individual Voluntary Arrangement). This arrangement allows people with high levels of debt a solution that is not quite as drastic as bankruptcy.

The contract allows the debtor the chance to pay back the money that is owed at a rate that is affordable. Debt management companies will initiate the proceedings for you and contact your creditors, but for the arrangement to be agreed upon there must be a majority vote in favour of the arrangement.

Any company that offers this solution should give you complete and comprehensive advice on the topic and should cover all the advantages and disadvantages of entering into this type of agreement. In most cases a certain level of debt will be required, usually the figure will need to be somewhere between 5,000 to 15,000 pounds plus.

The agreement is recorded by all the major credit reference companies, so your future ability to gain credit will be affected. The length of the term can be anywhere from three to five years and in some cases longer. Credit reference agencies will keep the record of the agreement for six years from the point that the agreement was taken out.

Although you can legally still apply for credit while you are in an IVA deal the chances of anyone actually agreeing to give you any more money is highly unlikely. Although the deal is not as severe as bankruptcy it is still a very serious issue.

With these sorts of deals monthly fees are applicable and they do take a chunk out of the money you pay the company who is dealing with the arrangement away from the people you owe money to, so it could take longer to pay back what is owed.

You are protected once the IVA has started as all creditors are bound by its terms and cannot take any future action against you in order to recover the monies owed to them. If for whatever reason a person fails in with the IVA (Individual Voluntary Arrangement) the only real way forward become bankruptcy. The level of outstanding debt may also be higher than anticipated as the creditors will add interest to the monies owed on an annual basis and due to the fees the company take the amount that has actually been paid off is less than expected.

If you think an [IVA](#) might be for you, then visit [PayPlan.com](http://PayPlan.com) for more details.