

IVA CLIENT CARE BOOKLET

INTRODUCTION

Thank you for instructing us to provide advice to you in relation to your IVA and your financial affairs. We are a commercial organisation. We aim to be completely transparent in our dealings with you hence this explanatory booklet. We will always act in your best interests and provide you with a full explanation of the options available to you so that you are able to make an informed choice about how you want us to assist you to move forward. In particular we will always have regard to your best interests which is of paramount importance to us. We will endeavour to achieve the best possible outcome for you whilst maintaining the quality and efficient service we pride ourselves on. Please read this booklet carefully in conjunction with our terms of business. This booklet is designed to assist you and to provide you with essential information regarding our services and the IVA process. Given its importance we recommend that you retain it in a safe place for future reference.

We will assist you to put together your application for an IVA which if accepted by your creditors will help you get out of debt within a specified time period depending on the terms of your proposal. We will assess what you can afford to pay by calculating your surplus income on a month by month basis and also give appropriate consideration to any assets you own. We will work with you to establish a viable proposal based on your surplus monthly income, what assets you own and the level of debt you have. We will provide you with a realistic assessment as to whether your proposal is likely to be approved by your creditors. This document sets out in detail the things you need to know about our services and your relationship with us and the IVA process generally, you should read it very carefully. Please do not hesitate to contact us for further information and guidance.

1. WHAT IS AN IVA

An IVA or Individual Voluntary Arrangement is a legal agreement between you, your creditors and a licensed Insolvency Practitioner. It is a legal process whereby you agree to pay a single reduced affordable monthly payment for a period of usually five years after which time the unpaid part of your debt is written off by creditors.

2. YOUR INSTRUCTIONS

At the outset we will work with you to prepare a financial statement for you. With your help and co-operation this document should present your creditors with a clear and complete picture of your overall debt level and the availability of any surplus income that you have for your monthly payment. The surplus figure that will be made available to your creditors should be realistic, sustainable and will be appropriate to your circumstances. We can sometimes use estimates for some items of your monthly expenditure where you can not provide documentary evidence in support of your actual expenditure. However, creditors have guidelines which they work to as an indicator for acceptable levels of expenditure for all items set out on your monthly household expenditure schedule and we are required where possible to keep to these guidelines. We will require copies of your payslips and bank statements to verify your income and expenditure. If any of your items of expenditure are higher than your creditors guideline figure you will need to provide documentary evidence to support that item of expenditure. We are under a duty to provide as accurate information as possible to your creditors in order that they can properly assess your financial position for themselves. If they are not totally satisfied with the information we give them they will ask questions and this will delay the implementation of your IVA. We will ask you to provide us with a list of your creditors with details of your account numbers and balances. If we

have not already done so we will shortly be writing to your creditors to inform them that we are acting on your behalf. When writing to your creditors we will also:

- (i) Request up to date balances on your accounts. You may be required to help us obtain this information if we are unable to secure your creditors full co-operation or if there is a delay in their providing this information to us which might impact adversely on your position.
- (ii) Request that interest and charges be frozen and court action (if applicable) stopped on your all accounts in the interim pending the outcome of your creditors meeting. (please note your creditors are not obliged to freeze interest until your IVA has been approved at the creditors meeting. Please refer to paragraph 9 below)
- (iii) Request that in future they contact us directly if they have any queries on your accounts or payments.
- (iv) Investigate the extent of your assets, their value and how your ownership of them might impact on your proposal to your creditors.
- (v) We will thereafter verify the advice we have given you confirming whether or not we feel that your circumstances are appropriate for an IVA to be proposed to your creditors.
- (vi) We will then finalise the financial statement and collate the documentation necessary to begin the drafting of your proposal.

We will prepare the requisite documentation and subject to your approval your case will be transferred to an Insolvency Practitioner. At the moment Moneysolve refers all its IVA clients to Mark Beesley of Beesley and Company who will act as your Nominee. He will fulfil the duties as set out in paragraph 39 below. He will submit your proposal to the court (if applicable) and then to your creditors for their decision as to whether or not they will agree to the terms that you are proposing.

In order to avoid procedural irregularities that may compromise the viability of your IVA it is essential that you provide us with information about all of your creditors whether or not you think we can assist you with them. Failure to do so could compromise the arrangement even if it is accepted by your creditors at your creditors meeting.

3 YOUR INSTRUCTIONS AND YOUR ROLE WHILST WE ARE COLLATING THE DOCUMENTATION FOR YOUR IVA

You will receive with this booklet a schedule of all options that are available to you when considering which solution best suits your financial situation. We will provide advice to you on all the options that are available to you both in writing and orally setting the advantages and disadvantages on each option. We will advise you as to why we feel that the option we have recommended is the most appropriate to your circumstances in order to enable you to make an informed choice as to how you wish us to proceed. We will take into account your expectations, your preferences and desired outcomes.

4. SERVICE STANDARDS

Our responsibilities to you are that we will:

- (i) Provide you with sufficient information about all the options available to you in dealing with your financial difficulties and your IVA.
- (ii) Advise you as to why we feel the IVA we have recommended is suitable and advise you as to why other options would not be suitable.
- (iii) Communicate with you plainly.
- (iv) Explain to you by telephone or in writing any matters that we feel you should know.
- (v) Always treat you fairly and act honestly.

5. PROGRESSING YOUR IVA

We will endeavour to keep you updated on the progress of your IVA until such time as your file of papers is transferred to an Insolvency Practitioner and we will contact you should we require further information from you. Our overall aim is to help you get out of debt in the shortest possible time and provide you with an efficient and comprehensive service. Whilst most of our clients IVA's are approved by their creditors we can not guarantee that your proposal will be approved. If we feel at the outset of your instructions that your proposed IVA has a below average prospect of success we will tell you and explain our reasons. We will also provide advice to you in order that you can decide whether you wish to proceed with the IVA or reconsider some of the other options we have discussed and may be available to you.

6. THE DEPARTMENT RESPONSIBLE FOR DEALING WITH YOUR CASE

A dedicated member of our pre-appointment Nominee team will be responsible for liaising with you and collating all the information that will be needed to draft your proposal. You will be informed of the identity of the person having overall responsibility for your proposal prior to the transfer of your papers to your Insolvency Practitioner. Your advisor will be responsible for liaising with your creditors and helping with any queries that you may have.

7. PERSONAL INFORMATION/DATA PROTECTION

We will keep confidential all information received from or about you. We will not pass your information to anyone else without your permission. We will provide information to your creditors as is necessary in order for us to secure the information we will need to assist us in the preparation of the documentation required for the drafting of your proposal.

We will collect personal information about you both directly from you and from your creditors as authorised by your signed Client Authority Form. We will also collect further information as a result of preparing your proposal.

We will use your personal information in order for us to provide our services to you and to progress your case to creditors meeting as soon as possible.

We may also use your personal information to contact you in order to provide you with details of other products and services which we think may be of interest and/or benefit to you. If you do not wish to receive such information please let us know and we will ensure that we do not contact you in this regard.

Other than as set out above we will only disclose your personal information to the extent required by Law, Court Order or as requested by other Government or law enforcement authority.

You may contact the Data Protection Officer by writing to us for further information or if you want to request a copy of the personal information which we hold about you or to ask us to amend any inaccurate information held by us. If you would like a copy of the personal information which we hold about you this can be provided for a nominal administration charge of £10.

8. PRIORITY DEBTS

The preliminary Financial Statement that we have prepared on your behalf assumes that you will continue to make the payments to your priority debts including your mortgage/rent, council tax,

court fines, income tax, child support payments and your utility bills. Failure to meet your ongoing liability for priority debts will result in additional problems for you for example the repossession of your home or disconnection of services. Failure to meet priority debts when your IVA has been approved will also result in your IVA becoming unworkable and eventually it may fail. If this happens you will be in the same position as you were prior to the IVA being accepted and your creditors will recommence collection of your debts and continue to apply interest and charges to your balances retrospectively.

If you are experiencing difficulty in meeting payments to your priority creditors please contact us for advice as soon as possible. It may be possible for arrears on some priority debts to be included in your IVA. It is important that you bring any difficulties you may have in the payment of priority debts to our attention as soon as possible. In some circumstances unsecured debts may be regarded by us and your creditors as priority debts. For example if you have a disability an unsecured debt for your telephone may be considered a priority debt. If you feel that any of your unsecured creditors should be prioritised over your remaining creditors please tell us why and we will advise you whether this will be possible.

9. INTEREST

Prior to accepting your proposal your creditors are not obliged to agree to reduced payments under a financial management programme or freeze the interest accruing on your accounts whilst your IVA proposal is being drafted or considered by your creditors. Therefore the debt owing to your creditors will most likely increase until such time as your creditors approve your IVA. Once your IVA has been approved at your creditors meeting all interest and charges will be frozen from there on in and your total debt will remain at that level until the successful completion of the IVA. If your IVA fails for whatever reason (usually through non payment of the required monthly payment) then interest will start to accrue once again on your outstanding accounts at the contractual rate.

Until the successful outcome of your creditors meeting there is no guarantee that collection action, including default notices and court action will be suspended or withdrawn. A successful outcome at your meeting of creditors guarantees no further action of any kind by your creditors.

10 FAILURE TO MEET PAYMENTS

You are contractually obliged to make the contractual monthly payment to all your creditors. If you fail to do so several things may happen.

- (i) Interest and Charges will be added to your account
- (ii) Default notices may be served
- (iii) Legal action may be commenced
- (iv) If a County Court judgement is entered against you recovery proceedings could be pursued against you including Bailiffs seeking security for the judgement debts against any assets you own or Charging and Property Orders. If at all possible the contractual payments to your creditors should be maintained. Failure to meet contractual payments could result in adverse credit entries being made on your credit file which may impact on your ability to seek credit and financial services in the future. Once your IVA has been approved you would not be obliged to meet the contractual payments due to your creditors. You will instead be required to meet the repayments and obligations set out in your proposal.

11. CREDIT REPORT

Whilst we are preparing the documentation that will be needed for your IVA it would be very helpful if you could provide us with a copy of your credit file from one of the credit reference agencies. It is a fairly simple process to obtain this from any of the main credit reference agencies. You can either visit their website to request it online: www.experian.co.uk, www.equifax.co.uk or www.callcredit.co.uk; or you can write to them enclosing a cheque for £2. The addresses are:

- (1) Callcredit Ltd Consumer Services Team, PO Box 491Leed LS3 1WZ,
- (2) Experian Ltd Consumer Help Service, PO Box 8000 Nottingham NG80 7WF:
- (3) Equifax Credit Report Advice Centre PO Box 1140 Bradford BD1 5US.

Once you have received this we would be grateful if you could forward a copy to us. We can cross reference the report with the information you have provided as to the identity of creditors and the current balances outstanding. It will also help us to identify the status of any judgements and any enforcement proceedings. In short this will help us formulate an accurate financial statement for your IVA.

12. YOUR CREDIT RATING

Anything other than timely contractual payments under your credit agreement will result in an adverse credit entry being registered on your credit file by your creditor. It is quite possible that by the time you instruct us that your credit rating may have already been severely impaired due to missed/late payments to your creditors. If default notices are served against you and proceedings in the County Court are commenced, your credit rating is likely to be compromised further. A formal insolvency process such as an IVA will further impair your credit rating. It is very likely, particularly in the present economic climate, that an impaired credit rating will hamper any efforts that you make to secure further borrowings either in the short or medium term.

Credit Reference Agencies keep information relating to your payment history, default notices, IVA's and Bankruptcies for six years. We can not control when your creditors make an entry on your credit file if at all. Even with the successful completion of the IVA this might not result in an immediate improvement in your credit rating. Whilst it is possible to apply for incorrectly recorded adverse credit entries to be removed from your record; creditors will only do this if they agree that there has been an error. You have the right to access your credit reference files and where necessary request that your creditor remove inaccurate/false information. It is possible to apply to the credit reference agencies, namely Equifax, Experian or Call Credit for a copy of your credit file. They will charge you a nominal fee for this service see paragraph 11. A credit report will provide you with full information regarding your present loans, balances, judgements, default notices and payments history.

13. PUBLIC REGISTERS OF INSOLVENCIES

The Insolvency Service maintains a register of bankruptcies, IVA's and Debt Relief Orders. There are similar provisions applicable to orders made in Scottish courts for Scottish residents. These registers are accessible not only to lenders but also to other members of the general public. There is a public register of financial management programmes for those living in Scotland. This is restricted to use by lenders only at the present time. Judgements and decrees are recorded by credit agencies for six full years from the date of Judgement.

14. YOUR BANK ACCOUNT

It is quite possible that your bankers may withdraw your current banking facilities. If your current account is overdrawn the balance will need to be included in your IVA and you will need to open a new basic bank account. We will advise you if we feel this is necessary and provide you with information as to how such accounts can be accessed. We can not control when or if banks will offer basic banking facilities. Entering into an IVA may also affect your access to other financial services.

15 JUDGEMENTS

If a judgement has been entered against you it can only be removed from the register of judgements and from credit reports if the full amount is paid within one month of the date of the judgement or if the judgement is “set aside” by the court. (This means the Judge is of the view that the debt is disputed or it has been entered in error. If this happens you will be given an opportunity to defend the claim). You can apply to the court to have a judgement set aside where you have a good reason to do so. If the judgement is set aside you will be permitted to go back to the start of the claim. If a judgement is re-issued and you cannot pay the full amount within one month of the judgement, the new judgement will be recorded on your credit file for six years from that date. A judgement can be marked as satisfied if the full amount is paid more than a month after the date the judgement was given. However, the entry will remain on the Register and your credit report for the full six years and may well impair your credit rating. If your IVA is approved your judgement creditor will not be able to pursue payment of the judgement debt outside of the arrangement.

16. CREDITOR DEBTS WE CANNOT DEAL WITH

It is important that when advising us as to the identity of your creditors that you give us the complete list of all creditors with whom you have outstanding unpaid balances. The only debts that will have to be treated “differently” to your other creditors are arrears for child support payments or debts owing to The Student Loans Company. These will need to be treated preferentially and paid outside of the IVA. Allowances will be made within your monthly expenditure to ensure that you can afford to pay these debts in addition to your monthly IVA payment.

17. JOINT AND SEVERAL LIABILITY TO CREDITORS.

If any of your outstanding debts are in the joint name of you and another person you are both liable for the debt. This means that your creditor can recover repayment of the whole debt from each of you individually or from both of you. Consequently in circumstances where the creditor cannot recover payment of the debt from your co-debtor then the creditor can recover the whole of the outstanding sum directly from you and vice versa where appropriate. Joint and several debts can be added to an IVA. However there would be nothing to stop your creditor seeking additional payments towards that debt from any co-debtor even if your IVA were ultimately accepted by your creditors. In essence for example if your IVA was to propose a dividend of 30p in the pound to your creditors and this was accepted, this would be the extent of your liability for that debt. Assuming your co-debtor was not proposing an IVA himself/herself then the creditor could seek the remaining 70p in the pound, or indeed the whole sum, plus all interest and charges from your co-debtor.

18. CORRESPONDENCE/CONTACT WITH YOUR CREDITORS

Please read all the letters that your creditors send you. You should not ignore correspondence or other contact from your creditors or their representatives particularly whilst we collate the

information needed to draft your proposal. It is very important that you forward correspondence to us and keep us informed of any contact you have with your creditors. We will advise you accordingly and take over negotiations with your creditor if we feel it appropriate and in your interests for us to do so. If you do not wish to receive any further communication from your creditors please let us know and we will write to your creditors accordingly. Your creditors are not entitled to bypass us as your appointed representative unless there is a very good reason for them doing so. Your creditors in such circumstances would only be able to contact you directly to send legal notices including default notices and legal proceedings. Continued contact by your creditors would potentially be regarded as inappropriate and improper practice.

19. INTERNAL AUDIT PROCEDURES

We constantly strive to improve our service to you. We have an ongoing staff training programme. To facilitate staff training we may record incoming and outgoing telephone conversations between you and our staff. We trust that you do not object to this.

20. OFFICE HOURS

Our office is open between 9am and 5.30pm Monday to Thursday each week and 9am to 5pm on Friday. Our office is closed at all other times including bank holidays and during Christmas week each year for the firm's annual shutdown.

21. EQUALITY AND DIVERSITY

Our licensing body and the law (The Equality Act 2010) require us to have in place procedures to effectively help our clients who are particularly vulnerable. This includes clients who have mental health problems, limited mental capacity or some other disability. We will always act in your best interest and treat you fairly. If you would prefer for us to liaise with a family member or friend regarding your finances please confirm to us the identity of your preferred contact. We are an ethnically diverse organisation and we have Greek, Punjabi and Urdu speaking advisors. If you would prefer to converse in a language other than English please let us know and we will advise you whether this is going to be possible.

If you have any special requirements please tell us and again we will advise you if it will be possible for us to accommodate those requirements.

We are committed to promoting equality and diversity in all our dealings with our clients, third parties and employees. A copy of our equality and diversity policy is available on request.

22. THE STORAGE OF LETTERS AND STATEMENTS THAT WE RECEIVE FROM YOU AND YOUR CREDITORS.

The salient information contained in any correspondence we receive about your accounts from your creditors is entered onto our computer systems. Thereafter the correspondence will be retained and then passed to your Insolvency Practitioner to be kept with your IVA file.

On conclusion of your IVA, if you so wish, your Insolvency Practitioner will return all your original paperwork to you. If you do not want this paperwork to be returned to you your Insolvency Practitioner will place your documents together with his own files in secure storage for a period of 6

years following the conclusion of your IVA. After this period your Insolvency Practitioner will destroy the paperwork in line with data protection guidelines.

23. MONEY LAUNDERING REGULATIONS

The Money Laundering Regulations apply to transactions that all Financial Institutions have with their clients. They require us to be satisfied as to the identity of our clients and the source of the funds paid to us. In order to comply with these regulations, we need you to provide us with proof of your identity and residence. Appropriate documentation proving your identity would be your passport or driving licence. Adequate proof of residence could include any recent utility bill or council tax demand (not more than 3 months old). Upon receipt of these documents we will copy the same and return the originals to you by special delivery within 7 days. We have the right to withdraw from acting for you if you fail to provide us with the documentation requested and required in connection with our obligations under the Money Laundering Regulations. These regulations over rule the normal confidentiality rules. Under the Proceeds of Crime Act 2007 and the Money Laundering Regulations 2007 we may be obliged without reference to you to make disclosure to the National Criminal Intelligence Service (see www.ncis.co.uk). We have the right to give such NCIS notice as we deem appropriate without recourse to you.

24. YOUR RIGHTS TO CANCEL OUR INSTRUCTIONS

This agreement will start when you accept (i.e. sign) the firm's terms of business and return the client authority form to us.

If you wish to cancel your instructions to us, you are entitled to do so at any time by giving us 14 days notice from the commencement date. If you have already made a payment to us we will only refund this to you if you cancel your instructions in writing within 14 days of commencement. This initial 14 day period of time is the "cooling off period" to give you an opportunity to consider your position and make any further enquiries that you deem appropriate regarding your options. If you provide us with notice in writing within 14 days we will provide you with a full refund.

Upon cancellation of your agreement our authority for dealing with your creditors would be withdrawn and your creditors will continue to deal with you directly. We will notify your creditors that we are no longer acting for you if we have already written to them to say that we are acting for you.

25. TERMINATING THIS AGREEMENT PRIOR TO MEETING OF CREDITORS

25.1 We may terminate the agreement on giving you fourteen days written notice where:

- (i) You have knowingly provided us with incorrect or misleading information.
- (ii) We have been affected by force majeure i.e. an unexpected event
- (iii) You stop your payments to us.
- (iv) We reserve the right to terminate this agreement at any time giving fourteen days written notice at our discretion.

25.2 You may terminate your instructions at anytime prior to your meeting of creditors however you would not be entitled to a refund of the monthly payments you have paid to us unless we have acted in breach of our terms of business. Should you terminate your instructions to us or your Insolvency Practitioner it is advisable that wherever possible you recommence payments/part payment on your accounts to your creditors as soon as possible.

26. IVA PROCEDURE

Once we have concluded the steps set out in paragraph 2 (i) to (v) above the following steps will be taken by your Insolvency Practitioner.

- (i) Your Insolvency Practitioner will review your case and the documents that are provided to him by us. He will take all necessary steps to familiarise himself with your financial circumstances. He will exercise his professional judgement to satisfy himself that you have received appropriate advice on all the options available to you. He will also satisfy himself that you understand the consequences of your decision to propose an IVA to your creditors.
- (ii) He will provide you with a copy of a leaflet called “Is an IVA right for me” explaining the IVA procedure and setting out the alternatives available to you. This document can be accessed at our website www.moneysolve.co.uk.
- (iii) He will explain his role as Nominee. Please see paragraph 39 below.
- (iv) He will be appointed as your Nominee. He will prepare the notices to your creditors of his intention to hold a creditors meeting for your IVA to be considered by your creditors. It is a requirement that your creditors be provided with notice of your creditors meeting. This is usually within 28 days of the appointment of your Nominee however if appropriate the meeting can be held a week or so earlier. Your Insolvency Practitioner will make the decision on this and will advise you accordingly.
- (v) At the meeting your creditors will vote on whether to accept your proposal. They have four choices: These are to:
 - (a) Accept your proposal without modifications
 - (b) Accept your proposal subject to modifications
 - (c) Reject your proposal
 - (d) Request an adjournment
- (vi) If your creditors meeting is adjourned you will be provided with a new date for the creditors meeting to take place. This is usually within 14 days.
- (vii) Any modifications to the proposal that are required by your creditors in order for them to accept your proposal will be explained in detail to you. You have the choice to accept or reject any modifications introduced by your creditors. If you reject the creditors modifications then that creditors vote in favour would count as a rejection and your IVA may fail. You will be given an opportunity to attend a face to face meeting with your Nominee in order that any modifications can be explained and discussed. Your creditors meeting will need to be adjourned in order to facilitate this. If you accept the creditor’s modifications then your IVA will be approved your Nominee will become the Supervisor of your arrangement and your file will be passed to the Post Appointment Department who will administer your proposal.
- (viii) A case worker in the Post Appointment department will be specifically allocated to your case.
- (ix) You and your creditors will be provided with a copy of The Chairman’s Report. This is the document that your Nominee sends to your creditors following the meeting. It sets out the results of how your creditors voted at the meeting, any modifications they required, and the appointment of your Nominee as Supervisor of your arrangement. You will need to sign one copy of the Chairman’s Report and return it to your Supervisor. This evidences your commitment to the IVA and your acceptance of any modifications required by your creditors.
- (x) In the event that the IVA is rejected The Chairman’s Report will set out which of your creditors rejected your proposal and the voting rights attributed to each voting creditor. If your IVA is rejected by creditors your Nominee will advise you on the options

available to you which may include advising you to file for your own bankruptcy or your creditors may take this step. Your creditors are only likely to do this if they feel that they would be better off if you were bankrupt. These issues will be discussed with you both at the outset of your instructions and after your creditors meeting in order to give you a clear way forward.

27. IS MY ATTENDANCE REQUIRED AT MY CREDITORS MEETING?

You will be able to attend your Creditors Meeting if you wish to. It is very rare that creditors attend meetings themselves. Your attendance is not compulsory unless you are advised otherwise. If for any reason your attendance is likely to be required your Nominee will tell you as soon as is practicable in order that you can make appropriate arrangements to attend.

28. VOTING AT YOUR CREDITORS MEETING

An IVA must be approved by the majority of your creditors. In order for your proposal to be approved 75% of the creditors voting by value at your creditors meeting must vote in favour of your proposal.

29 WHAT HAPPENS IF MY IVA IS APPROVED BY MY CREDITORS

Once your IVA has been approved by your creditors at your meeting of creditors your case will be transferred to the Supervisors post appointment department. An administrator acting under your Supervisors instructions will ensure that you comply with the requirements of your proposal, including checking that you have made your monthly payments and supplied the documentation needed to undertake any salary/annual reviews. Payments will be made to your creditors under the terms of the arrangement throughout the duration of the IVA. Once you have fulfilled all your duties under the arrangement a final distribution will be made to your creditors and a completion notice provided to you and your creditors. Copies will also be sent to the Court and to the Department of Trade and Industry. Any unpaid part of your debt at this stage will be written off.

30. WHAT HAPPENS IF I OWN MY OWN HOUSE?

If you own your own property and there is equity available you may be required to release part of the equity in the final year of the arrangement. If you are required to remortgage your property to release equity your ability to obtain a mortgage may be restricted and may be at a higher rate of interest. If you are unable to obtain a remortgage as required in your IVA, then it may be possible for the Supervisor of your IVA to apply to your creditors to vary the IVA so that it can be extended by 12 months. During this period you will continue to make monthly payments. It would be a matter for your creditors to decide if they would be agreeable to this. Sometimes creditors change their policy on such issues which may affect you adversely. We have no control over such policy changes. We will notify you if we become aware of such changes which may affect our advice to you and your IVA. If you have equity in your property this will be discussed in detail with you. It may be possible to exclude your property from the arrangement to creditors. Once we have fully assessed your circumstances we will advise you if we think this might be possible.

31 HOW LONG WILL MY IVA LAST

IVA's usually last for five years but occasionally six, rarely longer. For the duration of the IVA you will be expected to manage your finances effectively to ensure that all your surplus income (after deduction of your day to day living expenses) is made available (i.e paid) to your creditors.

32. OUR CLIENTS ACCOUNT

Once your IVA has been approved you would be required to make monthly payments in accordance with the terms of your proposal. Any monthly payments that you pay to your Supervisor will be deposited into their Clients Account pending disbursement to your creditors in accordance with your proposal.

33. YOUR CREDITORS AND/OR THEIR APPOINTED REPRESENTATIVES.

Once your IVA has been approved by your creditors they should not contact you directly as your Supervisor will take over the management of your affairs and your creditors. In reality some creditors may continue to contact you by post inspite of this. In the event of a successful outcome at your creditors meeting contact will diminish once the creditors receive and record receipt of The Chairman's Report.

34. OUR CHARGES AND EXPENSES FOR PREPARING DOCUMENTATION NECESSARY TO THE DRAFTING OF YOUR IVA PROPOSAL

In order to carry out your instructions above we have agreed to act for you for a fixed fee of your first three monthly payments. These three payments represent our fees for collating all the documents that are needed to verify the value of any assets you own and proof of your income and expenditure. In addition we will verify the level of your debts and put together an accurate list of your creditors. Regardless of the outcome of your creditors meeting we will retain these payments to cover our costs in providing this service to you.

While we collate this information your creditors will not receive a payment from us. The three monthly payments that we retain for our fees are inclusive of disbursements. At the moment, subject to your consent, we refer almost all of our IVA clients to Mark Beesley of Beesley and Company. Beesley and Company is a company owned and managed by Mark Beesley and Elizabeth Beesley. Mark Beesley is the husband of Elizabeth Beesley the owner of Moneysolve. Mark Beesley is a fully licensed Insolvency Practitioner. Beesley and Company is a separate company to Moneysolve and is regulated by the ACCA. If it is our intention to refer your case to another company other than Beesley and Company we will advise you of the reasons for this and seek your consent prior to so doing. Throughout this preliminary three month period whilst we are acting for you we will contact your creditors to let them know that you will be putting forward an IVA to them and give an approximate timescale. We will deal with any queries your creditors have whilst they await receipt of the completed proposal and notice of the date of your creditors meeting. The level of your outstanding debt will increase during this period.

35. IVA CHARGES FOR CLIENTS WHO HAVE BEEN ON A FINANCIAL MANAGEMENT PROGRAMME BUT WHO, DUE TO A CHANGE IN CIRCUMSTANCES SUBSEQUENTLY BECOME MORE SUITED TO AN IVA

If while you have been paying your creditors under an informal financial management programme with us it becomes apparent to us at any time during the administration of your financial management programme that your circumstances would be better suited to an IVA we will advise you of this. This sometimes happens when it appears to us that there has been a change in your circumstances or a change in creditor policy which might impact on our original advice to you. If you agree and decide to propose an IVA to your creditors you will be required to continue making your monthly payments into your financial management programme until such time as your IVA proposal has been approved by your creditors. We will continue to disburse payment to your

creditors until such time as your creditors receive notice of the date for your meeting of creditors. At this point we will put your financial management programme on hold and retain your next months payment. Once your creditors have been sent a copy of the Notice of the Meeting of Creditors by your Nominee we will retain the final payment you make to us in settlement of our costs in assisting your Nominee to collate your information and assist in every way required with the processing and drafting of your proposal.

Once your IVA proposal has been approved your Nominee will become your Supervisor. At that stage your Supervisor will take over the management of your creditors and he will commence the administration of your proposal. He will contact you and confirm in writing the terms upon which your IVA was approved and that you know the date of the first payment into your IVA. He will advise you what documents you need to retain for the life of your IVA. If your IVA fails the monthly payment you have made pending the outcome of your creditors meeting will be retained by us and not disbursed to your creditors. We will advise you what you need to do if this happens.

36. OVERALL IVA COSTS

In addition to our charges as set out in paragraph 34 above there are additional costs which will be incurred by your Insolvency Practitioner in progressing your case to creditors meeting and managing your IVA for its duration. Your Insolvency Practitioner's fees are divided into two categories.

a) Nominees Fees

These are the fees that are incurred by the Insolvency Practitioner for agreeing to act for you and for holding your meeting of creditors. The fee is typically five monthly payments. The Nominees fees are paid out of the proceeds of the arrangement.

b) Supervisors Fees

Once your IVA has been approved by creditors your Supervisor will monitor and supervise your proposal for its duration. The fees that are chargeable for this are usually expressed as a proportion of what is recovered for your creditors in the IVA - usually 15% of realisations. (In other words 15% of the total payments you make in your IVA)

Please note that all Insolvency fees ie Nominee and Supervisors fees are paid out of the proceeds of the arrangement. You would not be required to make any extra payments in respect of Nominee's and Supervisors costs.

The following is an example of how IVA costs are calculated on a monthly payment of say £250

Voluntary Contributions are 60 monthly payments of £250 = £15000,

Nominees fee is 5 monthly payments of £250 = £1250

Supervisors fees usually 15% of realisations = £2062

Total amount available for creditors is £11,688

Total costs = £3312 to the Insolvency Practitioner paid out of the monthly payments you make into the arrangement.

The sum of £11,688 will be payable to your creditors in full and final settlement of all your debts

37. FAILED IVA – UNPAID NOMINEES FEE'S

If your IVA is not approved by your creditors the sums that you pay on a monthly basis over and above the first three months made to us will be retained by your Insolvency Practitioner in part payment of the Nominees fees. All other unpaid Nominees fees will be written off and thus you

would not be required to make further payment towards costs in the event of an unsuccessful outcome. You would not be entitled to a refund of any fees if your IVA fails at the meeting of creditor's stage. Should you have any queries at all on the question of costs or fees please do not hesitate to contact us for clarification.

38 VARIATION MEETINGS

It is possible during the life of your IVA to propose amendments/alterations to your IVA. For example, if you were to lose your job or suffer reduction in income during the term of your arrangement which might impact on your ability to make the payments envisaged in your proposal, your supervisor might be able to propose a variation to your IVA to your creditors to enable you to make reduced payments during the remaining term of your IVA

There is no guarantee that your creditors will accept a variation for a reduced monthly payment. If this happens it is possible that your IVA could fail. Sometimes creditors expect the duration of your IVA to be extended to enable you to make the total payments envisaged in the original proposal. You will be advised before hand as to your prospects of a successful variation. Creditors will consider your proposed variation at another creditors meeting. The proposed variation documents will be drafted and sent to all your creditors before hand so that they have time to properly consider your proposal and vote either to accept or reject the same. There are additional Supervisors fees incurred in proposing variations. These are usually paid out of any funds available to your creditors in the IVA in the first instance. If you have failed to make sufficient payments to cover the payment of the Nominees fees then this may impact on the Supervisors ability to hold a variation meeting for you. If your creditors do not accept the variation your IVA will fail if you are unable to meet the payments due under the original IVA.

39 YOUR NOMINEES DUTIES

Your Nominees duties and responsibilities will change during the conduct/progress of your IVA. Prior to his formal appointment as your Nominee your Insolvency Practitioner will act as your advisor. At this stage he will consider the best course of action for you and he will make recommendations.

When he is formally appointed as Nominee his duty will be to you, your creditors and to the court (if applicable). He will need to perform an independent objective review and assessment of your proposal and at that stage he will submit a report to the court (if applicable) and to your creditors. The Nominees report sets out a balance between your interests with that of your creditors. He has a duty of independence and objectivity and this cannot be fettered by your instructions.

40 YOUR SUPERVISORS DUTIES

Once your proposal has been approved at your creditors meeting your Nominees role changes to that of Supervisor of your arrangement. His responsibilities are governed by the terms of your arrangement that has been approved by your creditors. He will need to maintain an independent stance acting for both you and your creditors and ensuring that you comply with the obligations that the IVA places upon you. His duties to your creditors and to the Court include compliance with all statutory reporting requirements.

41. QUARTERLY AND ANNUAL REVIEWS

Your Supervisor may be required to carry out quarterly and annual reviews of your finances. This will involve your case worker reviewing your income and expenditure and supporting documents in order to ascertain whether your voluntary contributions can be increased into your arrangement. Your Supervisor will need to verify your financial position by having access to your payslips and bank statements; you will be asked for these and it is important that you keep safe these documents and have them available for this purpose. Most creditors require 50% of any additional income that you receive by way of overtime and bonuses to be paid into the arrangement as an additional payment to the monthly payment you make. Your Supervisor will reassess your income to see what additional payments you are required to make into your arrangement.

Should you experience any changes in your financial circumstances you should contact your Supervisor as he will need to carry out a review of your financial statement and advise you if additional payments are required from you. This will ensure that you do not fall into arrears with your payments and do not breach the terms of your proposal. Your Supervisor will contact you for the relevant documentation so that this can be undertaken. If you fail to co-operate either by failing to provide the relevant documentation or if you fail to make the additional payments this may well result in your IVA failing.

If you fail to co-operate with the reviews this will compromise the viability of your IVA. As set out in paragraph 2 above your creditors have strict guidelines that all financial management companies and Insolvency Practitioners use when working out what expenditure can be allowed for each item. You will be required to provide proof for unusual items of expenditure or expenditure which exceeds the sums stated in the creditors guideline figures.

42. WHAT HAPPENS IF MY IVA IS NOT ACCEPTED BY MY CREDITORS

If your IVA is rejected by your creditors advice will be provided to you as to the reasons for this. Alternative options will be discussed in full including whether it would be appropriate for you to enter into a financial management programme with your creditors or to file for your own Bankruptcy. From your creditors view point they will:

- (i) Continue with their attempts to collect your debt. They may commence court action against you or appoint collection agencies.
- (ii) Interest will continue to accrue on your accounts
- (iii) Your creditors may apply for your bankruptcy. In our experience they will only do this if they feel they have more to gain from you being bankrupt.

In relation to any fees you have paid for the preparation of the document required for your IVA you would not be entitled to a refund of these fees unless we have acted in breach of our terms of business with you.

Please note that we would not recommend an IVA to you if we thought the same would not be accepted by your creditors. We will provide you with our views as to your prospects of success at the outset of your instructions.

43. REASONS WHY IVA'S FAIL AT CREDITORS MEETING STAGE

We will advise you at the outset as to your prospects of your IVA being approved by your creditors. If we do not believe that your proposed IVA will be approved by your creditors we will tell you as soon as practicable. Common reasons for creditors refusing to accept an IVA include:

- Continuing to incur expenditure on your credit cards once we have been instructed i.e after knowing you are insolvent. Creditors tend to regard this as fraud, in other words that you knowingly increased your balances on your credit cards when you knew you were insolvent and thus knowing that at the time of incurring the expenditure that you would have been unable to repay your creditors in full.
- The Inland Revenue reject IVA's where tax returns have not been submitted either on time or at all.
- Where the Income and Expenditure schedule includes unusually high items of expenditure, without there being a very good reason for this.
- Where assets are excluded from the proposal without good reason.

44. YOUR RESPONSIBILITIES TO YOUR SUPERVISOR AND YOUR CREDITORS AFTER YOUR IVA HAS BEEN APPROVED

For the duration of your IVA you must provide your Supervisor with:

- (i) Prompt, clear and accurate instructions when requested to do so.
- (ii) All the documentation that he will need to carry out the administration of your IVA as and when required.
- (iii) Look after any documents which he will need for the management of your IVA. Please see paragraph 41 above.
- (iv) You must advise your Supervisor of any changes in your circumstances. For example if you have been awarded a pay rise at work or if you receive any windfalls or inheritances (as these need to be paid into your IVA in addition to your voluntary contributions)
- (v) Assist your Supervisor when requested to do so in the furtherance of your IVA.
- (vi) Notify your Supervisor of any changes in your address, telephone number or employment.
- (vii) Refrain from misleading your Supervisor or providing your Supervisor with false information.
- (viii) Make payments into your IVA together with any additional payments due on time as instructed.
- (ix) Adverse consequences are likely to follow if you are unable to make your monthly payments or any additional payments due in the arrangement. You must contact your Supervisor as soon as you become aware that there might be a problem with this to explain the reasons why and confirm what your prospects are for catching up with late payments. Your Supervisor will advise you accordingly.

45. CONSEQUENCES OF NON-PAYMENT: WHAT HAPPENS IF YOU FAIL TO MEET THE MONTHLY PAYMENTS OR THE ADDITIONAL CONTRIBUTIONS

If you fail to make the required payments into your IVA it is likely that your IVA will fail. Subject to the modifications that your creditors introduce you may get some flexibility but any missed payments would need to be made good. Subject to your creditors prior approval you may get additional time to make these missed payments. This will depend on the reason for your inability to make the payment on its due date and how long you think you will need to catch up with your payments. If your IVA fails any payments that you have made into the arrangement will be distributed to creditors after a deduction has been made for Nominees fees and Supervisors fees if appropriate.

Your position will then revert back to where it was prior to the IVA being approved. In other words your creditors will:

- (i) Start debt collection procedures again whether by commencing court action or appointing collection agencies to pursue payment of the debt on their behalf. Court action may follow.
- (ii) Interest and charges will start being applied to your accounts again.

Depending on any modifications introduced by your creditors, your Supervisor may be required by your creditors to fail your arrangement and subsequently file for your bankruptcy. If this is required your Supervisor will not have any choice but to adhere to your creditors requirements. If your proposal fails and you own your own house as this would be regarded as a trust asset. It may end up being repossessed and sold so that the equity is made available to your creditors.

46. COMPLAINTS

We sincerely hope and expect that you will be totally satisfied with the work and the service you receive from us. However, if you are unhappy with any aspect of the service provided it is important that you raise any concerns that you have initially with the advisor dealing with your case. If you require clarification on any issue or in the event that you are still unhappy you can raise your concerns with our Customer Services Manager. He/she will do their best to address any concerns that you have promptly. In the unlikely circumstance that he/she cannot deal with your complaint you may raise your concerns with Elizabeth Beesley. On receipt of your complaint Elizabeth Beesley will carry out a full investigation.

You will be given an opportunity to attend our office and to discuss any queries or issues you have. At the end of the process we will provide you with a full written response. We will ensure that you receive an adequate summary of the steps we intend to take to resolve any problems. We emphasise that any complaint will be regarded as an opportunity to improve our service to you. If for any reason we are still unable to resolve the problem you may refer the matter to the Financial Services Ombudsman. Their phone number is 0845 606 1234. Full details for the FSA can be found at www.fsa.gov.uk. A copy of our complaints procedure is available on request.

47. OTHER GUIDANCE MATERIAL

Other guidance material to help you deal with your creditors is freely available online. The insolvency service publish a guide to help people in debt called "In Debt? Dealing with your creditors" the contents of which we have discussed with you and is available for you to review in full on our website at www.moneysolve.co.uk. You will also be provided with R3's leaflet headed "Is an IVA right for me?" This leaflet contains important information and we would suggest you read it carefully. This is also available on our website.

48. ABOUT US

We are a financial management firm licensed by the Office of Fair Trading in the provision of financial management services. We have extensive experience of helping people with their financial difficulties. Our consumer credit licence number is 600458. We are not a firm of solicitors regulated by the Solicitors Regulation Authority. We do not provide legal advice.

49. ABOUT BEESLEY AND COMPANY

Beesley and Company are a licensed Insolvency Company. They have extensive experience of helping people with their financial difficulties. Their regulator is the Association of Chartered and Certified Accountants.

50. SHARING OF OFFICE

Moneysolve, Beesley and Company Insolvency Practitioners and Tythebarn Finance Limited in part share office premises. The companies are all separate and independent of one another and separately licenced and regulated although Elizabeth Beesley the owner of Moneysolve has a financial interest in the first two companies. We are mindful at all times of preserving your confidentiality and the protection of your data. Your files are kept in secured lockable cabinets and in secure lockable offices. Should you have any queries in relation to this please do not hesitate to contact us.

We look forward to being of service to you. Should you require further information on any issues set out in this leaflet please do not hesitate to contact us.