

Summary of Options available to Individuals

Solution	Negotiated agreement with creditors	Debt Reorganisation /consolidation loan	Debt Management Plan (DMP)	County Court Administration Order (CCAO)	Individual Voluntary Arrangement (IVA)	Debt Relief Order (DRO)	Bankruptcy
Automatically Free of the Debt	No	No	No	No, unless the court makes an Order for this	Yes, when you have completed the terms of IVA	Yes, debts are discharged at the end of the 12 months, subject to certain exceptions. But you will still have to pay debts that are not allowed in a DRO.	Yes, when you are discharged, subject to certain exceptions. But you will still have to pay debts that are not allowed in bankruptcy
Automatically binding on all unsecured creditors	No	Only on creditors paid in full	Only on creditors paid in full	Yes	Yes, if accepted by creditors owed more than 75% of your unsecured debts who vote on your proposal	Yes, but only on creditors included in your application form	Yes
Automatic protection from action by unsecured creditors	No	Only on creditors paid in full	No	Yes	Yes	Yes	Yes
Protection from action by secured creditors	No	No	No	No	No	No	No
Length of Time	No Fixed Time	No Fixed Time	No Fixed Time	Until last payment made	Usually up to 5 years	Usually 1 year	Usually 1 year but you may have to make payments from your income for up to 3 years
Effect on Employment	Probably None	Probably None	Probably None	Probably None	Possibly	Possibly	Possibly
Home at Risk	No, but you need to keep up your mortgage/rent payments	No, but you need to keep up your mortgage/rent payments, which may be more difficult unless you take out a secured loan	No, but you need to keep up your mortgage/rent payments	No, but you need to keep up your mortgage/rent payments	Can be avoided if you can raise an amount equal to your share of the net worth of your home, for example by remortgaging or getting a loan from a relative	No, homeowners will not qualify for a DRO	May be avoided if your spouse/partner or a relative can buy your share of the net worth of your home
Minimum or maximum amount owed	No	No	None	Anything up to £5,000. You must have at least one judgement debt	None	Maximum amount owed in total is £15,000, subject to exceptions	No minimum if it is your own petition (£750 if the petition is by a creditor)
What type of unsecured debts are allowed	Any	Any	Any	Any	Any, but in practice debts excluded in bankruptcy are usually excluded from IVAs	Any, with certain exceptions, such as fines, student loans and maintenance payments	Any, with certain exceptions, such as fines, student loans and maintenance payments
Credit Rating Affected	Yes	Possibly	Yes	Yes	Yes	Yes	Yes