Consumer Duty Services

Delivering better outcomes for everyone with integrity.

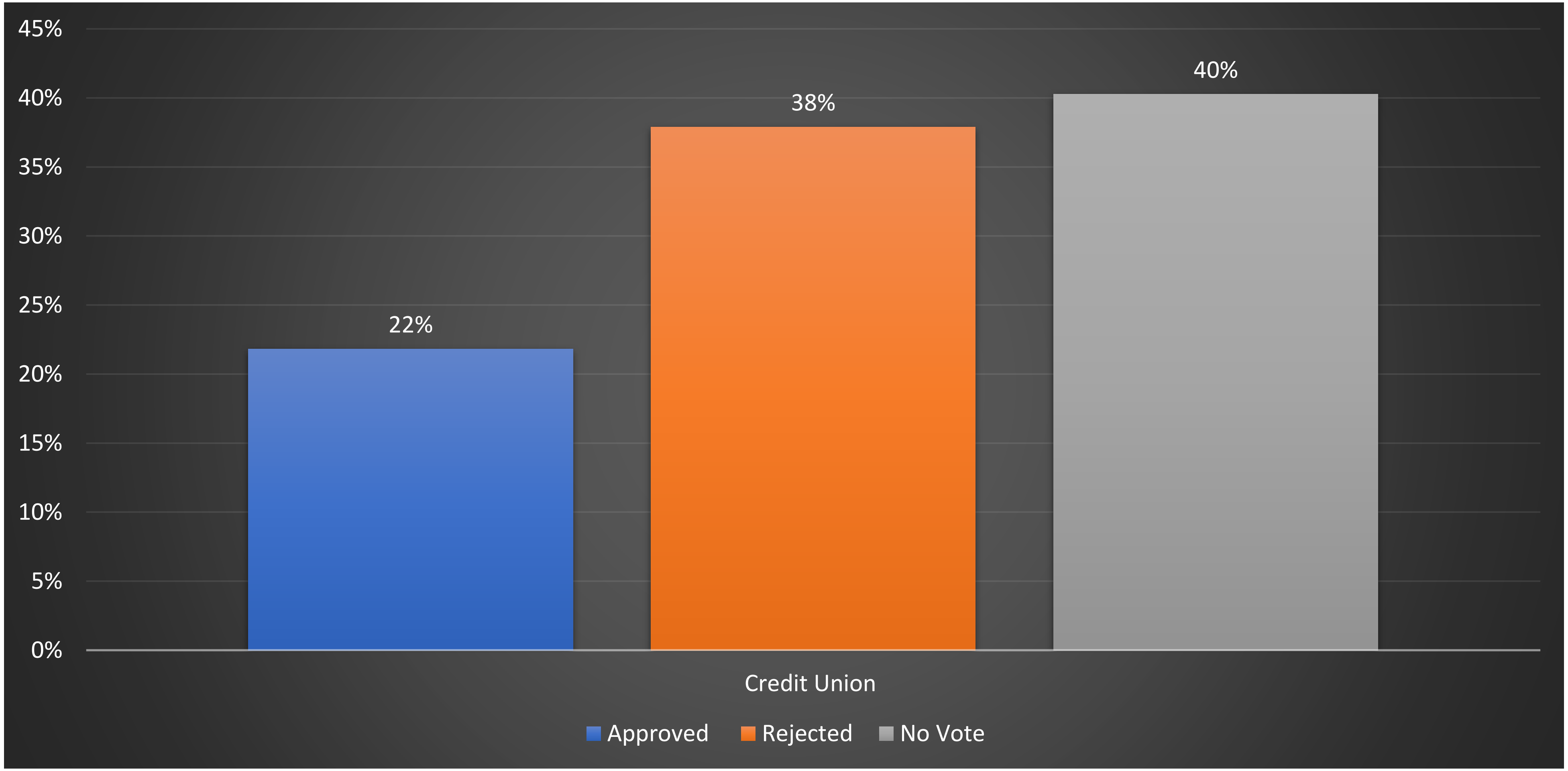
www.consumerdutyservices.com enquires@consumerdutyservices.com

The changing landscape for IVAs and Creditor Voting

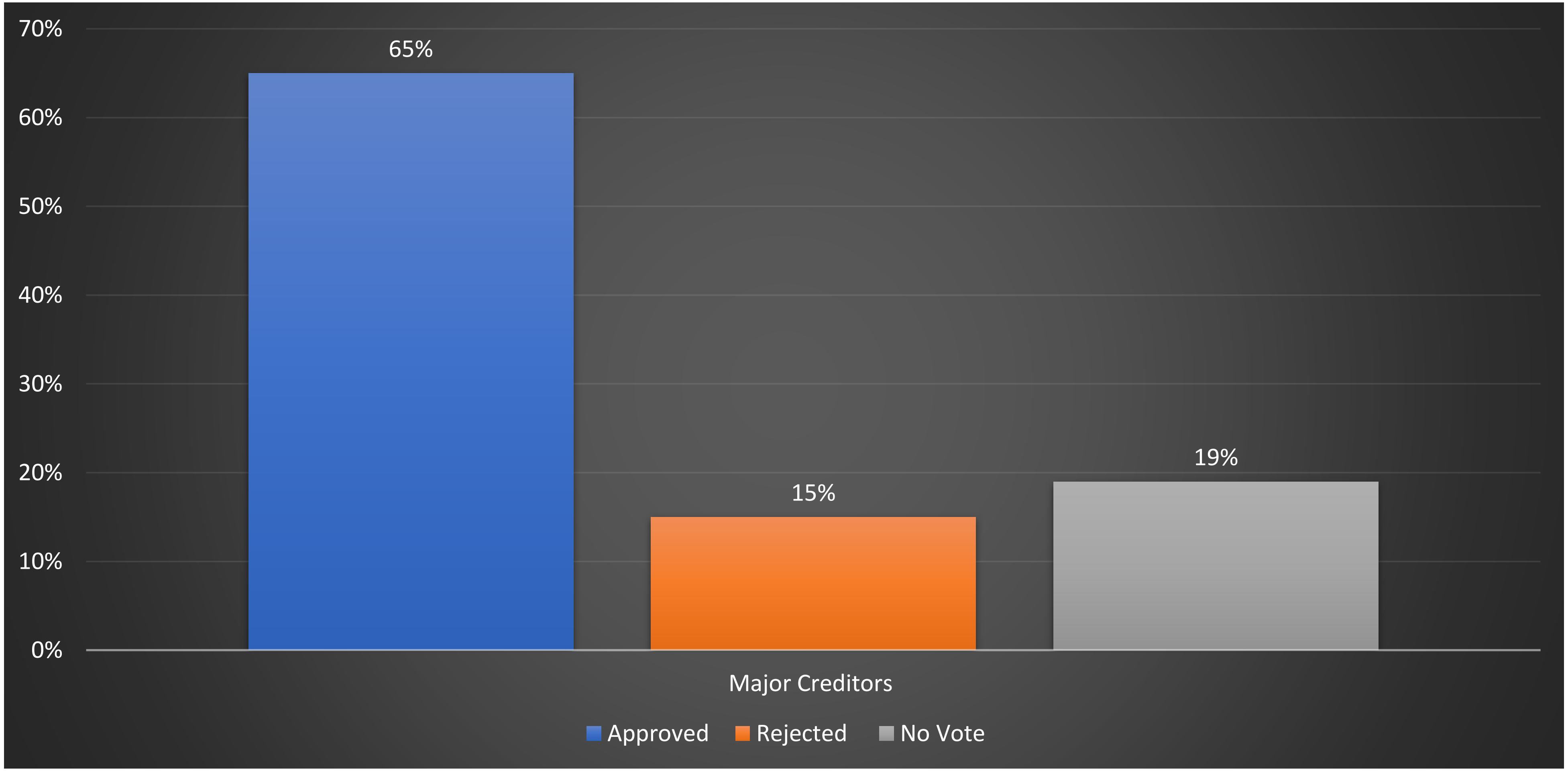
Confidential

19 March 2024

Credit Union Voting Behaviours

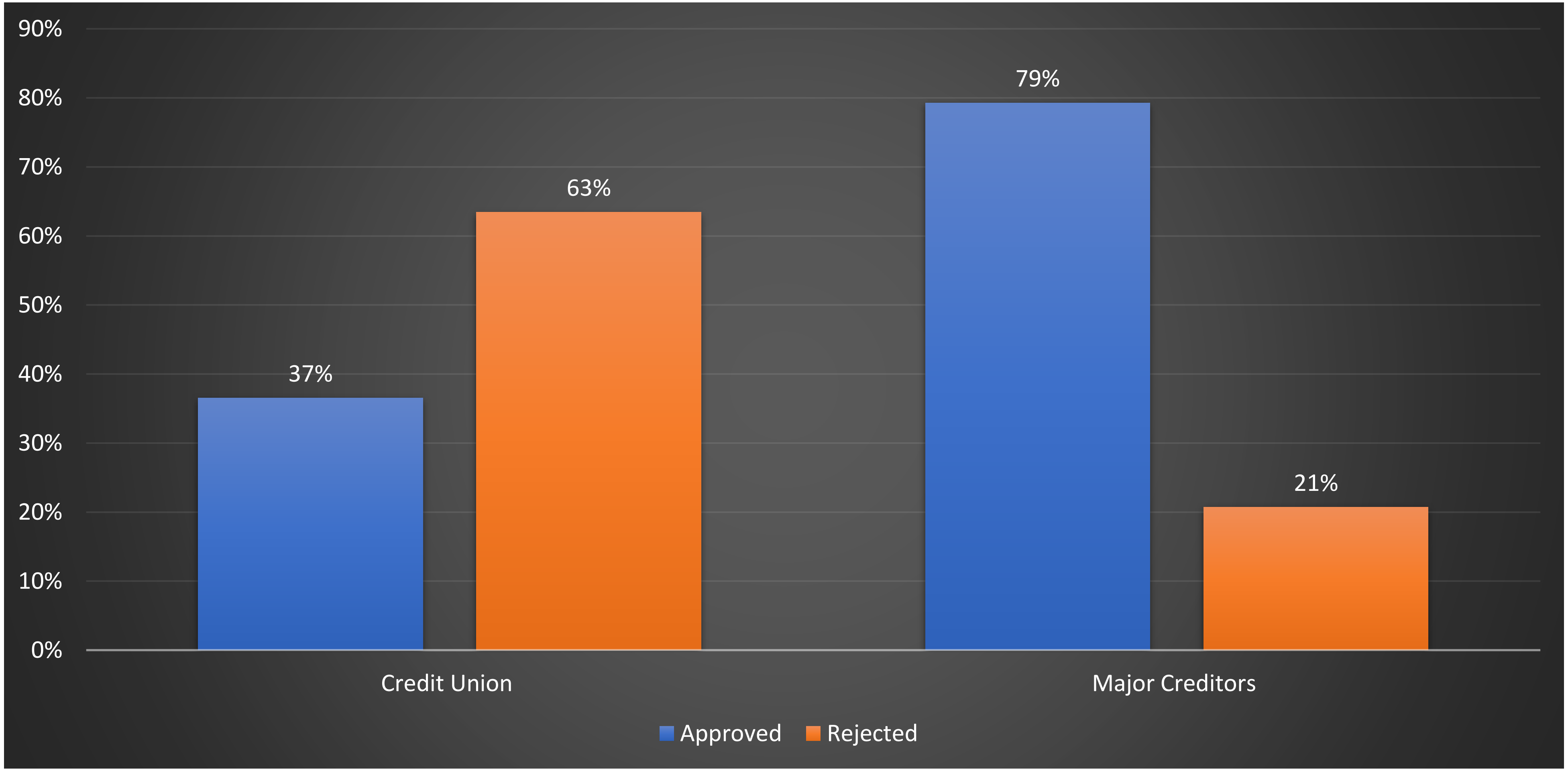


Major Creditors (excluding Credit Unions)



Comparative Voting Behaviours (excluding no votes)

Consumer Duty Services



IVAs – what went wrong? 2016-2022

Consumer Duty Services

- Introducer firms
- Allegation of mis-selling
- Lower value contributions
- Higher failure rates
- Higher volumes & lower returns

What has changed since 2022?

Consumer Duty Services

1. Introducer firms have been banned by the FCA.
2. Insolvency Service has launched an investigation into allegations of mis-selling.
3. Volumes of IVAs have decreased by 25% in 2023 now at 2018 levels.
4. Treatment of equity is changing.
5. DRO limits increased to £50k and fee abolished.
6. Consumer Duty introduced – What has that got to do with IVAs?

FCA updated March 2024

Consumer Duty Services

We asked the FCA to confirm whether the Consumer Duty applied when regulated firms were voting on an IVA proposal or variation.

FCA Response: The Consumer Duty does apply to FCA regulated firms when they are voting in IVA proposals or variations….

We expect firms to satisfy themselves that their processes take account of their obligations under the Duty to deliver good outcomes to retail customers…

This is in line with existing requirements (in CONC 7.3.4R) for firms to treat customers in default or arrears difficulties with forbearance and due consideration.

What you now need to consider before voting

Consumer Duty Services

- Regulated firms need to consider Consumer outcomes
- Regulated firms need to evidence that consideration
- Consumer Duty Services have developed an IVA integrity score to facilitate that

Why change current voting practices?

Consumer Duty Services

- Compliance with FCA requirements
- Better consumer outcomes
- Better financial returns