



## Individual Voluntary Arrangements - FAQs

### **How are credit unions required to report a member's IVA to credit reference agencies?**

After a credit union is notified that an IVA is due to begin, the member's account should be marked as in default with the credit union's Credit Reference Agency. If there is outstanding debt once the IVA has been completed, the account should be closed and marked as partially settled.

### **Is an individual in an IVA allowed to take out loan of any size?**

No, the individual is limited to taking out £500 further credit in total, unless permission to take out further credit is granted by the IVA supervisor.

### **Would the credit union be subject to the IVA if it is found that the member was already proceeding with the IVA at point of loan application?**

Credit taken out by a member after the IVA is in place would not be subject to the IVA agreement. If the member has taken out more than £500 credit during their IVA without permission, this may lead to the failure of the IVA and result in the debtor seeking another debt solution.

### **Who does a credit union complain to about an IVA?**

First, credit unions can complain to the IVA supervisor's firm. To take a complaint further, credit unions can complain about the IVA supervisor to their Recognised Professional Body (RPB). Complaints made to an RPB should be made through the Insolvency Service's Complaints Gateway portal (<https://www.gov.uk/complain-about-insolvency-practitioner>). Complaints submitted through this portal should be related to individual Insolvency Practitioners, rather than a complaint against an insolvency firm. If you wish to complain about the insolvency firm, you can complain directly to the firm and then, if the complaint has not been adequately resolved, take the complaint to the Financial Ombudsman.

### **If the credit union had not been notified of the creditor's meeting, then does it still have to adhere to the IVA? What action that can be taken in this case?**

Yes, IVAs are legally binding to all creditors that would have been entitled to vote at the creditor's meeting, even if they were not notified of the IVA proposal. If a credit union is owed a significant proportion of the debt, but is not notified of the creditor's meeting, it can make a request to the IVA supervisor that another creditor's vote is held. Credit unions can also complain to the IVA supervisor's RPB if this request is not met.



**If it is found that the member has not disclosed all their debts for the IVA, is there an action that can challenge the IVA?**

There is a leeway for debtors in providing an accurate estimate of their debts and liabilities. However, if the total amount of debts and liabilities the individual has provided varies by more than 25% of the true amount, then the individual is in breach of the IVA protocol and the supervisor would need to consult creditors on how to proceed.

**If a credit union has taken the member to court, does it still have to agree to the IVA?**

Yes, the IVA is legally binding to the credit union, even if they are currently taking legal action against the member. During the IVA, creditors must not start or proceed with legal action against the debtor in respect of the debt to which the IVA applied. Where a CCJ is already in place, the IVA will override the CCJ, and repayments to the credit union will be received in accordance with the IVA rather than the CCJ.

For any further questions on IVAs or other debt management solutions, please contact the ABCUL policy team at [advocacy@abc.ul.org](mailto:advocacy@abc.ul.org).