19th March 2024
Individual Voluntary Arrangements
Managing within a Credit Union
Sponsors
Consumer Duty Services
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IVA's Managing as a Credit Union : 19th March 2024

Agenda

Introduction	- 5 min - *CW*
Current Known Challenges	- 10 min - *CW*
IVA Process Overview	- 10 min - *LU*
IVA Performance Today	- 30 min - *PW, KS*
IVA Process Opportunities	- 20 min - *LU*
Event Discussion	- All

Speakers


Chris Warburton, RO-AR.com - *Event Chair*

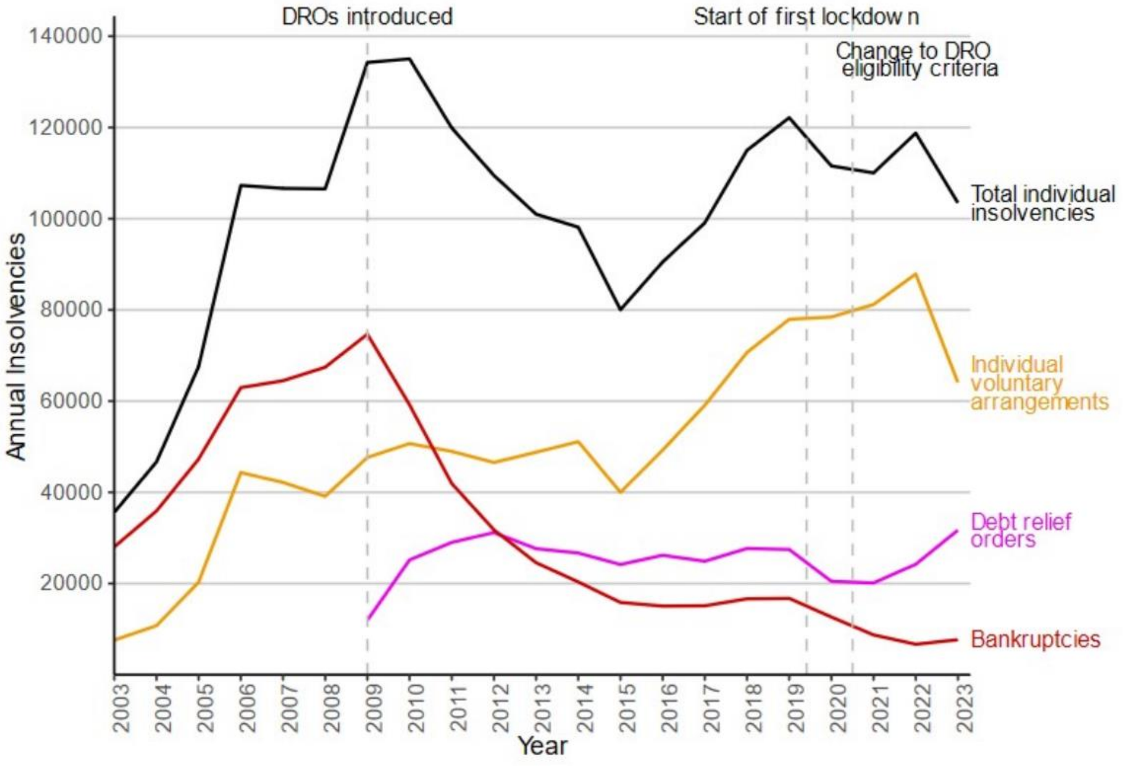

Lee Usher, Trustfolio


Peter Wordsworth, Consumer Duty Services


Kevin Still, Consumer Duty Services

IVA's Managing as a Credit Union

England and Wales



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Key Events

1 **October 2015**
DRO Debt limit increased to £20k

2 **June 2021**
DRO Debt limit increased to £30k

3 **October 2022**
FCA authorisation for Google Ads

4 **October 2023**
Ban on Debt Packager referral fees

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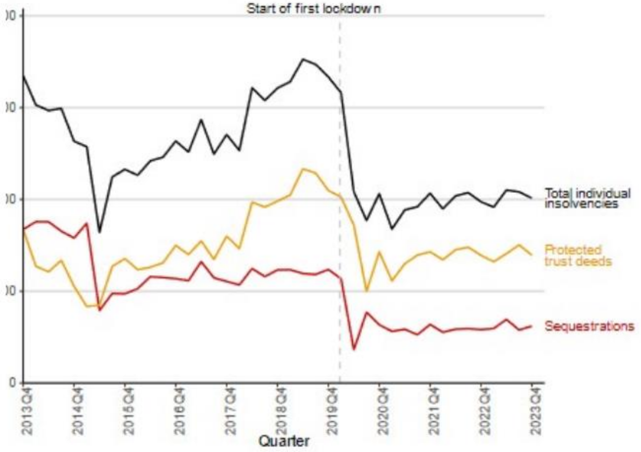
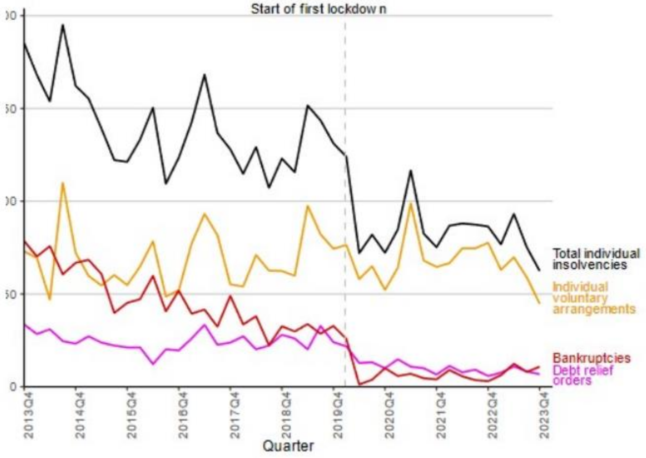
5 ***April 2024***
DRO £90 fee removal
DRO Debt limit increased to £50k

Scotland

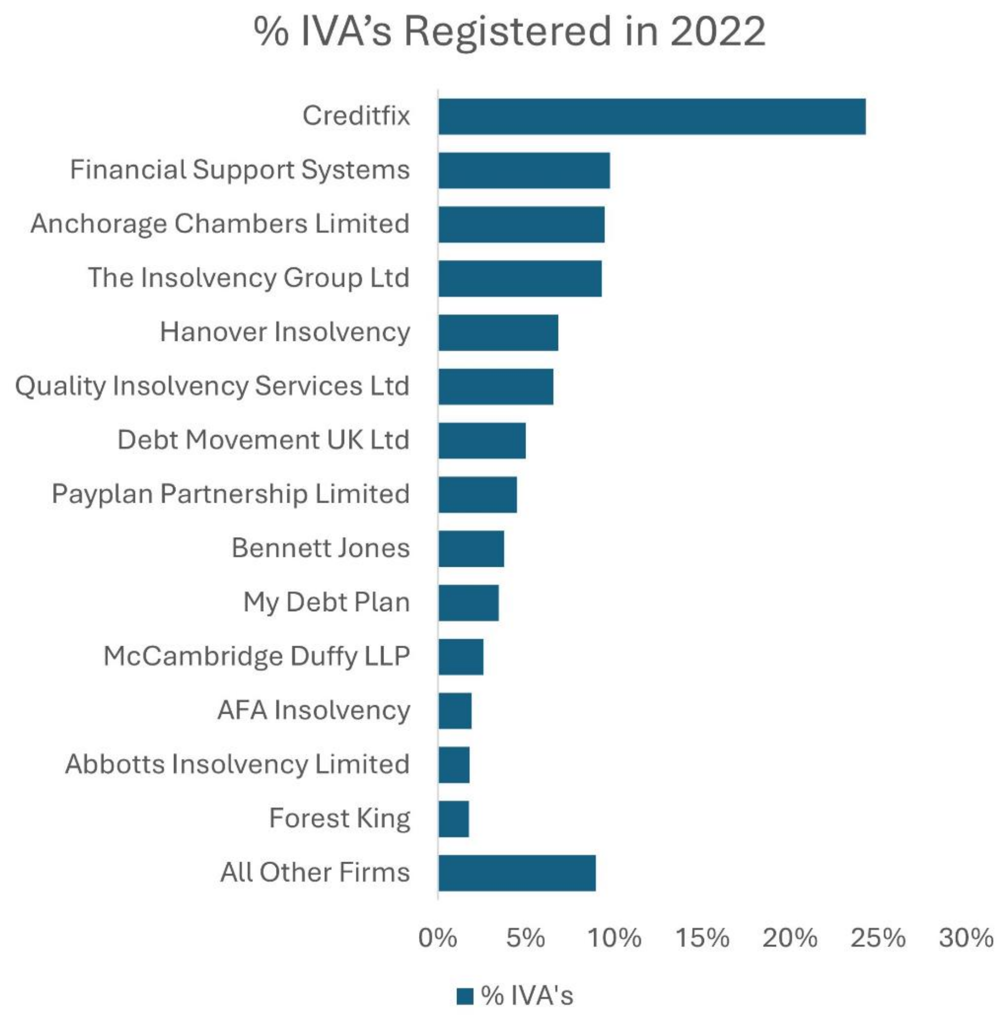


Northern Ireland

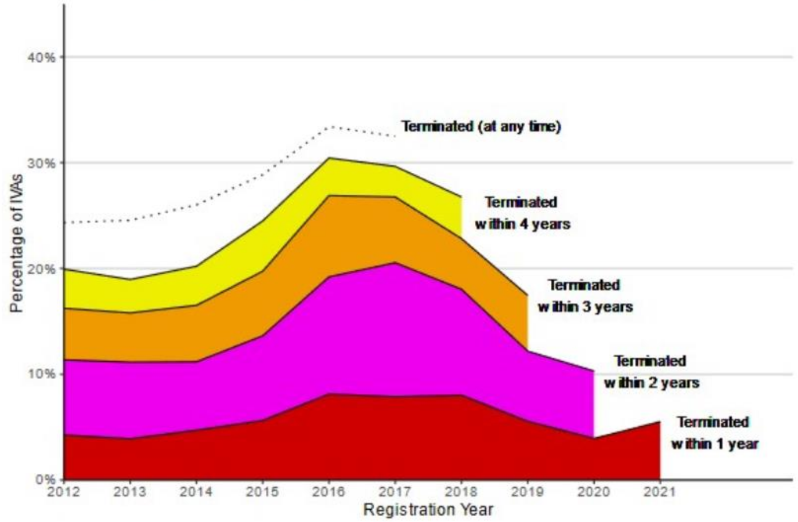


IVA's Managing as a Credit Union

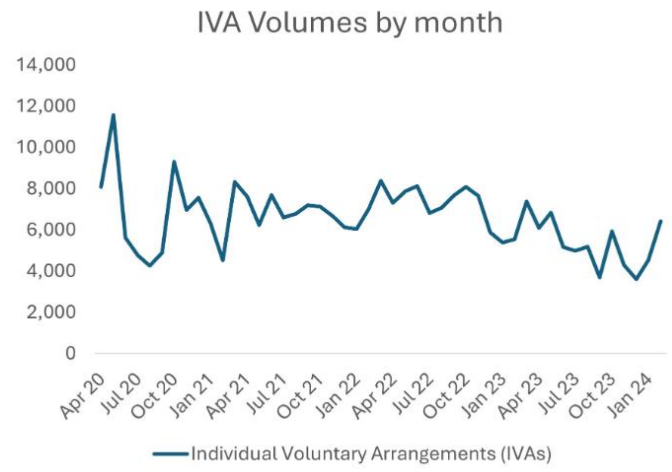
Where do IVA's come from?



How long do they last?



... & what are the latest volumes?

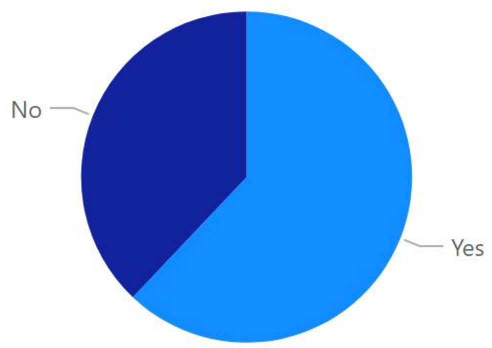


England and Wales data

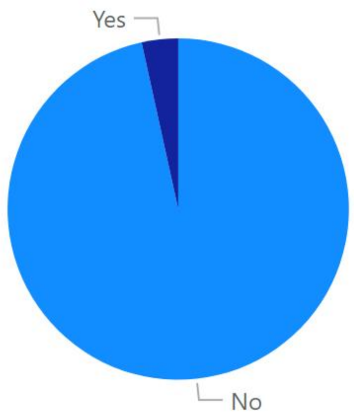
IVA's Managing as a Credit Union

What is your experience?

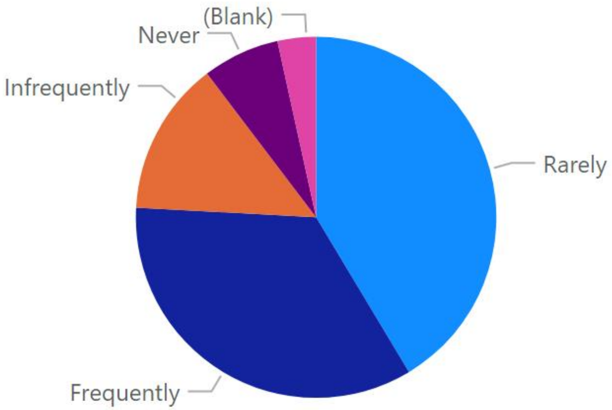
Do you believe IVA's can be a good debt solution?



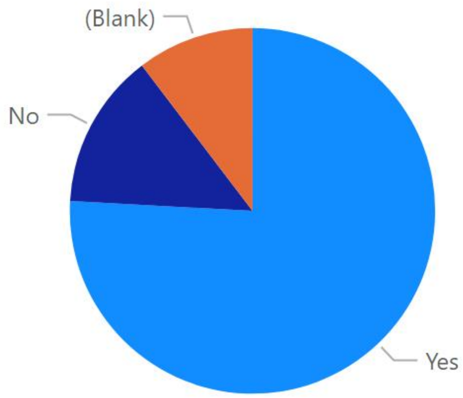
Are you confident customers/members only enter into an IVA when appropriate?



How often do you support IVAs as a solution for your members?



When customers enter into an IVA, do you receive dividend payments?



Key issues with supporting IVAs as part of your process?

- Lack of initial information and opportunity to object
- Poor ongoing communication from Insolvency Practitioners
- Delay in receiving dividends
- Members' misunderstanding of debt repayment and IVA terms
- Concerns about vulnerable people being targeted by IVA companies
- Exorbitant fees charged by IVA companies
- Inconsistency in dividend payments and difficulty in getting responses from IVA companies
- Misleading advertising promoting debt write-off
- Concerns about the sustainability and success of IVAs
- Lack of awareness and understanding of IVAs among members
- Concerns about the financial impact and long-term commitment of IVAs
- Instances of IVA companies pushing customers towards IVAs without full understanding of the impact
- Lack of notification and clarity about proposed IVAs for creditors
- Difficulty in working with IVA companies to resolve issues
- Unprofessionalism and poor practice within the IVA industry
- Concerns about members being wrongly advised to enter IVAs instead of more appropriate solutions like DMP or DRO
- Charges added by IVA companies being similar to the level of debt, with insufficient explanation to members.

IVA's Managing as a Credit Union

Questions for the session?

- Is it legal to use those shares to reduce the debt without the members permission after the debt had been in arrears for 9 months?
- How to deal with members entering into IVA after taking a loan.
- How to chase IVA company when no dividend is paid.
- When IVA is finished can we still chase members with the outstanding balance.
- As an FCA regulated entity do we need to consider Consumer Duty when considering an IVA proposal or is it outside of the scope of the FCA?
- Who do you complain to when not receiving dividends and cannot get a reply from the IVA practitioner (e.g Creditfix)?
- Why are the IVA practitioners paid the whole of their fees rather than an equal share along with the creditors?
- How do we introduce tighter regulation in this sector?
- What impact if any on IVA numbers of recent changes to DRO (total debt, car value and no fee)?
- What would credit unions like more from IP firms to increase confidence in IVAs?
- Can we share our termination rates, processes etc. to increase confidence that when a referral is coming from someone like StepChange, the IVA outcome is the right solution for a client?
- From a business and debt management perspective, IVAs would seem an appropriate decision regarding outstanding debt, as we follow a formal process for them. However, if we were to consider the customer's perspective, do you think IVAs and debt solutions would ultimately have a negative impact on the customer's ability to manage future debts and finances?
- While I agree that IVAs are a good solution in certain situations, do you think the decision is sometimes taken too lightly which could put a customer into a cycle of poor financial decisions or reliance on debt solutions like IVAs?
- Do you think there is more that could be done in regards to encouraging financial education, rather than solutions?

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