

HERE'S HOW WE HELPED SOME PEOPLE

Julie

Julie had the following debt; trade suppliers - £10000, Inland Revenue £20,000 and credit card/loans amounting to £30,000. She was 38, recently divorced and had a small retail business. Her major trade creditor was threatening bankruptcy proceedings and distraint on the business stock.

Julie was in the process of selling the former matrimonial home which would eventually realise a sum in the region of £10,000. The business was profitable but all profits were being eaten up by debt commitments.

It was agreed with the creditors that the business continue and £500 per month was payable to her creditors for four years. The equity in the property was to be paid for the benefit of creditors and a period of one year was allowed for the sale.

'I thought I was going to lose my stock and business. My accountant recommended that I went to **Straighttalkdebt.com** and they immediately came up with a plan that would work. They also did a thorough assessment of my business which gave me so much confidence. The important thing is to seek help as soon as possible.'

Nick and Sue

Nick and Sue had unsecured debts of £120,000. Both were mid 40's and had 3 teenagers. They owned their own house and there was a household income of £30,000.

Nick and Sue agreed with their creditors to remortgage the property and pay £300 per month for 4 years. This paid a dividend to creditors of 38p in the £.

'Until we sat down with **Straighttalkdebt.com** we did not realise the extent of our problems. They made us face up to reality but also came up with solutions that meant we could keep our house. To go to **Straighttalkdebt.com** to help was the best decision we have made in years'

WHAT TO DO NEXT?

Call us for a free consultation – we will be delighted to help.
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INDIVIDUAL VOLUNTARY ARRANGEMENTS
BUSINESS DEBT

INDIVIDUAL VOLUNTARY ARRANGEMENT(IVA) BUSINESS DEBT

When a business is unincorporated a proprietor is personally liable for all the business debts. This means that an unincorporated trader has unlimited liability and may have to dispose of all of his assets to meet the amounts due to his creditors. When a proprietor or partners of a business cannot pay the debts of the business as they fall due it is said to be insolvent.

A business can get into financial difficulties for many reasons; cashflow, such as a large bad debt, or loss of a major contract. There can be other personal factors which have a knock on effect to the business; illness or marriage breakup for example. It is vital to seek professional guidance as soon as such a financial situation is identified.

Unsecured lending can exacerbate this position. A proprietor may have borrowed on credit cards or loans to financially support the business. Again, there will be unlimited liability for such debt.

At Straighttalkdebt.com we understand this is a traumatic time for anyone confronted with these problems. We have the experience to help guide debtors through the minefield of personal insolvency.

INDIVIDUAL VOLUNTARY ARRANGEMENT (IVA) – WHAT IS IT?

- An IVA is a tailored proposal by a debtor to his creditors to repay debt over an extended period of time. Typically, up to 75% of debt can be written off.
- The debts to be included in the IVA will be both business debts and any other unsecured borrowing such as credit card debt or bank loans.
- Trade or certain trade suppliers can be excluded from the arrangement.
- 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 us.
- An IVA needs the approval of 75% of creditors voting at the creditors meeting to be successfully implemented. This will bind all creditors.
- 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 bankruptcy – the bankruptcy restrictions do not apply. For example, a director of a limited company can continue to act as such through an IVA.
- The trade can continue – however, it is vital to assess the reasons for the financial problems – there is little point in continuing to trade a loss making business.
- 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. 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 written contract given to all creditors of the debtor to examine, discuss and formally vote on at the creditors meeting. When approved, this proposal becomes legally binding. The main contents of the proposal are;

- A brief explanation behind the financial difficulties, giving particular attention to reasons why the trade can be successfully continued should that be the debtor's intention.
- Trading background.
- The precise proposals put forward by the debtor – what instalments are proposed/how any equity in the home is to be dealt with etc.
- A summary of the debtor's financial position, identifying the business debts and assets.
- Trading budgets and cashflow forecast.
- 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, we will draft these proposals following detailed discussions with the debtor.

WHAT HAPPENS AT THE CREDITORS' MEETING?

In practice it is unlikely that any creditors will actually attend the meeting. They are likely to vote by proxy prior to the meeting.

Sometimes 'modifications' can be put forward by the creditors. These need to be agreed by the debtor and may be the subject of negotiation, by telephone, on the day of the meeting. We will, of course, conduct any such negotiations on the debtor's behalf.

To assist with the approval of the proposals the Nominee can allow up to a 14 day adjournment of the meeting.